

MALVERN TOWN COUNCIL

MINUTES OF AUDIT COMMITTEE

held on Thursday 22 September 2016

in the Council Chamber, Town Council Offices, at 6.00pm

Councillors:

Present: M J R Charles (Chairman)
C A L Bovey
P Mewton
P Smith (substitute for H Campbell)
J Thomas

Absent: H Campbell (Apologies)

In attendance: Linda Blake - Town Clerk
Cllr Palmer

14. APOLOGIES FOR ABSENCE

Apologies for absence were received and accepted from Cllr H Campbell who had nominated Cllr P Smith as a substitute.

15. DECLARATIONS OF INTEREST

None.

16. MINUTES OF PREVIOUS MEETING

The following Minutes of the Audit Committee meeting were approved:

- Tuesday 16 August 2016

PUBLIC PARTICIPATION

None.

17. PAYMENT CONTROLS AND INTERNET BANKING

Report AC01/16 was circulated by the Town Clerk.

Members of the Committee considered the draft policy relating to online banking and banking payments. Audit Committee Members discussed a number of points within the draft document and **RECOMMENDED** that an Online Banking Policy should be approved subject to the agreed amendments as attached at Appendix A to these minutes.

It was **NOTED** that the Town Clerk would ensure that the Council's spyware and anti-virus was fully up to date before any online banking procedures commence.

18. **RISK MANAGEMENT**

It was **AGREED** that the following items would be considered at the next meeting

- Risk Assessment Processes for Town Council Events
- Risk Management in relation to Play Areas

19. **DATE OF NEXT MEETING**

Tuesday 29 November 2016 at 6pm.

The meeting ended at 6:45pm

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Councillor M J R Charles (Chairman)

MALVERN TOWN COUNCIL
ONLINE BANKING PROCEDURE

APPENDIX A

Access to Online Banking

1. Four Council Officers will be given authorisation to access online banking and at least two of the four Officers will be required to be present when the Council's online bank account is accessed.
2. The authorised officers will be as follows:
 - I. Town Clerk
 - II. Operations Manager
 - III. Finance / Administration Officer
 - IV. Office and Operations Co-ordinator

Each Officer will be given an online banking passcode that cannot be used individually, only as part of a pair i.e. with another officer.

3. The appropriate Officer will log onto the online banking account with one of the other authorised Officers in attendance to provide the secondary code required.
4. The appropriate officer will check the Council's account, view payments, receipts and / or print out bank statements as necessary
5. If any errors should be detected then the bank will be contacted immediately.
6. When the required duties have been undertaken, Council Officers will then log out of the online banking account and close the internet tab.
7. No officer will be authorised to log onto internet banking without a secondary user being present.
8. Passwords or Passcodes issued in connection with online banking are strictly confidential and should not be communicated to anyone else.
9. All Passwords or Passcodes should be changed at least once every twelve months.
10. Any departure from the above procedure may result in disciplinary action being taken.

Making Online Banking Payments

11. Where possible and to save officer time and banking charges, supplier payments will be made using online banking.
12. The procedure for processing invoices will remain the same with the Finance Officer preparing an in-house control voucher, checking the invoice against orders and delivery notes for accuracy and asking the appropriate Council Officer to sign off the item or service as received. All paperwork will be filed appropriately as an audit trail of each transaction and these will be kept for a period of no less than five years.

13. Where payments are to be made through online banking, a schedule of all payments, with amounts and a description will be produced in the usual way, but including the following details as control checks.

Supplier Name	Amount	Description	Entered on SAGE	Online Banking Officer 1	Online Banking Officer 2

14. At the bottom of the schedule, a record should also be made of what date and time the payments were sent.
15. Payment signatories as approved on the bank mandate will be asked to approve this list of payments before any payments are made.
16. Payment signatories are asked to check each listing on the schedule in turn and they should examine backup paperwork for no less than two payments on each payment list.
17. Each page of the payment schedule should be signed by both payment signatories.
18. There will be a daily limit placed on online payments of £20,000.
19. Any payment in excess of £20,000 should be made by cheque.
20. Once the payment schedule has been signed by two authorised payment signatories, officers will then be authorised to make arrangements for payment to be made in strict accordance with the signed payment schedule.
21. No online banking payment can be made until a payment has been authorised by two payment signatories by way of their signature on all pages of the payment schedule.
22. All payments should then be entered onto SAGE by the nominated Finance Officer and a tick entered on the schedule to confirm that this has been completed.
23. Four Council Officers will be given authorisation to make online banking payments and at least two of the four Officers will be required to be present when payments are being made.
24. The delegated officers will be as in point 2. above.
25. Each Officer will be given an online banking passcode that cannot be used individually, only as part of a pair i.e. with another officer.
26. When payments are required to be made, the appropriate Officer will log onto the online banking account with one of the other authorised Officers in attendance to provide the secondary code required.
27. The initiating Officer will then enter the details for the online banking payment, checking that the details are entered correctly and that they correspond to the

invoice. They will then initial the payment schedule to confirm that the payment has been made.

28. This process will be repeated for all payments, keeping in mind the daily limits.
29. The second Officer present will then review the online banking account to check the accuracy of the payments made and that they are in accordance with the schedule provided. They will then initial the payment schedule to confirm that this review has taken place.
30. If any errors should be detected then the bank will be contacted immediately.
31. Council Officers will then log out of the online banking account and close the internet tab.
32. No officer will be authorised to log onto internet banking without a second user being present.
33. Any departure from the above procedure may result in disciplinary action being taken.
34. The Council's Finance Officer will be tasked with keeping a secure log of bank details for the Council's suppliers. These details should be reviewed once every three months for accuracy and to make any changes.
35. Council Officers will be responsible for ensuring that all Anti-virus and Spyware software are kept up to date at all times.

Direct Debit

36. At present some of the Council's larger utility bills are paid using direct debit. Officers will work to ensure that as many utility contracts as possible are paid in this way as with the move to online banking, it will be easier to manage by viewing the Council's accounts online.
37. With Direct Debit payments, two authorised payment signatories are required to sign the Direct Debit authorisation and the Finance Officer will keep an ongoing record of these accounts on file at the Town Council Offices.

Cheque Payments

38. It is recognised that some smaller suppliers will wish to continue with cheque payments and therefore the procedure for cheque payments will remain in place.

NOTE:

If online banking payments are agreed, the necessary amendments will need to be made to Standing Orders and ratified by Council.

Additionally the Bank Mandate instruction will need to be changed to allow Officers to be "users" of the online banking system. It is suggested that the Town Clerk would be the "primary user" and the other three officers as mentioned become the "secondary users" to fit in with the forms and processes used by the Council's bank.