

Alphamstone & Lamarsh Parish Council

INTERNET BANKING POLICY

INTRODUCTION

INTERNET BANKING AND ELECTRONIC PAYMENTS

Payment of invoices online saves time and money – no envelopes or stamps 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 take a cheque to their bank or cheques being lost in the post.

The controls and approvals, properly used, are as secure as the existing cheque system. The Responsible Financial Officer (RFO) may 'view and submit' online but may not authorise a payment. Signatories may 'view and authorise' what the RFO has entered but may not set up a beneficiary or a payment themselves.

The RFO will continue to provide Bank Statements and reconciliation with the accounting package to the Full Council at every meeting.

The RFO will continue to make payments by cheque only where necessary, following the existing controls and approvals, but will move to online payments when possible.

Current position:

Alphamstone & Lamarsh Parish Council has two accounts with Unity Trust Bank

1. a Current Account with a cheque facility and internet banking facilities for the day-to-day payment of Invoices and receipt of any income
2. a Reserve Account for any reserve funds that the Council might hold

All Councillors, including the Chair, are authorised signatories.
The Parish Clerk/RFO is not a signatory.

POLICY

1. Where internet banking arrangements are made with any bank the Parish Clerk/RFO shall be appointed as the Administrator. The Parish Clerk/RFO will have 'view and submit only' authorisation. Transfer to and from accounts can only be authorised by The Full Council.
2. The Bank Mandate approved by the Council shall identify All Councillors as signatories who will be authorised to 'approve only' transactions on those accounts. One of these signatories will be the Chair of the Council.
3. 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. *(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.)*

4. 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.
5. 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
6. 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.
7. All transactions require two Signatories to authorise.
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 are not to be used.

PROCEDURE

Procedure for **Setting up** Beneficiaries:

- a. The RFO enters the details of the beneficiary online.
- b. The RFO emails a scanned copy of the BACS details of the beneficiary to the Signatories.
- c. Two Signatories check the details and authorise the beneficiary.

Procedure for **Changing** Beneficiary details

- a. The RFO enters the amended details of the beneficiary online.
- b. The RFO emails a scanned copy of the new BACS details of the beneficiary to the Signatories.
- c. Two Signatories check the details and authorise the beneficiary.

Procedure for **Paying** Beneficiaries:

- a. All invoices and requests for payment will be verified for accuracy by the RFO.
- b. The RFO will list all payments required on the Finance Report for each meeting of the Full Council for approval. Invoices or other documentation will be initialised by the Chair at the meeting.
- c. Wherever possible, payments will be made using online banking.
- d. Two authorised Signatories will confirm the payments online.
- e. Where payments are required between meetings, the RFO will email copies of the invoices requiring payment to the Signatories before setting up a beneficiary and/or placing a payment request online.
- f. Signatories may not authorise a payment to themselves under any circumstances.
- g. All requests will be emailed to all Signatories.
- h. A new EU Payments Services Directive (PSD2) took effect in January 2018, bringing in new laws aimed at enhancing consumer rights and reducing online fraud. A key element of PSD2 is the introduction of additional security authentications for online transactions, known as strong customer authentication (SCA).
- i. After the changes were implemented in Autumn 2019, certain activity on Internet Banking will require a second factor of authentication. In practice, this means the authoriser will be asked to enter a code shown on the Internet Banking screen following receipt of an automated telephone call, to confirm they are the person making the request. The telephone message will confirm the details of the payment so they can be sure they are authorising the correct information and the call is genuine.
- j. There are additional actions within Internet Banking that will require SCA. These include:
 - 1) Accessing transactions and statements over 3 months old;
 - 2) Logging in every 3 months;
 - 3) Making changes to beneficiaries' payment details e.g. changing the destination account number or sort code.
- k. Only the individual submitting the payment will be called and they will be contacted on the number/s they have registered with the bank. They will be informed at the point of making the payment that additional security is required before the payment can be made, therefore they will need to have access to their telephone before starting their online banking activities.

