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Departmental Purchase Cards: Policy & Procedures

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Heriot-Watt University
Departmental Purchase Cards: Policy and Procedures

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1. Introduction

This document sets out the University's policy in respect of Departmental Purchase Cards.

A Departmental Purchase Card is the business equivalent of a credit card. The main purpose is to provide an efficient and effective route to market for particular departmental expenditure on goods and services. The use of a Departmental Purchase Card would typically be appropriate where:

- the supplier cannot accept University orders raised through the University's Finance System or is 'online only' (e.g. training/conference bookings);
- the transaction is of a low value;
- the use of that supplier is a one-off or low volume; or
- an immediate purchase is required in unforeseen circumstances.

Departmental Purchase Cards:

- are only for legitimate University business purchases, **incurred in accordance with the University's [Financial Regulations](#) and [Procurement Guidance](#)**;
- should not be used if there is a University contract in place for the goods or services required, or otherwise where expenditure can more cost-effectively be incurred using a University purchase order.
- may be used for urgent unforeseen requirements where, exceptionally, it has not been possible to use other procurement routes; and
- are subject to a number of restrictions around the types of expenditure that may be incurred. These restrictions are intended to protect the University and our bank in the event of loss or misuse of the Card. Please refer to Annex A for full details.

Departmental Purchase Cards are distinct from University Traveller Corporate Cards, which allow only specific types of travel-related expenditure to be incurred. Please refer to the [University Traveller Corporate Cards Policy and Procedures](#).

2. Applying for a Card

A Card number should be requested only for those staff who are involved in purchasing roles within a department.

Stage 1: Application

Members of staff who feel that they require a Departmental Purchase Card should discuss their requirements with their Head of School (Academic Schools) or Director (Professional Services), as well as their Finance Manager in the first instance. The Head of School / Director is responsible for confirming that the need is genuine and appropriate.

If the need is agreed with the Head of School or Director, the member of staff should complete the Departmental Purchase Card Application and Employee Agreement (Annex B). The relevant Head of School / Director must authorise the request by signing the Application Form.

Once the forms are completed with the relevant details and approval, it must be returned to procurement@hw.ac.uk. Procurement Services will then send the completed application to the Secretary of the University (or their delegated approver) for final approval.

Following final approval, the member of staff will be required to complete the RBS Cardholder Application form.

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Stage 2: Training

The second stage of the application process is to complete a training session which explains the role of the Card within the University's Financial Regulations and Procurement Guidance, as well as the responsibilities of a Cardholder.

Once the application has been approved (Stage 1), Procurement Services will contact the member of staff to schedule a training session.

Amazon for Business Programme

Once the application is approved and the training has been completed, the Cardholder will be invited to join the University's Amazon for Business account. Details of the University's Amazon for Business programme is found on the [Cardholder Only Page](#) on Procurement Service Sharepoint Hub

3. Ordering and Receiving a Card

Once the Card has been approved by the relevant individuals and all forms are correctly completed, the Cards are ordered from the University's bank. The Cards normally take between 10 – 15 working days to be issued.

Procurement Services will take receipt of the Card to log the card details into the University's secure internal system. The Card will then be despatched to the Cardholder who must notify Procurement Services once received. Procurement Services will in turn activate the Card on the RBS system.

4. Credit Limits

Each Departmental Purchase Card has an individual transaction limit and a monthly credit limit. Cardholders will be restricted to their designated limits by the RBS system.

- The standard value limit on a single transaction is £500.
- The standard maximum monthly spend is £2,000 (unless otherwise agreed).

If a temporary limit increase is required of an individual transaction, a request to change the limit can be made using the [Purchase Card Limit Increase Request_Final.xlsx](#) (Subject to upcoming changes in process)

If it becomes apparent that the above set financial limits are incorrect or inappropriate, a request to permanently change the credit limit can be made by contacting procurement@hw.ac.uk, who will advise request and approval process.

5. Use of the Card

Subject to the University's policies and procedures as outlined above, Purchase Cards may be used by the Cardholder as a mechanism for incurring University-related departmental expenditure in the same manner as any credit or debit card. Value for money must be demonstrated at all times.

The Card must **NOT** be used:

- for personal purchases, which are not allowed under any circumstances – even if the Cardholder intends to repay the cost of the transaction;
- to purchase any goods or services in merchant categories that have been blocked (as listed in Annex A);
- by anyone other than the member of staff to whom the Card has been issued (the 'Cardholder'), who is responsible for the security of the Card and Card details;
- for withdrawing cash – any attempts to withdraw cash are recorded and reported to the University; and

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- as a means to avoid purchase from the University's Contracted Suppliers or preferred routes to market.

The University expects all Cardholders to treat their Departmental Purchase Card with the same levels of security and responsibility as they would treat their own personal credit card.

Cardholders will be responsible for monitoring the transactions on their cards by accessing the RBS Smart Data website.

Cardholders will assume full responsibility for the proper use and security of their Card allocated to them. Cards must be kept in a secure location such as a locked drawer or safe.

Cardholders must not allow others to use their Card, and they must not divulge a Card's number to anyone except a supplier in the course of a transaction. Cardholders must store their Card details securely, and the PIN should not be the same as the Cardholder's personal card PIN.

Valid receipts must be obtained for every transaction, which should be VAT receipts where applicable. Note that a VAT receipt may need to be specifically requested in addition to any Card transaction confirmation slip, which is typically not a valid VAT receipt.

Cardholders are required to retain any invoices, order confirmations, receipts (including VAT receipts) and any other documentation received in relation to the transaction for a period of seven years.

All Departmental Purchase Card transactions will be subject to regular scrutiny and audit checks.

Failure to adhere to this Policy will result in the Card being withdrawn and may result in disciplinary action.

6. Reconciliation and authorisation of expenditure

Each Cardholder must comply with the University's process for reconciling Card transactions every month, uploading receipts and any other relevant documentation, and obtaining the appropriate approval.

Month End Reconciliation Process

All transactions for the previous month are sent in a file from the bank on the 24th of each month (date subject to change dependent on weekends & bank holidays) which is uploaded by HR Systems into the University's financial system.

Once uploaded, each Cardholder's transactions will automatically appear in their 'expenses' module in the finance system on or shortly after the 24th of the month. Cardholders are responsible for reviewing their transactions displayed in RBS Smart Data and ensuring they are consistent with those appearing in their 'expenses'.

Cardholders are responsible for reconciling all transactions in the 'expenses' module of the university finance system and submitting their reconciliation in an expense report by the penultimate day of the month. Cardholders must ensure all transactions are coded accurately and that all relevant documentation (invoices, receipts etc.) is attached.

Once the expense report is submitted, it will be routed to the cardholders line manager for approval in the finance system. Each month, a sample of expense reports will be selected by the system and routed to Procurement Services for audit.

If the cardholder is out of office at the end of the month, their transactions will be coded to their default account string for processing. The transactions will remain displaying in the Cardholders 'expenses' and should be coded to the correct account string immediately on their return for accrual the following month.

7. Cardholders leaving the University or changing roles

Cardholders must inform Procurement Services immediately when they cease to become an employee for any reason, or change to a role that no longer warrants their remaining a Cardholder. †

Cards must be destroyed and returned at least one working week before the Cardholder's leaving date or change of role. The Cardholder then must ensure they delegate a colleague to manage the reconciliation should they no longer be in their role come the month end (need new process). Cardholders must also ensure that no direct debits remain active on the Card as this could result in the acquisition of goods or services that are no longer required or create unpaid invoices.

Where a Cardholder is changing to a different role within the University, and it has been agreed with the new Director or Head of School that it is appropriate for the Cardholder to retain their existing Card, a new Departmental Purchase Card Application Form must be completed and submitted to Procurement Services.

8. Loss or compromise of a Card

If a Card has been lost or stolen, or it is suspected that Card details may have been otherwise compromised (for example, divulged to inappropriate persons or used fraudulently) this must be reported immediately to:

- (i) **RBS Lost and Stolen Cards**
0870 6000459 (+44 1268 508020 when calling from abroad)
(This line is available 24 hours per day, 7 days per week)

and

- (ii) **Heriot-Watt University's Procurement Services**
procurement@hw.ac.uk *(Marking the email as urgent)*

On a regular basis, you should check your pending transactions to ensure there is no fraudulent use of your Card. Should Cardholders suspect fraudulent transactions on Card statements, the Cardholder must telephone RBS. It is the responsibility of the Cardholder to raise fraudulent transactions with RBS and not Procurement Services, as RBS will require specific information on transactions that Procurement Services would not know.

When the Cardholder informs the bank of the loss or misuse of their Card, the bank automatically issues a new Card which is delivered to Procurement Services within 5 – 7 working days.

9. Troubleshooting

If a transaction is declined or not validated by the supplier, the Cardholder should in the first instance contact the supplier and check all the details given to them at the time of the transaction (i.e. expiry dates, account address, etc.)

If all appears correct, then the Cardholder should contact Procurement Services. Some potential causes are exceeding the Procurement Card monthly limits, or attempting to purchase outside the designated spend categories assigned to the Card.

If goods or services aren't received yet a payment has been processed, the University can charge back the supplier if the issue is not resolved amicably. Please note there is a time limit of 120 days to charge back the supplier. As such, Procurement Services must be informed immediately if the issue is not resolved between the Cardholder and the supplier.

10. Key Terms and Conditions of Use

Each Card is directly associated with the relevant member of staff in the financial records, and Cardholders are responsible and accountable to the University for the use of the Card, in the same manner as they would be responsible for expenditure incurred by them through other channels such as expense claims or purchase orders.

Departmental Purchase Cards are issued subject to the discretion of Procurement Services, who will monitor use and may withdraw the facility if there is evidence that the Cardholder is persistently failing to observe this Policy, or if the extent of usage falls below a level that justifies maintaining the Card.

Annex A: Permitted expenditure categories

Introduction

All organisations that accept credit cards are assigned a 'merchant category' by their bank. These categories reflect a supplier's primary product, service, or line of business. Transactions on Departmental Purchase cards can only be undertaken with suppliers in merchant categories that have been deemed appropriate for use with a Departmental Purchase Card.

Permitted merchant categories

Transactions can be undertaken with suppliers within the following categories:

- Building materials
- Building services
- Car hire
- Catering and catering supplies
- Cleaning services and supplies
- Clubs/Associations/Organisations
- Estates and garden services
- Freight and storage
- General retail and wholesale
- Hotels / Accommodation
- Mail order / Direct selling
- Office stationery, equipment and supplies
- Statutory bodies
- Telecommunication services
- Training and educational
- Travel

Regardless of whether a transaction is with a supplier in a permitted category, expenditure must also be incurred in accordance with the University's [Financial Regulations](#) and [Procurement Guidance](#). Failure to adhere to the University's Departmental Purchase Card Policy and Procedures may result in disciplinary action.

Blocked merchant categories

Transactions cannot be undertaken with suppliers in the following merchant categories:

- Car fuel
- Cash withdrawal at ATM
- Cash withdrawal over branch counter / foreign currency outlets
- Financial services
- Leisure activities
- Personal services
- Professional services
- Restaurants
- Staff – temporary recruitment
- Utilities and non-automotive fuels

Annex B: Card Application & Employee Agreement

Background

A Departmental Purchase Card is the business equivalent of a credit card. The main purpose is to provide an efficient and effective route to market for particular departmental expenditure on goods and services. The use of a Departmental Purchase Card would typically be appropriate where:

- the supplier cannot accept University orders raised through the University's Finance System or is 'online only' (e.g. training/conference bookings);
- the transaction is of a low value;
- the use of that supplier is a one-off or low volume; or
- an immediate purchase is required in unforeseen circumstances.

A Departmental Purchase Card is issued subject to certain criteria being met for its intended use, the role of the applicant and their location.

Applicants **must** review the Departmental Purchase Cards: Policy and Procedures prior to applying for a Card.

Application

A Departmental Purchase Card is issued subject to certain criteria being met for its intended use, the role of the applicant and their location.

Please complete all fields of this form, and once completed, please email the form to procurement@hw.ac.uk. When submitting your application, please give answers all questions and ensure it is signed by the applicant and their respective Head of School or Director of Professional Services.

Once Procurement has received the completed Application Form, it will be sent to the Secretary of the University for final approval.

Once the application has been fully approved, Procurement Services will contact the member of staff to schedule a mandatory training session.

When the training has been completed, the Cardholder will be invited to join the University's Amazon for Business account. Details of the University's Amazon for Business programme is found on the [Cardholder Only Page](#) on Procurement Service Sharepoint Hub

Please complete all fields of this form, and once completed, please email the form to procurement@hw.ac.uk.

1. Applicant Details

Name	
Position	
Division (PS) / Institute (School)	
Directorate / School	
Telephone	

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E-Mail	
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2. Business Requirement for a Card

Please detail the business requirement for a Departmental Purchase Card. Please include an outline of the primary goods/services being purchased using the Card.

3. Cardholder Declaration

I, as a Departmental Purchase Cardholder, agree to comply with the following conditions regarding the use of my Card:

- I confirm that I have read the Departmental Purchase Card Policy and Procedures. I understand and accept the requirements for the use of the Card. I will follow the established procedures for the use of this Card. I understand that failure to do so may result in either revocation of my user privileges or other disciplinary actions, including termination of employment.
- I confirm that I will not use my Card for personal purchases or loan my Card to another individual.
- I understand that I am being entrusted with a Departmental Purchase Card and will be making financial commitments on behalf of the University. I will not use the Cards if there is a University contract in place for the goods or services required, or otherwise where expenditure can more cost-effectively be incurred using a University purchase order.
- I understand that the University will audit the use of this Card and report on, and take appropriate action on any discrepancies. I agree to retain all necessary paperwork for a minimum of 7 years for audit purposes.
- I understand that the University is liable to the Royal Bank of Scotland for all charges made on the Card.
- I agree to return the Card immediately upon request or upon termination of employment (including retirement). Should there be any change in my role, I agree to return my Card and apply for a new one if there is a business requirement.
- If the Card is lost or stolen, or if I discover fraudulent transactions on my Card, I agree to notify procurement@hw.ac.uk and contact the Royal Bank of Scotland immediately.
- I understand that I must reconcile and submit my transactions in the finance system by the penultimate day of the month. If I am out of office, I understand I should complete the reconciliation on my return to allow it to be accrued the following month.

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I have read and understand this Employee Agreement, as well as the Departmental Purchase Card Policy and Procedures, and agree to be bound by the terms of use.	Signed: Print Name: Date:
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4. Approval by Head of School / Director of Professional Services

Head of School/Director of Professional Services: I agree to the issue of a Departmental Purchase Card for the intended use and for the Cardholder to be given access to use their Card on the University's Amazon for Business account. I give my approval for the proposed Cardholder to incur commitments against my budget as, agreed with them, from time to time.

Head of School / Director of Professional Services	Signed: Print Name: Date:
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For completion by Procurement Services

For completion by Procurement Services:

Head of Procurement Services: I agree to the issue of a Departmental Purchase Card for the intended use and for the cardholder to be given access to use their card on the University's Amazon for Business account.

Head of Procurement Services	Signed: Print Name: Date:
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Secretary of the University: I agree to the issue of a Departmental Purchase Card for the intended use and for the cardholder to be given access to use their card on the University's Amazon for Business account.

Secretary of the University	Signed: Print Name: Date:
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