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1. APPLICATION

The separation of duties is a powerful internal control. To increase the chance an error is caught before a transaction is complete and to ensure that decisions are not based on erroneous data, it is important to establish internal controls that prevent one person from controlling a process from start to finish. Given the number of employees at the County of Annapolis a complete separation of duties is not realistic. However, a clear policy around signing authority is one way to reduce the risk of error or fraud.

2. AUTHORITY FOR POLICY

Sub-sections 13(3); 16(4) and 31(2)(d)(i) of the Municipal Government Act

3. POLICY INTENT

To clarify internal control mechanisms relating to the signing of cheques or issuing of electronic funds transfers.

4. **DEFINITIONS**

In this Policy,

- (1) "CAO" means the County's Chief Administrative Officer;
- (2) "County" means the Municipality of the County of Annapolis.
- (3) "Municipality" means the Municipality of the County of Annapolis.
- (4) "Person Responsible" means the person designated as having budget responsibility for a specific cost centre.

5. ADMINISTRATION AND GENERAL PROVISIONS

(1) All cheques or electronic funds transfer payments lists shall be signed by:

One of the following elected officials:	AND One of the following staff:
Warden	• CAO;
 Deputy Warden 	 Deputy CAO;
	Clerk
	Treasurer.

- (2) In an exceptional or urgent circumstance, two staff members will be permitted to sign IF:
 - (a) The expenditure is provided for in the budget OR the expenditure is an "out of budget" expense specifically provided for by council resolution; AND

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- (b) Prior notification has been provided to the Warden or Deputy Warden; AND
- (c) The item is a time sensitive matter and neither the Warden nor Deputy Warden are available.
- (3) When being presented with cheques to sign or electronic funds transfers to approve, a signing officer shall also be presented with purchase orders or expenditure approvals initialed or signed by the Person Responsible for the cost centre to which the expenditure is to be assigned.
- (4) Upon approval for distribution of Electronic Funds Transfer by designated signing authorities, the Accounts Payable Clerk will upload the SAP payment file to the bank. A second staff member with bank access must then approve the file for release.

Carolyn Young
Municipal Clerk

February 22, 2023

Jerk Dat

At Annapolis Royal Nova Scotia

Approved March 18, 2014

Amendments

April 18, 2017:

- included additional permission for a Deputy CAO to sign in circumstances that the CAO may be incapacitated or in a circumstance that would be a perceived as a conflict for the CAO to sign.

May 16, 2017:

- adding permission for the Senior Administrative Assistant to sign in circumstances that the Municipal Clerk may be absent, incapacitated or in a circumstance that would be a perceived as a conflict for the Municipal Clerk to sign.

May 21, 2019:

- In Section 3 added "or issuing of electronic funds transfers;"
- In Sub-section 5 (1) replaced "\$10,000" with "\$5,000:" and added "or electronic funds transfers:"
- In Sub-section 5 (2) added "or electronic funds transfer payments lists;"
- In Sub-section 5 (3) added "or electronic funds transfers to approve;"
- Added Sub-section 5 (4).

September 17, 2019:

- In Sub-section 5 (2) (f) replaced "Senior Administrative Assistant" with "Deputy Municipal Clerk" to reflect changes to job title.

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May 18, 2021:

- Amended by:
 - Deleting in Sub-section 5(2)(d) "during a period that the CAO is absent, otherwise incapacitated or in a circumstance that would be perceived as a conflict for the CAO to sign";
 - Deleting in Sub-section 5(2)(e) "Municipal Clerk" and replacing with "Treasurer"; and
 - Deleting Sub-section 5(2)(f) "the Deputy Municipal Clerk during a period that the Municipal Clerk is absent, otherwise incapacitated or in a circumstance that would be a perceived as a conflict for the Municipal Clerk to sign."

June 21, 2022:

- Amended by:
 - Adding in Sub-section 5(2)(f) "the Manager of Finance."

February 2023:

- Amended by:
 - Deleted Sub-section 5(1): "All expenditures in excess of \$5,000 shall be made by cheque or electronic funds transfers (i.e., not by credit card, cash, other tender types)." and re-numbered subsequent sections (this will be included in the Purchasing Policy and / or the Purchasing Card Policy when updated)
 - <u>Changes in following section</u> clarified signing by one elected official and one staff person
 - Added new Sub-section 5(2) clarified limited and exceptional circumstances that two staff persons may sign