

INTERNET BANKING POLICY of EAST BUDLEIGH WITH BICTON PARISH COUNCIL

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 legal requirement will enable 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. (see also quote from NALC on final page)

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 Financial Regulations.

Account Details: The Parish Council has set up 2 accounts. One with Santander for day to day payments and one with Nationwide Building Society for longer term savings. Santander do not offer a mandatory “two signature “ approach. The account is operated by one signatory (the Clerk), with the two signatory approvals taking place before payment (regardless of the method of payment)

Internet Banking Policy: Cheques must be signed by two signatories; online payments must be authorised by two signatories to the account.

Procedures

1. All orders for payment will be verified for accuracy by the Parish Clerk
2. A 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 Chair.
3. Wherever possible, payments will be made using online banking. The following bulleted sentences set out the principles and procedures of operation of the online account with attention to the raising of payment requests and their authorisation. The actual process of operating the online account will be subject to the rules and security authorisation process of the agreed bank:
 - The Parish Clerk will raise requests
 - Two authorised Councillors will confirm the payments by signing the invoices or payment requests
 - Where a payment is to be made by cheque, the cheque will be signed by two authorised signatories, who shall also initial the counterfoil.
 - Where payments may be required in between meetings the Parish Clerk will email copies of the invoices requiring payment to the authorised signatories before raising a payment request online or, if necessary, by cheque if easier.

The NALC has recently issued guidance in relation to dual authorisation, as follows:

“Councils must not relinquish the ‘two-member signatures’ control over cheques and other orders for payment until they have put in place safe and efficient arrangements in accordance with the guidance noted below from the NALC Finance and Audit Advisor: ‘The overriding requirement resulting from the abolition of S150 (5) is that each and every local council seeking to depart from the two-signature rule must “implement and maintain robust controls on expenditure as an integrated part of their overall financial control system”. It is not a requirement that two people authorise electronic payments, however, it is a general principle that more than one person should be involved in any payment, whether that is before, at or after the point at which the payment is made. Councils must consider the appropriate systems, procedures and controls available by banking providers.”