

Ide Parish Council

Managing the Council's bank accounts online

Statement by the Chair on behalf of the Chair and Responsible Financial Officer

1. The Council holds four cheque current accounts with Lloyds Bank:
 - Main business account
 - Reserve account
 - Weir Meadow Recreation Ground account
 - Pynes Community Orchard account

2. Mel Liversage is the Council's Responsible Financial Officer. Five councillors are account signatories: Nick Bradley, Pete Bishop, Mark Thomas, Andy Swain and Jess Paine.

3. In 2014 the law changed allowing parish councils to use online banking, but retaining the duty to have arrangements that ensure that at least 2 people are involved in any transaction, one of whom must be a member. Direct debits and standing orders are permitted if approved by the council.

4. In 2018 we set up online banking which Mel Liversage administers. We also have the option to write cheques, signed by two councillors, if we want to.

5. Mel has create and authorise powers; and can make payments by logging on to the parish council account on the Lloyds platform using a username, password and memorable information. We require the authorisation of two signatories for Mel to make a payment. Authorisation is granted by email message to Mel at her request. But the system is open to potential fraud. An RFO could make payments without authorisation, in a way that was impossible (without forging signatures) using a cheque. Mel is not a signatory, yet our online banking allows her to act as one as currently configured.

6. Many parish councils have wrestled with how to make their online banking system - which has so many time and cost saving features- more controlled and secure. This is important to protect both the Council and the RFO.

7. We want our system set up so that:
 - all payments are authorised electronically on the Lloyds portal by two signatories, but are created and enacted by Mel (analogous to writing out the cheque and then posting it on once signed by two councillors, in the olden days)

 - this should be built into the Lloyds portal, not done by "work-arounds' we make up ourselves.

8. Lloyds website claims to offer such a system, and Mel and I have spent much time following its links , trying to watch instructional videos (which do not play), and downloading mandate variation requests for signatories, which never quite fit the bill.

9. There are two services we need:

- i. Payment controls
- ii. Access controls

10. There are three levels of access to services available:

- i. Create and authorise - Mel
- ii. Full power signatory - councillor signatories
- iii. Full access delegate - we believe all councillors should be this level to view the accounts whenever they want.

11. But we have been defeated by the confusing (different terms applied to the same things) and complexity (2 services, 3 levels each) of the set up task; and reached the stage of needing to go in and see a live human to take us through the set up in the bank. Then Covid-19 came. Mel has been shielding; and the bank has effectively been closed for personal consultations.

12. For now we continue with the two email authorisation rule for every payment; and I log in from time to time using Mel's authorisation codes to access the accounts to view, on the grounds that the worse of the two evils would be that she was otherwise operating the accounts unsupervised.

13. We will update the Council with progress on setting up the required online controls for access and payment as soon as possible.

NCAB 9 July 2020