

Electronic Banking

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 and so clears the way for making provision for the Responsible Financial Officer (RFO) to manage and conduct the council's financial affairs using internet banking. The RFO is a statutory office. The Council has appointed its Clerk, Bryony Kohn to be the RFO.

Limpley Stoke Parish Council ('the 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 Financial Regulations.

The Council will undertake an annual review of the procedures for making payments using Internet banking to ensure their effectiveness will also monitor procedures also on a regular on-going basis.

Account Details

The Parish Council has two accounts:

- A Treasurers Account with Lloyds with cheque facilities for the day-to-day payment of invoices and receipt of any income.
- A Business Banking Instant savings account.

The present mandated signatories to the account are elected councillors, namely:

- Cllr Anthony Gennard
- Cllr Alan MacDougall
- Cllr Francis Firmstone

The Clerk, Bryony Kohn is also required by the bank to be a signatory.

Two signatories to the account are required to sign each and every cheque issued by the Council

Financial Standing Orders

Limpley Stoke Parish Council extended its banking arrangements in 2015 to include Internet banking.

Limpley Stoke approved in 2015 that the RFO became an additional signatory on the Parish Council bank account for the purpose of electronic banking and managing the account.

The Council authorises the RFO to use Internet banking facilities to;

(i) Check the balances of the accounts held by the Council.

(ii) Transfer money between accounts held by the Council in order to maintain a credit balance.

(iii) Where the Council uses Internet Banking the RFO will circulate in advance a Report produced by the online banking system to all councillors before each monthly meeting of the Council detailing all transactions for all Council bank accounts made since the last meeting of the Council.

(iv) Where payment is to be made via online or telephone banking, the relevant invoice shall be signed, dated and endorsed as 'Approved for Payment' by two members of the Council authorised to sign cheques drawn on the Council's bank account.

(v) If the Internet Banking system requires a user to be an authorised signatory the RFO is deemed to be an authorised signatory. However the banking mandate must then require a cheque or order for payment signed by the RFO to be signed also by two members of the Council.

(vi) Due to the need to manage financial risk the Council will only use Internet Banking where it has the online facility to produce the reports required by (iii).

(vii) The use of Internet banking will be reviewed annually (quarterly-omit) and at such intervening times as the Council thinks appropriate..

Limpley Stoke Parish Council resolve to comply with NALC's Model Financial Standing Orders set out below:

"BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS

5. Payment of Accounts – Expenditure Approval

5.1 The RFO shall prepare a schedule of payments requiring authorisation, forming part of the Agenda for the Meeting and, together with the relevant invoices, present the schedule to council. The council shall review the schedule for compliance and, having satisfied itself shall authorise payment by a resolution of the council.

5.2 The approved schedule shall be ruled off and initialled by the Chairman of the Meeting. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.

5.3 All invoices for payment shall be examined, verified and certified by the RFO to confirm that the work, goods or services to which each invoice relates

has been received, carried out, examined and represents expenditure previously approved by the council.

5.4 The RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The RFO shall take all steps to pay all invoices submitted, and which are in order, at the next available council meeting.

5.5 The Clerk and RFO shall have delegated authority to authorise the payment of items only in the following circumstances:

- a) If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of council, where the Clerk and RFO certify that there is no dispute or other reason to delay payment, provided that a list of such payments shall be submitted to the next appropriate meeting of council;
- b) An expenditure item authorised under 5.6 below (continuing contracts and obligations) provided that a list of such payments shall be submitted to the next appropriate meeting of council.

5.6 For each financial year the Clerk and RFO shall draw up a list of due payments which arise on a regular basis as the result of a continuing contract, statutory duty, or obligation.

5.7 A record of regular payments made under 5.6 above shall be drawn up and be signed by two members on each and every occasion when payment is authorised - thus controlling the risk of duplicated payments being authorised and / or made.

5.8 In respect of grants a duly authorised committee shall approve expenditure within any limits set by council and in accordance with any policy statement approved by council. Any Revenue or Capital Grant in excess of £5,000 shall before payment, be subject to ratification by resolution of the council.

5.9 Members are subject to the Code of Conduct that has been adopted by the council and shall comply with the Code and Standing Orders when a decision to authorise or instruct payment is made in respect of a matter in which they have a disclosable pecuniary or other interest, unless a dispensation has been granted.

5.10 The council will aim to rotate the duties of members in these Regulations so that onerous duties are shared out as evenly as possible over time.

5.11 Any changes in the recorded details of suppliers, such as bank account records, shall be approved in writing by a Member.

INSTRUCTIONS FOR THE MAKING OF PAYMENTS

6.1 The council will make safe and efficient arrangements for the making of its payments.

6.2 Following authorisation under Financial Regulation 5 above, the council, a duly delegated committee or, if so delegated, the Clerk or RFO shall give instruction that a payment shall be made.

6.3 All payments shall be effected by cheque or other instructions to the council's bankers, or otherwise, in accordance with a resolution of council.

6.4 Cheques or orders for payment drawn on the bank account in accordance with the schedule as presented to council or committee shall be signed by two member[s] of council, and countersigned by the Clerk, in accordance with a resolution instructing that payment. If a member who is also a bank signatory has declared a disclosable pecuniary interest, or has any other interest, in the matter in respect of which the payment is being made, that councillor shall be required to consider Standing Orders, and thereby determine whether it is appropriate and / or permissible to be a signatory to the transaction in question.

6.5 To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.

6.6 Cheques or orders for payment shall not normally be presented for signature other than at a council or committee meeting (including immediately before or after such a meeting). Any signatures obtained away from such meetings shall be reported to the council at the next convenient meeting.

6.7 If thought appropriate by the council, payment for utility supplies (energy, telephone and water) and any National Non-Domestic Rates may be made by variable direct debit provided that two members sign the instructions 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.

6.8 If thought appropriate by the council, payment for certain items (principally salaries) may be made by banker's standing order provided that the instructions are signed, or otherwise evidenced by two members are retained and any payments are reported to council as made. The approval of the use of a banker's standing order shall be renewed by resolution of the council at least every two years.

6.9 If thought appropriate by the council, payment for certain items may be made by BACS or CHAPS methods provided that the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories are retained and any payments are reported to council as made. The approval of the use of BACS or CHAPS shall be renewed by resolution of the council at least every two years.

6.10 If thought appropriate by the council payment for certain items may be made by Internet banking transfer provided evidence is retained showing which members approved the payment.

6.11 Where a computer requires use of a personal identification number (PIN) or other password(s), for access to the council's records on that computer, a note shall be made of the PIN and Passwords and shall be handed to and retained by the Chairman of Council in a sealed dated envelope. This envelope may not be opened other than in the presence of two other councillors. After the envelope has been opened, in any circumstances, the PIN and / or passwords shall be changed as soon as practicable. The fact that the sealed envelope has been opened, in whatever circumstances, shall be reported to all members immediately and formally to the next available meeting of the council. This will not be required for a member's personal computer used only for remote authorisation of bank payments.

6.12 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.

6.13 Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question, and preferably off site.

6.14 The council, and any members using computers for the council's financial business, shall ensure that anti-virus, anti-spyware and firewall, software with automatic updates, together with a high level of security, is used.

6.15 Where Internet banking arrangements are made with any bank, the Clerk [RFO] shall be appointed as the Service Administrator. The bank mandate approved by the council shall identify a number of councillors who will be authorised to approve transactions on those accounts. The bank mandate will state clearly the amounts of payments that can be instructed by the use of the Service Administrator alone, or by the Service Administrator with a stated number of approvals.

6.16 Access to any Internet banking accounts will be directly to the access page (which may be saved under "favourites"), and not through a search engine or e-mail link. Remembered or saved passwords facilities must not be used on any computer used for council banking work. Breach of this Regulation will be treated as a very serious matter under these regulations.

6.17 Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier and supported by hard copy authority for change signed by [two of] the Clerk [the RFO][a member]. A programme of regular checks of standing data with suppliers will be followed.

6.18 Any Debit Card issued for use will be specifically restricted to the Clerk [and the RFO] and will also be restricted to a single transaction maximum value of [£500] unless authorised by council or finance committee in writing before any order is placed.

B Kohn
Date: July 2020