



### **BACKGROUND**

- 1) 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 advantage of modern technology including internet banking.
- 2) Payment of invoices online saves time and money – no envelopes or stamps are required and the 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 bank a cheque.
- 3) The controls and approvals, properly used, are as secure as the existing cheque system.
- 4) Cheque payments remain available and follow existing controls and approvals but the aim is to move to online payments whenever possible.

### **POLICY**

- 5) Where internet banking arrangements are made with any bank, the Responsible Financial Officer (RFO) shall be appointed as the Administrator.
- 6) The Council shall identify a minimum of four councillors in the Bank Mandate to approve as 'Signatories' (as cheque payments) on-line payments and transactions. All 4 signatories will share this responsibility by rotation.
- 7) Control of internet banking transactions will be maintained by the clear separation of responsibilities between the RFO and Signatories as follows:
  - a) The RFO may 'set-up' beneficiary and payments online but may not authorise a payment.
  - b) Signatories will only be authorised to 'view and approve' transactions and have no authority to 'set up' a beneficiary or online payment.
  - c) All transactions require two signatories to authorise.
- 8) The RFO will continue to provide access to bank statements and reconciliation to the monthly council meeting.
- 9) RFO will list all payments required on the agenda for each meeting of the Council for approval.
- 10) Standing Order payments will not be used.
- 11) Direct Debit Payment may only be used for the purposes of pension contributions provided that the instructions are signed by two Signatories and all payments are reported to council.
- 12) New beneficiary details and changes to beneficiary details used for internet banking are to be supported by hard copy or email notification for checking and authorisation by the two signatories.
- 13) Payment for items made by internet banking transfer will be supported by evidence showing which members approved the payment, details of whom to be entered on the monthly payment sheet and minuted in the Council meeting.

## PROCEDURES

### Setting up Beneficiaries online.

- 14) RFO emails a scanned copy of the BACS details of the beneficiary to two of the four Signatories.
- 15) Signatories checks all details of the beneficiary (account name, bank account sort code, account number) that are on the scanned/hard copy are accurately entered in the relevant entry in the online account.
- 16) Only when a signatory is satisfied of the accuracy of the details should authorisation be confirmed following the on-line process.

### Paying Beneficiaries:

- 17) RFO enters the details on-line of the requested payment to be made and annotating the pending payment with the names of 2 of the 4 signatories for authorisation (selected by rotation). This should produce a bank generated notification email to the respective signatories (providing this option has been selected by the individual signatory).
- 18) RFO emails a scanned copy of the requests for payment (normally a copy of the invoice) to all signatories ahead of the meeting. These should be checked against the payments detailed in the agenda. If additional payments are approved at the meeting the associated invoice will be emailed when the payment is set-up by the RFO.
- 19) Meeting approval of all payments is documented in the minutes.
- 20) Within 2-3 days of the meeting the Signatories check the details of the payment request sent by the RFO and the corresponding details shown on-line as pending authorisation. Only when the signatory is satisfied of the accuracy of the details appearing in the online account should the authorisation for payment be confirmed.
- 21) Confirmation of complete authorisation to be emailed to RFO.

## SECURITY

- 22) Access to internet banking accounts will be directly to the bank's log-in page (which may be saved under "favourites") and not through a search engine or e-mail link.
- 23) 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.
- 24) 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 (current Microsoft Windows 10 Defender is acceptable for this purpose). Signatories may request reimbursement for the installation and annual update of such software on their personal computers.
- 25) 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.

	Date	Minute ref
Adopted	10 May 2021	19)
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