

Report No.6

Report to Policy and Resources Committee 4th April 2017

Electronic banking controls

1. Purpose of the report

- 1.1 To consider if the controls to be put in place for the use of electronic banking meet the requirement of the Town Council.

2. Background

- 2.1 The Town Council currently pays all invoices and salaries by cheque with the exception of a few standing orders for fuel etc.
- 2.2 At the February meeting of this committee it was agreed that in future electronic banking would be used to make payments, especially salaries and urgent accounts.
- 2.3 At the present time the system for payments involves the preparation of invoices attached to an input sheet and cheque, the latter then then requires the signature of two councillors and either the Town Clerk or Deputy Town Clerk.

3. Proposal

- 3.1 In order to make use of electronic banking and yet retain the level of financial control required a two-step process is required.
- 3.2 It is proposed that the Deputy Town Clerk inputs the payment data onto the system using his personal code ready for authorisation by the Town Clerk.
- 3.3 A printed out sheet of payments to be made is resented to two authorised councillors for their agreement and signature.
- 3.4 The authorised payment sheet is presented to the Town Clerk and if all has been agreed he will authorise the payments to be made by the bank using his code.
- 3.5 At no time will one person be able to both input and authorise payment, two separate codes will be necessary. The bank statements will be reconciled as at present and inspected by the Chair and Vice Chair of Policy and Resources before being reported to the Town Council.
- 3.6 The limit of electronic expenditure could be set at the average monthly salary payment plus another £10,000 to cover the other payments required.
- 3.7 In order to secure the advantage of goods advertised online at favourable rates it has been necessary for a member of staff to use their own bank card and then claim back the expenditure.
- 3.8 The bank has agreed to issue two cards for the account, one to the Town Clerk and the other to the Deputy Town Clerk.
- 3.9 In order to limited the exposure to risk of inappropriate use the limit of expenditure in any month could again be limited to £1,500. Large items of expenditure are usually involve an account or are paid by cheque against a purchase instruction.

4. Financial implications and risks

- 4.1 The controls suggested will limit the potential exposure to inappropriate use and provide the necessary audit trail for expenditure.
- 4.2 Electronic payment of salaries will reduce the uncertainty of payment date and enable staff to have early access to their funds. There have been times when the banks have taken seven days to clear a salary cheque.

5. Recommendations

- 5.1 Members are requested to consider the suggested controls and if agreed authorise the Town Clerk to proceed with making the necessary arrangements.

Jeff Penfold
Town Clerk
29th March 2017