



Internet Banking Policy

Background

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 authorisation of payments.

Recommendations in this Policy are based on The Good Councillor's Guide to Finance 2025

Bank Account

The council should have a bank current account for its day-to-day banking requirements either with one of the traditional providers or a smaller community orientated bank. The clerk/RFO is responsible for setting up the banking arrangements as approved by the council.

Audlem Parish Council has an account with Lloyds bank.

The council may also have separate interest-bearing bank accounts to hold funds either for general reserves or ear-marked reserves for specific projects.

Bank Mandate

The bank mandate and list of authorised signatories must be approved by the council. It is sensible to have several councillors as signatories to allow for absences and changes, and whilst not all councillors will be a signatory to the bank account, all councillors remain responsible for the council finances. It is important to remove a councillor from the bank mandate as soon as they cease to be an elected member. The bank mandate should require at least two councillors to authorise all payments and/or sign all cheques; the clerk/RFO should only be a signatory in conjunction with two other councillor signatories.

Bank Payments

The council may make payments either electronically or by cheque, and there should be a system in place to reduce the risks of error or fraud. All payments must be authorised by the council or under authority delegated by the council. Even where a purchase has been authorised, the payment must also be authorised to allow the funds to leave the council's bank account.

If the council uses internet banking the clerk/RFO should be appointed as the 'Service Administrator'. The bank mandate should be agreed by the council and identify councillors authorised to approve transactions with a minimum of two people involved in any online approval process. The clerk may be an authorised signatory, but no signatory should be involved in approving any payment to themselves.

The Service Administrator can set up items due for payment online, and send a list of payments for approval, together with copies of the relevant invoices, to authorised signatories to approve each payment using the online banking system. A full list of all bank payments made in a month should be provided to the next council meeting.

Direct Debits

Direct debits and standing orders are permitted if approved by the council. Regular payments (such as gas, electricity, telephone, broadband, water, rates, HMRC payments) may be made by variable direct debit, provided that the instructions are approved by two authorised signatories. The approval of the use of each variable direct debit should be reviewed at least every two years.

Fund transfers

Fund transfers within the banking arrangements can be delegated with the payments submitted to the next appropriate meeting.

Approval of payments

The council must have safe and efficient arrangements for making payments to safeguard against the possibility of fraud or error. Invoices for payment should be checked and verified to confirm that the work, goods or services were received, and represent expenditure previously authorised by the council. Where invoices are certified as a batch or listing, they should include a statement by the RFO that all invoices listed have been 'examined, verified and certified' by the RFO.

It is usual for the clerk/RFO to have delegated authority to authorise payments in certain circumstances. For instance, this may include smaller payments within an agreed budget, and larger payments where there is a risk to safety or delivery of services, or to comply with contractual terms where payment is due before the next meeting. The payment amounts under delegated authority should be commensurate with the income and budget of the council and any limits can be defined in the financial regulations.

The latest accounting records, including all payments for approval and any payments made since the last meeting, bank statements and a bank reconciliation should be available at every council meeting and should be signed and certified as correct by the chair of the meeting.

Payment of salaries

The RFO must ensure that all salary and associated payments for council employees comply with HMRC PAYE rules.