

MALVERN TOWN COUNCIL ELECTRONIC PAYMENTS POLICY

1. Introduction

- 1.1. Following the repeal of 150(5) of the Local Government Act 1972 which stipulated a *two member signature rule*, local councils are now allowed to take advantage of electronic payment methods such as BACS.
- 1.2. In adopting any such electronic payment method however, the underlying principle of safeguarding public money still applies and Malvern Town Council must ensure that robust controls on payments still remain.

PROCEDURE

2. Documentation

- 2.1. Prior to any electronic payment being made, a report of BACs invoices for payment will be produced detailing all payments that are to be made in the current payment run. This document will be completed by the Finance and Administration Assistant.
 - 2.2. The BACs Invoices for Payment report will be presented to the Responsible Financial Officer (RFO) and two Members of the current named signatories (as detailed on the bank mandate) for approval. Each will sign the BACs Invoices for Payment report together with a Payment Authorisation sheet. In the RFO's absence¹ the Operations Manager will sign. The RFO will countersign on his or her return to work.
 - 2.3. All source documents such as supplier invoices and other similar requests for payments will be made available for inspection by the named signatories when the BACs payment report is signed.
 - 2.4. The Finance and Administration Assistant will process the approved payments via the online payment system.
 - 2.5. The RFO will check and confirm details on the online payment system with that shown on the approved BACs Invoices for Payment report ensuring that the total payment amount agrees to that of the Payments Authorised sheet and giving the secondary approval required to process the online payments.
 - 2.6. Once payment processing has been completed, a list of payments made from online banking will be printed and attached to the BACs Invoices for Payment report and signed off by the RFO as a confirmed correct payment record ("Confirmed Payment").
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3. Integrity

- 3.1. As the Town Clerk is currently also the RFO, in order to ensure a robust system of control, each confirmed payment record will be counter-signed by the Chairman of the Policy and Resources Committee at the next available meeting.

4. Security

- 4.1. Each operator of the online payment system will have a different function pre-set which cannot be overruled. The Finance and Administration Assistant will create the batch of payments but will be unable to authorise this batch. This must be done by a second person after checking the batch and this will be the RFO. Each will have their own unique log-on and passcode to be able to operate the payment system.
- 4.2. All log-on and passcodes will be held separately by each respective individual in a secure place.
- 4.3. Any changes to these operator names must be approved by the Town Clerk. Any changes to the Town clerk's details or responsibilities should be approved by two bank signatories.
- 4.4. Access to online banking will be directly to the access page (which may be saved under "favourites") and not through a search engine or email link. Computer auto-saving of bank log-on and passcode details will be prohibited.
- 4.5. The Town Clerk will ensure that any computers used to transact financial business on behalf of the Council, will have operational and up-to-date anti-virus, anti-spyware and firewall software in place. The Town Council has an IT maintenance contractor in place to carry out these works.

5. Audit

- 5.1. All payments made through the online banking system will be made available to the Internal Auditor for validation during internal audits.

¹ Absence is denoted as three or more consecutive working days