

## **Purchasing Cards in NCC Maintained schools**

An audit has been performed to obtain assurance that schools are complying with the NCC 'Purchasing Card – Cardholder Policy and Procedures'. As part of our work we selected and visited a sample of ten schools to examine the processes and documentation they had in place to support compliance with the NCC Purchasing Card procedure. We also examined a sample of transactions made by various card holders during the period 1 April to 30 November 2017.

### **Our audit findings**

From our review of the work carried out, we can conclude that adequate security systems and controls are in place to avoid the loss of purchasing cards. Card holders are also aware of who they should contact if they need further advice or information in respect of purchasing cards and in the majority of schools, receipts and vouchers are retained to support transactions.

However, we did identify areas needing further strengthening to ensure full compliance with the purchasing card procedures. These areas are summarised as follows:

- All spend should be manually coded each month to ensure the correct VAT code is used, VAT is reclaimed correctly and appropriately and correct budget codes are used.
- Where the description on the invoice is not clear, meaningful descriptions should be added onto the BSM system when manually coding the transaction.
- The paper notifications of the card's PIN were kept in a secure place or safe; however, these notifications should be destroyed.
- Cardholders had used each other's cards either due to the need for a higher spending limit or because the cardholder had given them permission to do so. In future, purchases should only be made by the cardholder and if relevant, cardholders should ask for a higher limit on their individual card.
- Expenditure is not always approved by the nominated approver by the monthly deadline date. This happened most frequently when the school holidays occurred.
- Purchasing cards were being used for inappropriate expenditure for example, to purchase coffee, tea and sugar for school staff, and subsistence expenses. Purchasing cards must not be used for this type of expenditure. Sufficient evidence of receipts could not be seen to support some of the expenditure in the sample tested. Where a receipt is present for a purchase, the receipt box on the BSM system should be ticked.
- Personal loyalty cards were being used for some purchases made. Personal loyalty cards should not be used for any purchases completed using a

purchasing card. However, schools can obtain loyalty cards that are registered to the school.

- Spend was not being coded and approved using the online BSM system (although controls were in place as a manual record of transactions was retained and approved). The online BSM system should be used to process, approve and monitor purchasing card transactions.
- A process was not in place to identify cardholders who have not used their card for a period of time or to include purchasing cards as part of a leaver's checklist. Schools should consider introducing such a process to ensure cards are monitored and correctly cancelled in a timely manner. The Finance Exchequer Services (FES) Payments section should also be officially notified in a timely manner of any cards that have been destroyed and are no longer needed.

## **Recommendations**

For schools who use purchasing cards, we recommend the above issues are considered by their School's Leadership Team, together with any proposed actions for improvements you need to make in relation to your School. Any issues and proposed actions should be presented to the relevant Governing Body Committee for approval and monitoring.