

# Policy

**POLICY TITLE: SIGNING AUTHORITY POLICY**

**POLICY NO.: ADM-12-23**

**RESOLUTION: 142-18**

**EFFECTIVE DATE: 2018-04-25**

**DEPARTMENT RESPONSIBLE: Finance**

**NEXT REVIEW DATE: N/A**

## **PURPOSE:**

To provide an effective internal control system for entering into agreements, making purchase commitments and authorizing expenditure while ensuring that employees have the appropriate authority to carry out the roles and duties of their position.

---

## **DEFINITIONS:**

**Contracting Authority** is the ability to enter into a contract or agreement that will facilitate the provision of a specific service that is consistent with providing municipal services contained within the budget.

**Commitment Authority** is the ability to authorize a purchase order to have a vendor supply a specific good or service that is consistent with providing municipal services contained within the budget.

**Expenditure Authority** is the ability to authorize an invoice indicating that the good was received or the service was rendered, that the purchase is supported by adequate documentation, the amounts are fair and just and whether it be based on a total amount or per unit price.

## **General**

1. The Chief Administrative Officer (CAO) is accountable for budget administration and control and therefore is appointed by Council as an officer that has been given the authority to enter into commitments and contracts, authorize expenditures and make payments related to such expenditures. The CAO is further authorized to appoint additional authorities related to those functions.
2. The signing authority requirements for any financial institution including banking agreements, investments, cheques and any other financial instruments are specifically excluded from this policy.
3. The attached matrix (Appendix A) identifies the additional expenditure authorities as well as their corresponding limits of authority. If a position is not identified, it does not have any authority.

4. The limits set in the matrix are maximum limits. The setting of lower limits is at the discretion of the Chief Administrative Officer (CAO). Examples when lower limits may be considered would be for employees in training or in acting roles or if compliance issues have previously been identified.

5. Amounts that are above the maximum limits set for the Chief Administrative Officer will require the CAO's signature as well as a signature of a signing authority from Council (Reeve/Deputy Reeve).

6. The maximum limits outlined in Appendix A can only be changed through a policy revision that is passed by Council resolution.

7. The position titles and/or current staff listed in the positions contained within Appendix A may be updated from time to time as personnel, job titles, organizational structures change. These changes must be reflected with a effective date and must be approved in writing by the Chief Administrative Officer.

8. Except for seeking legal services specifically pertaining to questions about or the actions of the CAO, Council signing authorities cannot execute a contract or commitment document or authorize an expenditure without obtaining a second signature from the CAO or designate.

### **Commitment & Contract Authority**

9. An employee cannot enter into an agreement or commit to making a purchase that is above their maximum limit. Approval must be obtained from a person having the appropriate authority.

10. Contracts and commitment documents (purchase orders) only require a single signature of an appropriate contract/commitment authority except when required by the other party or by legislation. Two signatures will be required if over the limit established for the Chief Administrative Officer.

11. Contract and commitment authority limits apply to a single contract or purchase order.

### **Expenditure Authority**

12. Making multiple purchases of the same item or breaking down projects unnecessarily into smaller to circumvent the signing authority limits is not permitted.

13. An employee cannot authorize an expenditure that is above their maximum limit. Approval must be obtained from a person having the appropriate authority.

14. Goods and Services Tax (GST), if applicable, is excluded when determining if an invoice or cheque requisition amount exceeds the maximum limit.

15. All invoices or cheque requisitions require approval from an appropriate expenditure authority before payment can be processed.



16. Expenditure limits apply to a single invoice except for payroll which the limit is based on an entire batch.
17. With the exception of the Chief Administrative Officer, the limits of authority established for each position are department specific (e.g. Director of Transportation & Infrastructure cannot approve the Utility Department's expenses, etc.).
18. Credit card limits may differ from expenditure authority limits based on the overall M.D. credit limit, anticipated dollar value, volume and magnitude of purchases that the individual expenditure authorities are expected to make.
19. Electronic approvals through password protected systems are permitted by appropriate signing authorities where applicable.

### **Sample Signature Form**

20. All employees or members of Council that have signing authority are required to sign a Sample Signature Form (Appendix B) which may be used by the Finance department to confirm the signatures and/or the initials of expenditure authorities.
21. The Director of Finance is responsible for maintaining the Sample Signature Form and keeping an updated list of current signing authority limits if different than the maximum limits.

### **Acting Assignments**

22. Signing authority limits may be transferred for acting assignments, provided that the acting assignment and the dates of the assignment are clearly identified.
23. Accounts Payable will be responsible for maintaining the correspondence indicating acting assignments and dates.
24. Employees in an acting role are required to indicate they are acting when signing relevant documents.

### **Pecuniary Interest**

25. The expenditure authority may not authorize an expenditure or disbursement where he or she is directly involved with the transaction. For example, an expenditure authority may not authorize an expenditure where he or she will be the payee.



### Non-Arm's Length Transactions

26. An employee may not exercise their commitment authority or authorize an expenditure where the dealings are non-arm's length. For example, an expenditure authority could not enter into an agreement with a business that was owned by a member of his immediate family.

### Failure to Comply

27. Failure to comply or act within the limits specified in this policy may result in reduced signing authority, a revocation of privileges or other disciplinary measures that are available to the MD as the employer.

## SUPPORTING REFERENCES AND RESOURCES

### References to related organization-wide procedures, forms and resources:

- Current Signing Authority Matrix

### References to related Municipal District policies and bylaws:

- B.10 — Procurement of Goods & Services
- B.14 — Credit Card Policy
- Retention and Disposal of Records Bylaw 2001-01

**SPECIAL NOTES/CROSS-REFERENCE:** Supersedes B29, Current Signing Authority Matrix, ADM-12-09 Procurement of Goods & Services Policy, ADM-12-13 Credit Card Policy, Retention and Disposal of Records Bylaw

**AMENDMENT DATE:** Click or tap to enter a date.

