

5.5 Debit and Credit Card Use

Introduction

This section of the Guide provides background information about the use of debit and credit cards in school.

Schools should be aware that section 49(5) of the Schools Standards and Framework Act 1998 states that any amount made available by the LA to the governing body shall remain the property of the LA until spent by the school and all expenditure from these funds is spent by the school as the LA's agent.

Section 3.7 of the Scheme for Financing Schools states;

“Borrowing by Schools

Governing Bodies may borrow monies only with the written permission of the Secretary of State. (This provision does not apply to Trustees and Foundations who borrow as private bodies, nor does it apply to loan schemes run by the Authority).

Schools opening their own bank accounts must notify their bank in writing that their accounts must not become overdrawn and instruct the bank to notify the Chief Finance Officer should the account fall overdrawn.

Schools are not permitted to use charge cards or credit or debit cards, except under terms and conditions agreed with the Chief Finance Officer.”

Procedures for the Application for use of Debit/Credit Card

Schools wishing to make use of a debit or credit card will need to make an application in the first instance to the Schools Finance Services Manager. The recommended application will consist of;

A letter/email of application signed by the Head Teacher attaching-

- A report to the Governing Body or Finance Committee which contained:
 - Reasons for use of a card(s)
 - Details of post(s) to be authorised to use the card
 - Details of the card to be obtained e.g. it must be issued by an approved bank/building society, with its operation and restrictions/safeguards laid out
 - The schools procedures for purchases over £200 on-site using debit/credit cards and/or
 - The schools procedures for purchases under £200 which may be off-site using debit/credit
- Details of the operation and restrictions/safeguards (may be a photocopy of the terms and conditions of use from provider)

- Copy of the minutes of the Governing Body or Finance Committee approving use of the card by specific posts, in accordance with the schools procedures and recognising the school bears the cost of any loss resulting from fraud or mis-use.

The procedures for the use of the card must include the following:

- The safe keeping of cards and action to be taken if a card is lost, stolen or missing and any suspicion of fraud and misuse.
- Safe keeping of PIN.
- Separation of duties for ordering or use of the card offsite.
- Orders must have evidence of transaction (no telephone orders)
- Must have receipt or delivery note
- Must have authorisation code relating to the purchase
- Separation of duties between purchasing, authorising and accounting officers
- Must allow VAT be to claimed and be correctly coded on the schools accounting system.

Applications that do not meet the criteria as stated above will be referred to the Chief Finance Officer.

An example Credit /Debit Card Policy is attached as **Appendix 1**