



Agenda No: 7.4

Mtg. Date: Oct 26, 2015

## Regional Board Report

**TO:** Regional Board  
**FROM:** Marilyn Rilkoff  
Director of Financial Services  
**DATE:** September 24, 2015  
**SUBJECT:** Updated Financial Signing Authorities and Authorizations Policy

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**Purpose:** To approve the revised policy relating to cheque signing and other financial authorizations.

### Executive Summary:

The policy "7.8 – Cheque Signing", required updating to:

- reflect current staff position titles
- document and include other payment authority processes in a policy, and
- add a component that addresses electronic funds transfer approvals.

The revised policy now comprehensively reflects Financial Signing Authorities and Authorizations.

Staff are also recommending that the limit for cheques/payments requiring Board member signature be increased from \$10,000 to \$25,000, as this limit has not changed in 18 years.

### RECOMMENDATION:

THAT Regional Board Policy 7.8 – Cheque Signing Policy be repealed;

AND FURTHER THAT the Regional Board approve Policy 7.81 – Financial Signing Authorities and Authorizations.

Respectfully Submitted:

  
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Marilyn Rilkoff  
Director of Financial Services

Approved for Board's Consideration

  
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Brian Reardon, CAO

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**Implications of Recommendation:**

Strategic Plan: Supports Growth Management by streamlining processes to reduce costs and provide sustainable services.

Organizational: Enables Finance to streamline processes and reduce costs where possible by using EFT's.

Financial: Strengthens internal controls.

Policy: Repeals & replaces Board Policy 7.8 to clearly outline Financial Signing Authorities and Authorizations.

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**Background:**

Policy Update:

The Finance Department has summarized the various Financial Signing Authorities and Authorizations formally into this policy. Previously, the policy only covered cheque signing.

The recommended policy now covers Financial Signing Authorities and Authorizations with regard to:

1. Invoice Signing Authority Limits
2. Cheques
3. Electronic Funds Transfers (EFT's) via transfer generated by RDCO Staff (Payroll & Accounts Payable)
4. Government Remittances
5. Other Transfers
6. Municipal Finance Authority

With the exception of Section 3 – “Electronic Funds Transfers (EFT's) for Accounts Payable – Vendors”, which is an emerging operational requirement, all of the other sections simply document current procedures relating to prior Board Resolutions, other documentation (MFA, etc.) and past practices for many years or decades.

EFT's: The RDCO already uses electronic funds transfers to make some payments:

- Payroll has been done successfully for at least 18 years using EFT's. In some situations, occasionally faxes are still used to generate the request and paper signatures are obtained during the process.
- Government Remittances are made via an approved withdrawal upon filing of reports.
- Wires and Foreign currency transactions are also an occasional requirement.

However, demand is now rising for vendor EFT payments, and bank costs have come down. The Finance Department would like to move away from cheques to EFT's as they are more cost effective.

Security measures have, and will be assigned for RDCO online approvers via the bank. The approval process effectively mirrors the cheque signing process – as cheques \$10,000 and under (now proposed to be \$25,000) have only one original signature.

**Increase to Payment Limit Requiring Board Member Signature:**

The current limit of \$10,000 requiring a Board member signature has been in place for at least 18 years. This has been part of a series of effective internal controls. Staff recommend increasing the limit to \$25,000. In the past, there were few cheques in this range. After 18 years, they are more common, and are held until a Board member comes into the office.

There are several internal controls and reviews by different staff in place prior to the payment being issued. The purchase-to-pay process is:

- Purchase Requisition – requires approvals in accordance with Purchasing Policy.
- Purchase Order Generated by Purchasing Manager.
- Invoice received after goods or services are received. Invoice is reviewed and approved by appropriate person with authorization. Department Heads have signing authority for invoices up to \$25,000. CAO signs above that limit.
- Payment is generated by Accounts Payable and signed/approved by authorized payment signatory. (Refer to policy). Currently, if over \$10,000 Board member must also sign. This would increase to \$25,000 if approved.

According to surveys of other local governments, signing authorities vary dramatically:

- For those that involve a Board/Council Member signature, limits vary – with a Board/Council signature required for amounts starting from \$5,000 to \$100,000. \$25,000 seems to be a common limit, and has been recommended as a result.
- A few municipalities/regional districts do not involve any Board/Council signatures.

**Financial Considerations:** Current banking changes and arrangements now make the EFT method of payment more cost effective and reduce the cost of printing and mailing cheques.

**Organizational Issues:** EFT's are more efficient and faster and require less staff resources (i.e tracking cheques that go astray or get lost). Enables better cash flow management (less outstanding cheques).

**External Implications:** Vendors receive payments faster, less phone calls inquiries for staff due to mail delays, etc.

**Alternative Recommendation:**

1. Continue with more costly cheque alternative, and not allow EFT's for Accounts Payable.
  - There would be no change to the EFT's for Payroll as this has been in place for over 18 years, and the Government Remittances have been in place for years. However, it is recommended that these long standing practices be formalized in a policy.
2. THAT the Board Member Signature/Approval limit remain at \$10,000, or change it to some other level that the Board is more comfortable with.

Attachment(s):

*Proposed Regional Board Policy 7.81*



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**Chapter:** 7. FINANCE

**Policy No.**  
**Page No.**

**Section:** 7.81 Financial Signing Authorities  
And Authorizations  
(Repeals 7.8)

**Resolution Date:**

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**1. Invoice Signing Authority Limits:**

- A. Chief Administrative Officer (CAO): over \$25,000
- B. Department Heads: up to \$25,000
- C. Department Heads may delegate up to \$5,000 to specific Regional District staff through the *Finance Department Purchasing Approval Levels Document*. Department Heads are responsible for monitoring spending. The Department Head, CAO and Director of Financial Services can revoke spending authority.

**2. Cheques / Order to Pay (i.e. Wires):**

- A. The cheque signing officers for the Regional District of Central Okanagan are:
  - Any one of the Directors of the Regional Board AND
  - One of the following:
    - Chief Administrative Officer
    - Director of Financial Services
    - Director of Community Services
- B. All cheques / orders to pay over \$25,000 must be signed by two original signatures. Cheques \$25,000 or less require the Chair's electronic signature and one original staff signature from the list above.

**3. Electronic Funds Transfers (EFT's) via transfer generated by RDCO Staff:**

**For all EFT's:**

- Secure online banking procedures must be used.
- The creator of the transfer cannot be the approver.

**A. Payroll:**

- a. Documentation and all EFT's prepared by payroll staff will be signed off and approved online by any ONE of the following:
- Chief Administrative Officer
  - Director of Financial Services
  - Director of Community Services
  - Chair\*
  - Vice Chair\*

*\*Only required if Senior Management approving staff is unavailable.*

**B. Regular Accounts Payable:**

- 1) Payments ≤\$25,000: For transfers with vendor payments of \$25,000 or less each, documentation will be signed off and EFT's will be approved online by one of the following:
- Chief Administrative Officer
  - Director of Financial Services
  - Director of Community Services
- 2) Payments >\$25,000: For transfers with a vendor payment over \$25,000:
- Documentation will be signed off by:
    - One of the following:
      - Chief Administrative Officer
      - Director of Financial Services
      - Director of Community Services
    - AND:
      - Any one of the Directors of the Regional Board
  - EFT's will subsequently be approved online by any ONE of the following:
    - Chief Administrative Officer
    - Director of Financial Services
    - Director of Community Services
    - Chair\*
    - Vice Chair\*

*\*Only required if Senior Management approving staff is unavailable.*

**4. Government Remittances (i.e. Source deductions, MPP, WCB, GST, PST, etc.)**

- Finance staff is required to file information online with regard to periodic reporting and required remittances.
- Payment is made upon filing of the report, at which time the government entity is authorized by staff to withdraw the amount owing or deposit any refund to the RDCO bank account.
- The staff person filing the report is to provide a copy of the report with the balance to be paid / refunded and obtain the signature of the Director of Financial Services, Manager of Finance, or CAO. The remittance creator and approver must be different.

5. **Other Transfers:**

The Director of Financial Services and CAO are authorized to transfer funds between all RDCO bank accounts. The Director of Community Services can also do so in the CAO or CFO's absence.

6. **General Banking and Municipal Finance Authority:**

The Director of Financial Services is authorized to carry out all other banking requirements for the RDCO including, but not limited to, the purchase and sale of RDCO investments, drawdowns and repayments of authorized short-term, long term and temporary debt.

With regard to MFA, instructions will be executed in accordance with MFA requirements and the Client Profile Document, usually requiring two signatures from the following list:

One of the following:

- Chair
- Vice Chair

AND one of the following:

- Chief Administrative Officer
- Director of Financial Services