



## Holding, moving and receiving funds safely in the UK and internationally

# Practical advice on operating bank accounts

Trustees should exercise effective general control over their charity's bank accounts and make regular checks to ensure that their charity's bank accounts are operating as intended, and are consistent with the internal financial records. Trustees should ensure that:

- the opening or closing of accounts should either be authorised by the whole trustee body, or if delegated, the trustees should be informed of changes
- a list of all its bank accounts should be kept and reviewed for dormant accounts which should be closed
- the costs and benefits of the current and deposit accounts held should be regularly reviewed to ensure bank charges and/or rate of interest are competitive, and that the credit rating of the institution is acceptable
- for internet banking, a dual authorisation system should be used
- third parties should not be allowed to open bank accounts in the charity's name, or use the charity's bank account to receive or transfer money

Trustees should make regular checks to ensure that their charity's bank accounts are operating as intended, and are consistent with the internal financial records. The frequency and extent of the checks will vary according to each charity's financial size and complexity and nature of its transactions; some basic checks will work effectively irrespective of the charity's size. These checks may be delegated by trustees to appropriate members of staff acting under the directions of trustees. Examples of basic checks on bank transactions include:

- making regular spot checks, and checks of all transactions above a certain value
- checking that individual daily receipts from the cash book agree with bank paying-in slips and statement credits for that day
- making sure that standing orders and/or direct debit mandates have been stopped for organisations which no longer supply services or goods to the charity
- for a sample of larger transactions, checking that they reconcile with purchase orders, delivery notes and invoices, and that all documents have been authorised at the appropriate level
- checking a sample of smaller transactions, to mitigate the risk of there being a series of low level errors/fraud which can still add up to significant amounts
- the preparation of bank reconciliations at least monthly for all accounts, reviewed by a second person, and the resolution of any discrepancies

Remember:

- checks should ideally be made by somebody other than the person who originally authorised or posted the transactions.
- trustees should periodically review the authorised signatory and other bank mandate instructions so that they remain appropriate and proportionate to the level of financial activity and risk.