

TUDDENHAM ST MARY PARISH COUNCIL

INTERNET BANKING POLICY

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Background

The Legislative Reform (Payments by Parish Councils, Community Councils and Charter Trustees) Order 2014 came into effect on 12th March 2014. This Legislative Reform Order repeals the statutory requirement for 2 elected members to sign cheques and other orders for payment. The removal of this particular legal requirement enables the Parish Council to take an overall approach to how it controls its money as well as taking advantage of modern technology including internet banking.

The Parish Council acknowledges the need to maintain robust controls on payments as an integrated part of its overall financial control system and proposes an Internet Banking Policy as part of its governance.

Payment of invoices on line saves time and money; no envelopes or stamps required and authorisation can be done remotely at any time. The payment is received in the creditor's account within two working days; and the creditor does not have to take a cheque to their bank thus making the Parish Council an attractive customer.

The Clerk will continue to provide monthly reconciliations supported by bank statements to full Council.

Payments by cheque will be made when necessary, following the existing controls and approvals, but will move to online payments when possible.

The Council will endeavour to have a minimum of three Councillors as authorised signatories at any one time.

The Parish Council has two bank accounts with Lloyds Bank; a Current Account with internet banking facilities for the day to day payment of invoices and receipt of any income and a Savings Account.

Policy

1. Wherever possible, payments will be made using online banking and should be initiated as per the procedures set out below within two days of being agreed at a council meeting.
2. Where internet banking arrangements are made with any bank, the Clerk shall be appointed as the Administrator. The Clerk will have 'view and submit only' authorisation and will be able to transfer funds between accounts held at the same bank.
3. The Bank Mandate approved by the Council shall identify a minimum of three Councillors as Signatories who will be authorised to 'view and approve only' transactions on those accounts and will not have access to set up a beneficiary or a payment themselves.
4. Access to internet banking accounts will be directly to the banks log-in page and not through a search engine or e-mail link. Remembered or saved password facilities must not be used on

any computer used for council banking work. Breach of this requirement will be treated as a very serious matter.

5. The Council, and those signatories using computers for the Council's internet banking, shall ensure that anti-virus, anti-spyware and firewall software with automatic updates, together with a high level of security, is used. Signatories may request reimbursement for the installation and annual update of such software on their personal computers.
6. No employee or Councillor shall disclose any PIN or password, relevant to the working of the Council or its bank accounts, to any person not authorised in writing by the council or a duly delegated committee.
7. New beneficiary details and changes to beneficiary details used for internet banking must be supported by hard copy or email notification for checking and authorisation by two Signatories.
8. Payment for utility supplies (energy, telephone and water) and any Non-Domestic Rates may be made by variable Direct Debit provided that the instructions are signed by two Signatories and any payments are reported to Council as made. The approval of the use of a variable Direct Debit shall be renewed by resolution of the council at least every two years.
9. Payment for items may be made by internet banking transfer, BACS or CHAPS provided that evidence is retained showing which members approved the payment.
10. Standing Orders will not be used.

Procedure

The actual process of operating the online account will be the subject to the rules and security authorisation process of the agreed bank:

1. All orders for payment will be verified for accuracy by the Parish Clerk and included on a payment schedule.
2. The schedule of all payments shall be prepared by the Parish Clerk and presented to each meeting of the Council together with any supporting invoices or other documentation for approval. The approved schedule will be initialled by the Chairman of the meeting.
3. The Parish Clerk will initiate payment
4. One of the authorised Councillors will confirm the payments online (from the list of authorised Councillors held by Barclays Bank). Councillors are expected to authorise payments requests within two days of the payment being initiated by the clerk
5. Where a councillor is to be reimbursed for expenditure, they should not be an authoriser (in the case of internet payments), or a signatory (in the case of cheque payments).
Payments to councillors must not be made between meetings; they should only be made following agreement at a meeting.

Inter Account Transfers

Transfers between the Barclays Current and Savings Account can only be carried out by written instruction to the bank and as such should always be agreed and minuted at a Parish Council meeting.