

Bacton Parish Council

Internet Banking Policy

Adopted: Minute reference:

Background

This policy is based on the advice issued by the National Association of Local Council (NALC) relating to Parish Councils use of online banking and the implications for the way in which Bacton Parish Council (operates with regards to the authorisation of payments.

Banking arrangements have changed significantly in recent years, with more transactions being carried out online. As a result of this, the use of cheques is becoming rare. Many businesses prefer to receive payment by electronic means and are now discouraging the payment of invoices by cheques.

This has become particularly apparent during the COVID-19 pandemic.

The Legislative Reform (Payments by Parish Councils, Community Councils and Charter Trustees) Order 2014 came into effect on 12th March 2014 and 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 council to take an overall approach to how it controls its money as well as taking advantage of modern technology including internet banking. The council must ensure that it maintains 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 and continues to require two member signatories over the control of payments via cheque or internet banking.

The council acknowledges the need to maintain robust controls on payments as an integrated part of its overall financial control system and has 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 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 has two bank accounts with Barclays 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; two accounts with Unity Trust Bank plc : a Current Account with internet banking facilities for the day to day payment of invoices and receipt of any income and a Savings Account and a number of accounts using the online platform Flagstone for investment.

Policy

1. Wherever possible, payments will be made using online banking and should be initiated as per the procedures set out below within three days of being agreed at a council meeting.
2. Where internet banking arrangements are made with any bank, the Clerk to the Council shall be appointed as the Administrator. The Clerk to the Council will have 'view and submit only' authorisation and will be able to transfer funds between accounts held at the same bank.
3. The Bank Mandates approved by the Council shall identify a minimum of three Councillors as Signatories who will be authorised to 'view and approve only' transactions on the Barclays and Unity Trust bank 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 Parish Council's internet banking, shall ensure that anti-virus, antispyware 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 Parish 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 BPC 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 Parish Councillors will confirm the payments online (from the list of authorised Councillors held by Barclays Bank). Parish Councillors are expected to authorise payments requests within two days of the payment being initiated by the clerk
5. Where a Parish 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 Parish 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 meeting of the council.