

Item No. 10.1.2
Halifax Regional Council
October 30, 2012

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: Original signed by 

Richard Butts, Chief Administrative Officer

Original Signed by Director

Greg Keefe, Director of Finance & Information Technology/CFO

DATE: October 19, 2012

SUBJECT: Bank Signing Officers

ORIGIN

Review by staff of bank signing authorities.

RECOMMENDATION

It is recommended that Halifax Regional Council:

- 1) Appoint the Chief Administrative Officer, the Deputy Chief Administrative Officer, the Director of Finance and the Treasurer as bank signing officers;
- 2) Remove the Mayor and Deputy Mayor as bank signing officers; and
- 3) Replace the requirement for an elected and appointed official to sign each cheque with two appointed officials.

BACKGROUND

The basic structure of HRM bank signing officers was created by Council motion based on a staff recommendation just prior to amalgamation in February 1996. This established the Mayor and Deputy Mayor along with the Commissioner of Corporate Services, the Director of Finance and the Manager of Treasury as bank signing officers. Furthermore it was required that two signing officers sign each cheque with one being an elected official and one being an appointed official. Mechanical or electronic signing of cheques was also authorized.

In October of 1998 Council approved a staff recommendation to remove the position of Commissioner of Corporate Services as a bank signing officer and added the then two Deputy Chief Administrative Officers. The Manager of Treasury position was replaced with the term Treasurer. In July of 2002 Council approved a staff recommendation to allow just one signing officer to approve transfers between HRM bank accounts and to permit the Treasurer to authorize transfers to and from the HRM investment custodian for investments under the HRM Investment Policy. In May of 2005 Council approved a staff recommendation for electronic authorization of bank transfers and transactions as part of the implementation of certain electronic banking services.

DISCUSSION

The staff recommendation in this report contains two principal changes to HRM bank signing authorities. The first pertains to the inclusion of the Chief Administrative Officer (CAO) as a bank signing officer. When the initial bank signing authority structure was created the CAO was purposely excluded from having this authority. The reasoning was twofold. Should a financial transaction occur that might require a subsequent review the perceived independence of the CAO to lead such an investigation may be compromised should the CAO's signature be associated with the payment. The second consideration was the concentration of the authority to direct and execute a financial transaction in one individual without mitigating controls. The creation of the Office of the Auditor General has made both of these considerations largely moot. Reporting directly to Council, the Office of the Auditor General provides for the independent review of any actions of the administrative branch of the Municipality. This allows for the examination of both routine execution of policy as well as any exceptional events.

The other change recommended relates to the inclusion of the Mayor and Deputy Mayor as bank signing officers and that an elected official's signature appear on cheques issued by the Municipality. The requirement that the signature of an elected and appointed official appear on cheques has limited purpose as all cheques are signed electronically. Furthermore, as the responsibility and accountability for the execution of Council policies and decisions lies with the CAO and the administration, and the issuing of payment often represents the culmination of staff actions, the inclusion of an elected official's signature on cheques is somewhat superfluous and could create a mistaken impression of an involvement of elected officials in the payment process. Staff are recommending that only appointed officials serve as bank signing officers. Should the recommendation be approved by Regional Council HRM cheques would bear the signatures of the CAO and Treasurer. This more clearly aligns with the responsibilities of the administration

and the HRM Charter which under Section 35(2) authorizes the CAO, subject to policies adopted by Council, to “make or authorize expenditures, and enter into contracts on behalf of the Municipality, for anything required for the Municipality where the amount of the expenditure is budgeted or within the amount determined by the Council by policy, and may delegate this authority to employees of the Municipality.”

The table below summarizes the positions which currently have bank signing authority and what is being proposed. It should be noted that while most bank transactions are authorized by mechanical signature or electronically on some occasions physical signatures are required for other bank documents such as service agreements, certain wire payments, etc. It is therefore necessary to have a sufficient pool of senior staff with this authority.

Current	Proposed
Mayor	Chief Administrative Officer
Deputy Mayor	Deputy Chief Administrative Officer
Deputy Chief Administrative Officer	Director of Finance*
Director of Finance*	Treasurer*
Treasurer*	Deputy Treasurer**
Deputy Treasurer**	

*The Director of Finance and Treasurer positions are currently consolidated under one position.

**Under Section 41(2) of the HRM Charter the Treasurer has the authority to delegate any powers or duties of the Treasurer to an employee of the Municipality. The Deputy Treasurer currently has been delegated the authority of the Treasurer with the HRM banker and under the HRM Investment Policy.

In cases where one person occupies two or more positions with bank signing authority they may only sign for one of these positions at a time.

BUDGET IMPLICATIONS

The recommendations and content of this report do not have any budget implications.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality’s Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

COMMUNITY ENGAGEMENT

N/A

ENVIRONMENTAL IMPLICATIONS

N/A

ALTERNATIVES

Council could instruct staff to maintain the current bank signing authority structure. This is not recommended as the current structure is somewhat superfluous and does not align well with the responsibilities of the administration.

Council could direct staff to provide other options for administrative staff to serve as bank signing officers. This option is not recommended as staff believe the current recommendation is reasonable.

ATTACHMENTS

None

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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Original Signed

Report Approved by: _____
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