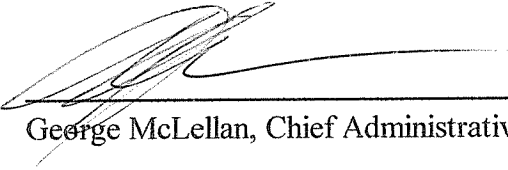


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Halifax Regional Council  
July 9, 2002

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:

  
George McLellan, Chief Administrative Officer

DATE: July 3, 2002

SUBJECT: Signing Authority For Bank Transfers

**ORIGIN**

To provide clarification and direction to the HRM banker with regards to authorization required for transfers of funds.

**RECOMMENDATION**

It is recommended that:

- 1) Transfers of funds between HRM bank accounts and Council approved appropriations to Associations, Boards and Commissions be authorized by only one signing officer.
- 2) Transfers of funds for investment purposes to and from the HRM custodian be authorized by the Treasurer in accordance with the Investment Policy.

## BACKGROUND

Staff have provided concise instructions to the HRM banker that each cheque issued must be signed by two signing officers with one being an elected official and one being an appointed official. These instructions were approved by Council as a result of a recommendation by staff in a February 23, 1996 report.

However, explicit written instructions as to the authorization required to transfer funds between HRM Royal Bank accounts or to the Royal Bank accounts of Associations, Boards and Commissions (ABC's) or the HRM Investment Custodian have not been provided. As these transfers are not an expenditure of funds it has been the practice of staff to authorize these transfers by way of letter signed by one signing officer. The Royal Bank has requested, and staff feel it appropriate, that written direction be provided with regards to these transactions.

## DISCUSSION

In order to effectively carry on banking operations HRM maintains a number of accounts within its Consolidated Account banking structure. For example there are a number of deposit accounts depending on the source of these funds such as Electronic Data Interchange (EDI), cash and cheques, Pre-Authorized Payment, etc. Other individual accounts are used for the issuance of Accounts Payable cheques, payroll, etc. The use of these various accounts streamlines the reconciliation of deposits taken and payments issued. From time to time it is necessary to transfer funds from one of these accounts to another.

In addition a number of ABC's use the HRM banking arrangements and maintain Royal Bank accounts that are consolidated for interest purposes. As a result certain transactions between HRM and its ABC's can be expedited through the use of written instructions to the common banker rather than through the issuance of cheques. For example as a convenience to our mutual customers HRM accepts payment of Halifax Regional Water Commission (HRWC) bills through the Customer Service Centres. Once these payments have been reconciled the transfer of funds to the HRWC has been done by way of written instructions to the common banker.

HRM uses the services of RBC Global Services, a subsidiary of the Royal Bank of Canada, as custodian for investment transaction. As part of this role RBC Global Services makes payment for the purchase of investments and receives proceeds for investment maturities. In order to maximize interest earned and to meet industry standard settlement requirements, transfers of funds for investment purchases are completed on the day the investments are purchased with a deadline of 2:00 p.m.. Halifax time for the receipt of instructions by RBC Global Services. These investments and the resulting transfer of funds are recommended by the Investment Analyst and approved by the Treasurer. The Treasurer is an authorized signing officer on HRM bank accounts. The approved HRM Investment Policy designates the Treasurer as being responsible for the administration of investment activities.

BUDGET IMPLICATIONS

Due to industry standard settlement requirements for most investment vehicles, funds must be received by the HRM Custodian on the day investments are purchased. Should funds not be made available within that time frame then interest costs will be charged to HRM.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

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


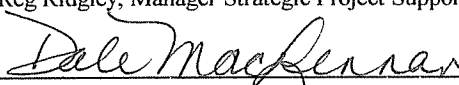
ALTERNATIVES

HRM is authorized to use mechanical or electronic means for the signing of cheques. Mechanical or electronic signatures of authorized elected and appointed officials could be used to authorize the transfer instructions discussed in this report. This is not recommended however as the use of electronic means would require re-programming costs for the format of these documents as well as the creation of processes and procedures to safeguard the use of the electronic signatures. In the case of mechanical signatures a rubber stamp could be produced with the dual authorized signatures required for cheques. Custody and control of this stamp would raise security issues. In addition, the nature of the transactions discussed in this report do not, in staff's view, warrant this type of authorization as they do not represent expenditure of funds to external parties.

Another alternative suggested by the Royal Bank of Canada is the use of their software by HRM staff to transmit bank transfer instructions electronically. In staff's view the relatively small volume of transactions contemplated in this report does not justify the establishment of the processes and procedure to securely use this software and it is not recommended at this time.

ATTACHMENTS

None

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.		
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