

INTERNET BANKING

BACKGROUND

1. **February 2021.** Any payments made by the Parish Council (PC) requires a cheque to be raised by the Clerk, and then two nominated Councillors sign the cheque before posting.
2. Banking arrangements have moved significantly in recent years, with many businesses and individuals preferring or expecting payment by electronic means. Until recently PCs had little choice in the matter, being required by law to use the two signatory cheque system.
3. This was changed in 2014, when the Government repealed Section 150 of the Local Government Act 1972, which required the two signature system, with the intention that PCs could move to electronic payments. Since then, there has been a steady shift towards this method by PCs.

RISK

4. As with any method of payment, there is a risk of fraud, with the Responsible Finance Officer (i.e., the Clerk) making unauthorised payments. There is also a risk that Councillors will not have sight of what payments are being made.

RISK MANAGEMENT

5. The National Association of Local Councils (NALC) have advised that to ensure that the risk of fraud is lessened, that PCs should ensure that they "...implement and maintain robust controls on expenditure as an integrated part of their overall financial control system".
6. To ensure that this is done, it must be a principle that more than one person is involved in payments, electronic or otherwise, one of whom must be a Councillor. This is to act as a safeguard and control, so that no one individual can complete a payment from beginning to end, without referral to others.
7. This will require Dual Authorisation, a system that lets 2 people from the same organisation complete a payment electronically. In practice one person creates a payment request (the originator) and the second individual authorises the payment (the authoriser).