

BURTON OVERY PARISH COUNCIL

ONLINE (INTERNET) BANKING POLICY

Background

The Legislative Reform (Payments by Parish Councils, Community Councils and Charter Trustees) Order 2014 came into effect on 12th March 2014. This 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 Parish Councils to take a considered and pragmatic approach to how it controls accountability for the use of public money whilst taking advantage of modern technology including internet banking.

The Parish Council acknowledges the need to maintain robust controls of payments as an integral part of its overall financial control systems and proposes this Internet Banking Policy as a component of its Financial Regulations.

Account Details

The Parish Council holds bank accounts with Lloyds Bank. A current account (described by Lloyds as the Treasurers Account), which is used as the parish council's main day-to-day banking facility and a reserve account (described as Business Bank Instant Account) in which the council's reserves are held.

The council has no planned overdraft arrangements. Therefore, transfers from the reserve account to the current account need to be made periodically to ensure all day-to-day payments can be covered.

Banking Mandate

The council's banking mandate currently allows three councillors to act as signatories on behalf of the parish council – any two of these may authorise individual transactions if not approved by a meeting of the full council. The optimum arrangement would be to ensure that at least four of the five parish councillors were named on the mandate at any one time.

The individuals named on the mandate will vary from time to time as the membership of the council varies following elections or co-option.

Payment Policies

Arrangements for all cheque payments are that they must be signed by two signatories from the mandate on production of relevant supporting documentation by the Clerk /RFO. Where a payment is to be made by cheque, the cheque will be signed by two authorised Councillors who shall also initial the counterfoil. If possible, this should be carried out at or immediately following a Parish Council meeting.

Wherever possible, payments will be made using online banking because of the associated cost and efficiency benefits. The following bullet points set out the principles and procedures of operation of online payment arrangements with particular attention to the raising of payment requests and their authorisation. The actual process of operating the online account will also be subject to the rules and security authorisation processes of the bank.

Where internet banking arrangements are made with any bank, the Clerk / RFO shall be appointed as the Administrator. The Clerk / RFO will have 'view and submit only' authorisation and will be able to transfer funds between accounts held at the same bank. The Bank Mandate approved by the council shall identify a minimum of four councillors as signatories who will be authorised to 'view and approve' transactions on those accounts.

All invoices / orders for payment will be verified for authenticity and accuracy by the Parish Clerk / RFO and listed with the council meeting agenda as a schedule of payments due.

Wherever possible, payments will be made using online banking and should be initiated and paid as set out below within the timescales requested on the invoices;

1. The Parish Clerk will produce a list of payments that fall due each month and present this to the relevant meeting of the parish council.
2. The Council will consider the proposed payments and authorise them as it deems appropriate.
3. After authorisation is given by the Council the Parish Clerk will initiate the relevant payment requests on the online banking system and notify one of councillors listed on the bank mandate of the payments awaiting authorisation.
4. The notified Councillor will then authorise and confirm the payments online.
5. Councillors are expected to authorise payments requests within two days of the payment being initiated by the clerk.

Direct debits are an exception to the above procedure. These may be agreed at the discretion of the Council and reviewed at least every two years. All payments agreed via this mechanism will be listed on the agenda paperwork of each parish council meeting and endorsed via the quarterly bank reconciliation paperwork.

Payments between meetings

Where payments may be required in between meetings the Parish Clerk will email copies of the invoices requiring payment to the parish council chairman for authorisation before raising a payment request online. The procedure detailed from bullet point 3 above and onwards with then follow; although the councillor confirming and authorising the payment online shall not be the chairman. Such payments must be retrospectively minuted at the next full meeting of the council.

Payments to Councillors

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) – for clarity, Signatories may not authorise a payment to themselves. Payments to councillors should not be made between meetings; they should only be made following agreement at a meeting.