

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF OCTOBER 8, 2013

Item 5, Report No. 10, of the Finance and Administration Committee, which was adopted, as amended, by the Council of the City of Vaughan on October 8, 2013, as follows:

By approving the following:

That recommendation 2 of the Finance and Administration Committee be replaced with the following:

- 2. That the banking authority and signatures on all electronic accounts payable cheques be amended to:***
 - i. City Manager and Commissioner of Finance & City Treasurer;***
- 3. And that the banking authority and signatures on all manual accounts payable cheques be amended to any one of the following three (3) combinations:***
 - i. City Manager and Commissioner of Finance & City Treasurer;***
 - ii. City Manager and Director of Financial Services or Director of Budgets and Financial Planning; and***
 - iii. Commissioner of Finance & City Treasurer and Director of Financial Services or Director of Budgets and Financial Planning; and***

That Communication C4 from the Interim City Manager, dated October 8, 2013, be received.

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ACCOUNTS PAYABLE CHEQUE SIGNING

The Finance and Administration Committee recommends:

- 1) That recommendation 1. contained in the following report of the Interim City Manager, dated September 23, 2013, be approved; and**
- 2) That the banking authority and signatures on all accounts payable cheques be amended to require two signatures comprised of one from each of Groups A and B as follows:**

Group A	City Manager OR Commissioner of Finance & City Treasurer;
Group B	Director of Financial Services OR Director of Budgets & Financial Planning.

Recommendation

The Interim City Manager, in consultation with the Acting Commissioner of Finance & City Treasurer and the Director of Internal Audit, recommend:

- 1. That the City of Vaughan implement electronic signatures for all accounts payable cheques; and**
- 2. That the banking authority and signatures on all accounts payable cheques be amended to two of either:**
 - a. City Manager**
 - b. Commissioner of Finance & City Treasurer**
 - c. Director of Financial Services**
 - d. Director of Budgets and Financial Planning**

Contribution to Sustainability

This report is consistent with the priorities previously set by Council and aligns with the Vaughan Vision 2020 goal of organizational excellence. Specifically, implementing electronic signatures for

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all accounts payable cheques and amending accounts payable cheque signatories to designated members of staff, we continue to ensure the Corporation is a high performing organization. The recommendations noted in this report are focused on increasing the efficiency and reducing the administrative burden of the existing process.

Economic Impact

There are no economic impacts associated with this report.

Communications Plan

The amendments to the approved signing authorities will be communicated to the City's banking service provider.

Purpose

The purpose of this report is to implement electronic signatures for all accounts payable cheques and to amend accounts payable cheque signatories to designated members of staff, thus discontinuing the practice of signatories from Members of Council.

Background - Analysis and Options

The City of Vaughan last reviewed cheque signing authorities in January of 2011, at which time the requirement for a manual signature on cheques was increased from \$15,000 to \$50,000. At that time, the City continued the practice of one staff signature and one signature from either the Mayor or the Deputy Mayor, whether the cheque was manually or electronically signed. Subsequently, the Internal Audit Report – Accounts Payable adopted by Council on February 19, 2013 recommended that the current cheque review process be reexamined and that elements of the documentation/process possibly be eliminated. This is due to the relative inefficient level of control and administrative burden of the existing process.

Practices regarding the signing of municipal cheques have evolved over the years. Electronic signatures have become more common, as the responsibility and controls for payments are embedded early in the payment process beginning with procurement policies. The accountability for making payments rests with staff, resulting from procurement authorized through the Consolidated Purchasing Policy, statutory requirements and council approvals. Staff signatures on supporting payment documentation confirm that payment requests have been reviewed, comply with council approved policies and that payment can be made. The cheque is the end product of that review process. Requiring a manual signature from the Mayor or Deputy Mayor may imply that they are confirming that the payment has gone through the correct process and is approved for payment, whereas this responsibility should be at the staff level.

Staff recently undertook a survey of eight GTA municipalities to compare cheque signing processes, both from the perspective of electronic signatures versus manual signatures, and council member involvement in the signing of cheques. The survey included:

- Two regional-level municipalities
- One single tier municipality
- Five local-level municipalities
 - 3 with population over 250,000
 - 2 with population under 250,000

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Five of the eight municipalities use electronic signatures only for all accounts payable cheques. Of the remaining three that still require some manual signatures, only one has a member of council manually signing cheques (a municipality with a population under 250,000).

Staff recommends that the City implement electronic signatures for all accounts payable cheques, however, the internal staff review process for cheques over \$50,000 should not be amended until a comprehensive Purchase to Payment process review/audit is completed. As part of the Public Service Renewal process and as reflected in the Director of Internal Audit's 2012-2014 Internal Audit Risk Based Work Plan-Current Status and Revisions approved by Council in June 2013, staff have undertaken a review of the City-wide Purchase to Payment process, in order to identify redundancies, gaps and opportunities in this extensive process. Therefore, the internal staff review process will remain essentially as it is today, that is, the Commissioner of Finance & City Treasurer or delegate from the Finance Commission manually review and initial backup documentation for cheques over \$50,000.

This risk of making this process improvement is low, as the review process by staff will not change. Electronic cheque signing is already used by the City, and would simply be extended to all accounts payable cheques, resulting in a more efficient process.

Staff further recommend that the electronic signatures be two of four staff members, which result in a more efficient process, and will maintain accountability at the correct level. Although the electronic signatures will be fixed as two primary staff signatories (City Manager and Commissioner of Finance & City Treasurer), it is necessary to have two alternates in the event of a power failure or an emergency, when a manual cheque may be required.

Relationship to Vaughan Vision 2020/Strategic Plan

This report is consistent with the priorities previously set by Council

Regional Implications

Not applicable

Conclusion

Staff recommend that the City of Vaughan implement electronic signatures for all accounts payable cheques and that the signatories on all accounts payable cheques be amended to two of either:

- a. City Manager
- b. Commissioner of Finance & City Treasurer
- c. Director of Financial Services
- d. Director of Budgets and Financial Planning

Implementation of electronic signatures for all accounts payable cheques will result in improved efficiencies and appropriate accountability at the staff level for the accounts payable cheque process. The underlying controls and review process will not be amended until the Purchasing to Payment process review/audit has been completed.

Attachments

None

Report prepared by:

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