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## Internet Banking Policy

This policy is based on the advice issued by the National Association of Local Council (NALC) relating to parish councils' use of online banking and the implications for the way in which the parish council operates with regards to the authorization of payments.

### 1. Legal Responsibility & Policy Support

The Legislative Reform (Payments by Parish Councils, Community Councils and Charter Trustees) Order 2014 (SI2014/580) came into effect on 12th March 2014.

This Legislative Reform Order repeals the statutory requirement (Local Government Act 1972 section 150(5) which states that "every cheque or other order for the payment of money shall be signed by two members of the council". The removal of this particular legal requirement enables 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.

[The Legislative Reform \(Payments by Parish Councils, Community Councils and Charter Trustees\) Order 2014](#)  
[Local Government Act 1972](#)  
[Governance and Accountability practitioners-guide-2023](#)  
[Local Audit and Accountability Act 2014 \(legislation.gov.uk\)](#)  
[Accounts & Audit Regulations 2015](#)

### 2. Internal Controls

Moulton Parish Council ensures that it maintains robust controls on payments as an integrated part of its overall financial control system.

### 3. Policy

1. Wherever possible, payments will be made using online banking and should be initiated as per the procedures set out below within three days of being agreed at a council meeting.
2. Payment for items made by internet banking transfer must have evidence retained.
3. Where internet banking arrangements are made with any bank, the Executive Officer or the Finance & HR Manager shall be appointed as the Administrator. The Executive Officer or the Finance & HR Manager will operate a 'create and submit only' authorisation and will be able to transfer funds between accounts held at the same bank. The Executive Officer or the Finance & HR Manager will be the only authorised person enabled to set up a beneficiary or a payment.
4. The Bank Mandate approved by the council shall identify a minimum of three Councillors as Signatories who will be authorised to 'approve only' transactions on those accounts.
5. Access to internet banking accounts will be directly to the banks log-in page 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.

6. 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. Signatories may request reimbursement for the installation and annual update of such software on their personal computers.
7. 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.
8. New beneficiary details and changes to beneficiary details used for internet banking must be supported by hard copy or email notification for checking and supported by hard copy authority for change signed by the Executive Officer and a Signatory.
9. A programme of regular checks of standing data with suppliers will be followed.

#### **4. Procedure**

The actual process of operating the online account will be the subject to the rules and security authorisation process of the agreed bank:

1. All orders for payment will be verified for accuracy by the Executive Officer and included on the payment schedule.
2. The schedule of all payments shall be prepared by the Executive Officer and presented to each meeting of the council together with any supporting invoices or other documentation for approval. The approved schedule will be signed by the Chairman of the meeting.
3. The Executive Officer or the Finance & HR Manager will initiate payment.
4. 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).

#### **5. Inter Account Transfers**

Transfers between the council's accounts held will continue to be subject to the council's own Financial Regulation 7.5c "fund transfers within the councils banking arrangements up to the sum of £10,000 provided that a list of such payments shall be submitted to the next appropriate meeting of council.

#### **6. Related Policies**

- Financial Control and Internal Audit Procedure Policy
- Financial Risk Assessment
- Financial Regulations
- Investment Policy

**This policy is reviewed annually by the Executive Officer and submitted to the full council for approval.**

**Last Reviewed: January 2024**

**Review Due: January 2025**