

Internet Banking

Since the removal in 2014 of section 150(5) from the Local Government Act 1972, local councils have been able to make use of modern methods of making payments, such as internet banking.

However, it is imperative that proper processes are in place to ensure safe and efficient methods of payment for goods and services and the following guidelines may assist:-

- Any application to open an internet banking account in the name of the Council **MUST** be approved by resolution and the application form signed by at least two existing cheque signatories.
- The Bank must be instructed that overdraft facilities are not authorised.
- Forms or letters of authorisation to transfer sums to the internet account are to be signed by any two existing cheque signatories.
- The Council appoints two Councillors (who are not cheque signatories) to verify the schedule of payments made from the internet banking account against sample invoices selected at random on a regular basis.
- The internet banking access codes and passwords are retained securely by the Clerk/RFO and that no internet banking is undertaken on a computer to which the public have access.
- The Council installs, and keeps updated, anti-virus software on all computers used for Internet Banking.
- The Council advises its insurers and introduces such further safeguards, such as increased fidelity insurance, as may be required by the Insurers.
- Hard copies of the bank statements to be sent to the Chairman monthly and made available for inspection at Council.

Where cheques are still used, signatures of two members are still required

Sample Reconciliation Form

| Date | Supplier | Invoice No. | For | Gross Amount | Internet Account Running Balance | Explanatory Notes |
|--|-------------|-------------|----------------------------|--------------|----------------------------------|---|
| 29/5/** | ----- | ----- | ----- | ----- | £1,056.89 | This sum brought forward |
| 29/5/** | Jo Smooth | 12D56 | Grass Cutting | £369.78 | £687.21 | |
| 3/6/** | Jo Good | May Salary | Clerks Salary | £49.67 | £637.54 | |
| 15/6/** | EON | 98URT345 | Electricity – Village Hall | £112.98 | £524.56 | |
| 26/6/** | Virgin | 56TYH743 | Broadband Monthly Rental | £29.99 | £494.57 | |
| Amount to be verified against Bank Statement | | | | | £494.57 | This sum should equal the Internet Account Balance |
| Projected Cash Flow for July | | | | | | |
| | Jo Good | June Salary | Clerks Salary | £50.00 | £444.57 | Rounded sums used as estimates |
| | Willis & Co | | Tree Work in Cemetery | £400.00 | £44.57 | |
| | EON | | Electricity Village Hall | £120.00 | £-75.43. | Effect if no money transferred would be to go into overdraft (prohibited) |
| | Virgin | | Broadband Monthly Rental | £30.00 | £-105.43 | |
| | BT | | Phone Bill | £95.00 | £-200.43 | |
| Suggested Transfer Into Internet Account | | | | £300.00 | £99.57 | This sum provides for all known expenditure in July and a small amount for urgent items |