

Questions to ask... ...ABOUT ONLINE PAYMENTS

Despite an increased focus on fraud prevention over the past few years, a significant number of frauds committed still occur as a result of poor controls for online payments. It is important that all trustees and staff understand the controls in place and ensure segregation of duties wherever possible.

- 1. Segregation of duties between setting up and authorising payments:** one user should set up a payment and a separate user should authorise the transaction. One individual should not be able to set up and authorise any transaction.
- 2. Dual authorisation of payments:** all transactions should require a minimum of two individuals to authorise. Some organisations implement a limit and only require dual authorisation for larger payments. If this is the case, it should be approved by the trustee board.
- 3. Dual authorisation of setting up new users:** dual authorisation is required to set up all new users and to make changes to access rights within the online banking system. This is important to prevent the set-up of a false user to bypass the dual authorisation process.
- 4. Access to BACS:** all users must have unique log in details and passwords. These should not be shared. We often find details are shared when new staff join a charity, or there are temporary staff in the finance team.
- 5. Change in payment details (internal):** changes to account details (bank account number and sort code) should be actioned by one user and approved by a separate user, who should check any backing documentation against the amended details.
- 6. Change in payment details (external):** any notification of a change to supplier details should be verified by contacting a known individual at the suppliers' organisation, even if the request to change is sent on supplier headed paper. Go back to contact details already held and do not use any included in the request documentation.
- 7. BACS payment reviews (general expenditure):** prior to authorising the online payment, a spot check should be performed reviewing the bank account and sort code for suppliers. Such details should be agreed to purchase invoice and these checks should be evidenced by signature.
- 8. BACS payment reviews (staff expenditure):** payroll reports should be reviewed prior to the payment being authorised. Often a BACS payment will be set up to send monies to pension providers and HMRC in the same batch. The individual payments need to be agreed back to payroll reports before authorising.
- 9. Bank mandate:** a review of the bank mandate should be performed to ensure that payment authorisation limits for online banking are in line with the bank mandate.
- 10. Exception reporting:** reviewing exception reports from your finance system and online banking system is a good way to monitor changes to supplier details within the accounting software along with any changes to details with the online banking system.
- 11. Ask the question:** what happens when someone goes on holiday? It will often highlight potential ways the system can be bypassed.

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