



PayPal Guidelines

PayPal is an online payment system which allows individuals or organisations to make payments for items and services purchased online without the need to enter card details, as each PayPal account is linked to a bank account.

It also allows an organisation or an individual holding an event or selling goods to receive payments online without the need to be set up to take debit and credit card payments.

For offering these services PayPal charge a fee per transaction which passes through their system. Specific charity/not for profit PayPal accounts can be set up which reduce the fees that PayPal charges. So if they are using PayPal then branches should convert their PayPal accounts to be specific charity accounts. If Branches need help doing this they can contact The Pony Club finance department.

PayPal is a very useful system for branches to use to receive money from their events and rallies and also it can be useful if branches are going to pay for their members entries into other competitions (such as the National Championships or Area competitions) but comes with an inherent risk as it is a single authorisation system. However, as it is a well-established system and 12 has proved very useful, its use is permitted but there are strict procedures which must be adhered to prevent fraud or theft of branch fund.

The procedures that Branches should follow are as follows:

- 1** A PayPal Account must be accessible to a minimum two members of the branch committee, including the treasurer. More than two people is highly recommended. These people cannot be related to each other in any way or married to each other and at least two should be signatories on the Branch bank account and able to access the bank records if required.
- 2** All should have sufficient understanding of how the PayPal system works to be able to go into the system and be able to view any receipts, payments and withdrawals of funds made. They should also be able to check which bank accounts are attached to the PayPal account. The Pony Club finance department can help guide people as to how to perform these tasks if required.

- 3** Only one of these people (but not the Treasurer) should have the right to process any payments or withdrawals via PayPal. This person is known as “the approved person”.
- 4** Before any payment is made using PayPal the approved person must obtain permission from another person (“an authoriser”) who can access the PayPal account. The approved person should inform the authoriser that they intend to make a payment using PayPal, explain what the payment is for and obtain their approval in writing to do so (email is acceptable). The authoriser should make sure they are comfortable that it is a genuine expense and that they have seen appropriate documentation to support the payment (such as an invoice). The authoriser can authorise multiple payments in one go but must be happy they are all genuine expenses.
- 5** Copies of these the approval should be kept for the purposes of the branch records. As noted above email approval is acceptable but a printed copy should be kept and filed.
- 6** Once the payment is made the authoriser should be notified that it has been made and they should go into PayPal and check that it has gone to the correct person.
- 7** There should only be one bank account attached to the PayPal account and this should be a Branch bank account. Money may only be withdrawn to this account and again when a withdrawal is made the approved person should notify an authoriser and they should check PayPal and the bank account to ensure that the withdrawn money has gone from PayPal to the Branch’s bank account and not to any other bank accounts. This stage could be done by viewing paper bank statements at a later date, but the authoriser should make sure they are happy that they are viewing original bank statements. Money should be withdrawn regularly, and Branches are not encouraged to leave cash sitting with PayPal as it is safer in one of their Branch bank accounts.
- 8** In order to further limit the risk of Branch funds being inappropriately spent via PayPal it is suggested that the PayPal account is attached to a Branch bank account that has a low level of funds kept in it at all times, with the majority of the Branch funds deposited in other bank accounts which are not linked to PayPal. This is because if money is spent via PayPal, in the event of there being insufficient money in the PayPal account itself, it will draw money from the linked bank account. If a Branch ensures that there is only a small amount of money in the linked bank account then only a small amount could ever be misappropriated.

- 9 If at any time, any one of the people with access to the PayPal account suspects fraud or theft (perhaps due to them noticing other bank accounts attached to the PayPal account or due to unexplained/ unapproved payments and/ or withdrawals) they should not confront or talk to other people about it. Instead they should directly contact the Finance department in The Pony club office and explain their concerns to them and provide them with access to the PayPal account so they can deal with the matter centrally.