

# Milton Keynes Council Operational Guidance for Online Banking



## INTRODUCTION AND BACKGROUND

- 1.1 This operational guidance document is intended for those schools:
- who bank with NatWest through the Council pooling arrangement, and
  - whose governing bodies have approved online banking and have submitted the Online Banking Request Form to the Schools Finance Team. This documentation is available to all schools on the LMS website.
- 1.2 Segregation of duty arrangements and authority to approve payments should be consistent regardless of whether the means of processing payments is via electronic payments or cheques. Guidance on requirements for segregation of duties is set out in the "Banking Including ePCS Card" section on the LMS website.

### [LMS - Banking pages](#)

- 1.3 Electronic payments processed through the Council banking arrangements (NatWest Bankline) are formally referred to as "Faster payments" and processed as such. References in FMS refer to "BACs payments". Whilst in reality they are different means of processing payments (Faster payments can be made as same day, next day or future dated payments whereas BACs payments have three day clearance and are made on a separate BACs system) the terminology should be considered as interchangeable for practical purposes of set up and operation within the Council pooled banking arrangement.

## USER TYPES & INITIAL LOGIN

- 2.1 The online banking user types are as follows:
- Role 1 - Input, authorisation and view of bank transactions
  - Role 2 - Authorise and view of bank transactions
  - Role 3 - View of bank transactions only
  - Role 4 – Input and view of bank transactions
- 2.2 After set up of individual user access rights the Schools Finance Team will email individual users with details of user names and steps required to access Bankline. On initial login users will be asked to enter an activation code. This number will be emailed to each user directly from Bankline (from Bankline.Administrator@natwest.com or similar) and will allow users to set up a unique password and PIN number for future access.
- 2.3 Once logged in to Bankline users will be able to view their school account and transaction history (up to 15 months) under account information.

## SETTING UP FMS FOR INTERNET BANKING

- 3.1 Your system support provider will be able to provide you with detailed advice and guidance. However key issues to consider are as follows:
- Setting up the Bank Account Ledger Code for BACs payments. Schools should ensure the bank account name, sort code and account number are set up within the ledger code definition. As the school is banking with NatWest through the Council pooling arrangement there is no requirement to insert BACs user or bureau number details. The BACs file extension field in FMS should be recorded as a txt file and the BACS file type should be Code "BACS1".
  - Setting up a Supplier to Accept BACs Payments. To enable automated payments to be made to suppliers, amendments will need to be made to the supplier details in the Accounts Payable records on FMS. Notably supplier bank account details, including the account name, sort code and bank account number will need to be recorded. Schools can still make payments by cheque even if BACs is selected but not vice versa

- Setting up the parameters for BACs payment processing. Set up will be required in the Accounts Payable Parameters section of FMS (cheque layout / BACs Parameters). Importantly you will need to select within the “Out Directory” where you wish to create the automated payments file. As the file contains financial data this data should be held in a secure folder with limited staff access. In setting up parameters you must also select the requirement for an audit report from BACs.
- Setting up the Mail Server to send Electronic Remittances Advices. FMS can be set up so that electronic payment remittance advices can be sent to individually selected suppliers by email in PDF format. In order to send remittance advices by email set up actions will be required on the mail server.

**Your IT Support Service provider should be able to provide you with more detailed guidance, telephone support or training to help you set up your FMS system to enable BACs payments**

## ELECTRONIC PAYMENT PROCESSING IN FMS

- 4.1 FMS has a separate “BACS Processing” section that records all automated payment runs actioned to date (or cancelled) and enables new runs to be created. Users are required to select a BACs processing date (the date you wish for payments to be made from your account) which must be after today’s date and which must be weekday and not a public / bank holiday. Schools need to allow sufficient time for the online approval process to be completed in full on the day that the payment proposal file is imported into Bankline (by 11.59pm), otherwise the batch will need to be re-imported.
- 4.2 The FMS section on “BACS Processing – Items for Payment” enables schools to select / “tag” the invoices they wish to pay in the BACs run and any credit notes to set against those invoices selected for payment.
- 4.3 Schools will need to run a BACs report and then create a BACs file in order to generate a file ready for payment (that will be saved in the folder set up under section 3.1 above). FMS provides an option for a print out of transactions being processed by BACs. The BACs run report should always be printed and countersigned by authorisers when approving payments online and then filed securely by the Schools Business Manager, Bursar or Finance Officer.

## IMPORT TO BANKLINE

- 5.1 The automated (BACs) payment proposal txt file output from FMS needs to be imported to Bankline prior to online approval taking place. This will need to be undertaken by a member of staff with “Role 1 – Input, authorisation and view of bank transactions” access rights approved on the Online Banking Request Form. It is likely that this task will be undertaken by the Business Manager / Bursar or appropriately authorised finance staff.
- 5.2 Once the file has been imported to Bankline it is recommended that it is moved to a separate secure folder with limited staff access for “completed” automated payment runs.

## APPROVAL PROCESS

- 6.1 Each imported automated payment file then needs to be approved online by an additional two approvers. They will need to have their card, smart card reader and knowledge of their PIN number readily to hand to approve the proposed payments in Bankline (these will have previously been issued by the Schools Finance Team). The file is released / submitted automatically for payment upon the second authorisation but not before then.
- 6.2 Three bank account signatories will, in effect, need to be content with a payment batch before it is processed – one member of staff inputting the payment batch and two members of staff need to approve the transactions. This separation of duties is consistent with the requirements set out in the LMS Scheme for Financing Schools.
- 6.3 Hard copy BACs run reports generated from FMS must be printed and signed by both approvers (see 4.3 above). In addition, the Payment Summary report from Bankline must be printed and signed by both approvers This demonstrates the planned payments input and generated from FMS match the final payments processed in Bankline. Documents should be retained for audit purposes.

## BANKLINE QUERIES/ACCESS RIGHTS

### 7.1 General Assistance

If schools need assistance in use of Bankline they can phone the NatWest Bankline Helpdesk on 0345 300 4108. They have real time view access to Bankline screens and will be best placed to provide assistance. Schools will need to have their six digit Bankline ID Number readily available when they call.

### 7.2 Forgotten Passwords

If Bankline users have forgotten their password or it needs resetting there is an option for users to do this by self -service on the initial login page under "Forgotten your PIN / Password". Users are encouraged to use this self-service in the first instance but can contact the Schools Finance Team by email [Schoolsfinance@milton-keynes.gov.uk](mailto:Schoolsfinance@milton-keynes.gov.uk)

### 7.3 Restrictions on Bankline Access Attempts

It is important to note that Bankline allows three password attempts before user access is 'Locked'. If a user has forgotten their password they should therefore ideally reset (see 7.2 above) after just two failed attempts as once a user account is locked this will need to be referred to the Schools Finance Team to reactivate the user's profile before the password can be reset. An activation code is only valid for 21 days.

### 7.4 Restrictions on Bankline Smart Card PIN Number Attempts

The Smart Card allows for three PIN number attempts only before the users Smart Card is permanently 'locked'. In this instance there is no option to reinstate the card, and users will need to personally contact the Schools Finance Team in order to order a new card. This can take up to five working days before receipt by the Council from NatWest, as well as subsequent onward transit to the school, and the user will not have ability to approve any payments during this time.

### 7.5 Changes to Bankline Access Rights

Schools will need to resubmit a scanned signed version of the "Online Banking Request Form" to the Schools Finance Team at [schoolfinance@milton-keynes.gov.uk](mailto:schoolfinance@milton-keynes.gov.uk) if they wish to request changes to access rights previously approved.

### 7.6 Leavers

Schools should notify the Schools Finance Team when a Bankline user leaves the school's employment so access rights can be immediately suspended. It is the Schools responsibility to ensure the Smart Card is safely destroyed and disposed of.

## SECURITY

8.1 The Bank or Council staff will never ask for PIN numbers, passwords or smart card security codes over the telephone in any circumstances. Should users receive any unsolicited calls or messages attempting to obtain this information they should terminate the communication immediately and let the Schools Finance Team know by email [Schoolsfinance@milton-keynes.gov.uk](mailto:Schoolsfinance@milton-keynes.gov.uk)

8.2 Users are reminded that security of Bankline smart cards, card readers and PIN numbers is important, and they should always be kept either about your person if in use or locked away. Under no circumstances should the card or PIN number be shared with another staff member or anyone outside the school.

**Date Issued: September 2022**

**Prepared by: Finance**