



MEMORANDUM

AGENDA ITEM #III.B.1

DATE: OCTOBER 1, 2012

TO: COUNCIL MEMBERS

FROM: STAFF

SUBJECT: FINANCE POLICY UPDATE-ACCOUNTS PAYABLE CHECK PROCESSING

RPC Payment Processing (excluding Loan Funds)

Biweekly the Council staff prepares checks for disbursement to various vendors and service providers. According to SFRPC Cash Disbursement Policy and current practice, two signatures of bank authorized signatories are to be obtained on each and every check distributed. First signer is to be the Executive Director followed by a member of the Executive Committee of the Council.

Since the above procedure has proven to be inconvenient to all, including vendors at times, and since the policy carries with it a cost of couriers, postage or mileage, and since the predictability of just when payments will be issued is hampered, it was requested of and approved by the Council at last month's meeting that the Finance Director should canvass other Planning Councils to discover how they handle their disbursement approvals. Do they require two signers, is there a threshold under which the Executive Director could be sole signer or do they have some other practice in place that proves efficient for their purposes?

Having spoken with the Finance Manager/Director at six Planning Councils it was discovered that, excepting two locations, dual signatures were required on all of checks. However, there were considerable variations on methods used and also the variety of people within the organizational structure who were granted the authority to be signatories.

The two exceptions included:

- One Council had a threshold of under \$1,000 for one signer with two signers required on all other checks, but both signers could be Council staff including the Executive Director.
- Another RPC did not require dual signatures on any payment and only required Council board members to approve Contracts > \$25,000 in total.

One Council processes payments via credit card on some routine expenditures, with control inserted via a purchasing authorization limit. Another simply follows the procedure used at SFRPC but processes payments only once per month.

The most interesting method for obtaining the dual signatures is used by two groups. The use of either a facsimile machine or software that prints signatures on checks is a solution to both availability and cost problems. It also avoids potential problems of having to prepare multiple check processing procedures to

have checks divided between the over and under a threshold limit. Having used this method personally, when combined with a check register approval process prior to check issuance, it proved to be quite efficient, reliable and safe. There are dual staff requirements to attach a facsimile signature to a check; no one person can do so.

The above practices have been considered acceptable by the respective audit teams.

Recommendation:

In order to maintain as much of the process as is currently in place while at the same time eliminating cost, inconvenience and unpredictability, and to prevent the possibility of creating a structure that would require additional monitoring/processing or changing other related policies at this time, the recommendation for a revised payment processing procedure is as follows:

- Continue with the Executive Director signing checks.
- Add another staff member to the signatory list to perform the signing function in the absence of the Executive Director.
- Provide, via email, a check register to a member of the Executive Committee for review and electronic approval.
- Attach a facsimile signature of the approving Councilmember to the checks supported by the register approved.