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Date: May 20, 2021
To: Mayor and Council
Author: Ryan McLeod, CPA, CA
RE: Cheque Signing and Cash Disbursement Policy Amendments
Report No.: FS-2021-11

RECOMMENDED ACTION

That Council authorize that payments issued on behalf of the Corporation shall be approved as follows;

- For amounts less than \$10,000 – by the Treasurer or Deputy Treasurer
- For amounts greater than \$10,000 – by any 2 of the following; Treasurer, Deputy Treasurer, CAO, Clerk or Mayor

And, that Council authorize the use of automated payments for utility and operating leases,

And, that Council authorize the issuance of credit cards to all Directors and Managers, subject to the Treasurer's approval.

BACKGROUND

In 2019, the Town of Kingsville issued 3,911 physical cheques. Under the current delegation of authority by-law, every cheque requires 2 signatures as follows;

- 1) The Treasurer, or in the absence of the Treasurer, the Deputy Treasurer
- 2) The CAO, or in the absence of the CAO, the Clerk or Mayor

Of the 3,911 cheques issued in 2019, over 90% were for amounts less than \$10,000. Properly reviewing and authorizing this volume of cheques is incredibly time consuming and is not the most efficient use of senior staff time, especially when it comes to small dollar transactions.

DISCUSSION

To improve the efficiency of payment processing while maintaining adequate controls over cash disbursements, Administration is proposing the following revision to the Delegation of Authority By-law;

Signing of cheques on behalf of the Corporation shall be authorized as follows;

- 1) For amounts less than \$10,000 – by the Treasurer or Deputy Treasurer
- 2) For amounts greater than \$10,000 – by any 2 of the following; Treasurer, Deputy Treasurer, CAO, Clerk or Mayor

Council should note that there are several other controls in place to prevent the unauthorized disbursement of funds. Those controls include;

- Prior to issuing payment, all invoices require sign-off by the manager or supervisor responsible for the purchase
- Cheques are prepared by an independent staff member based on the approved invoices
- None of the authorized signing positions have the ability to prepare or issue cheques
- A third position is responsible for monitoring bank activity on a daily basis and performing monthly reconciliations.

Automated Payments

To further reduce the number of cheques issued, Administration is proposing to set up all recurring utility and operating lease payments on pre-authorized payment plans. This will avoid the need to issue special cheque runs to meet due dates. It will also significantly reduce the number of misapplied payments on the receivers end, which can often require a significant amount of staff time to resolve. All utility invoices will continue to require sign off by the Manager of Facilities, and any billing disputes will be investigated accordingly.

Expanded Use of Credit Cards

Credit cards are increasingly becoming a more common form of payment for small dollar transactions, especially as businesses are increasingly relying on the internet to process orders. Expanding access to credit cards will reduce the need for staff to set up “house accounts” with individual vendors which we have relatively few transactions with. The Town’s current Delegation of Authority By-law limits the use of credit cards to the Treasurer, CAO and Mayor. Administration would recommend expanding the use of credit cards to include all Directors and Managers, subject to the Treasurers approval. Prior to roll out, the Town will review and update its acceptable Credit Card use policy which will include spending limits and “sign off” procedures to prevent inappropriate usage.

Electronic Fund Payments (EFTS) / Electronic Signatures

As outlined in the 2021 Capital budget, the Financial Services Team intends to review all aspects of the Accounts Payable process, which will likely include the expansion of EFTs and Digital Signatures. There are no specific recommendations on these topics at this time, however, Council is simply advised that further revisions to the Accounts Payable process will likely be proposed over the next year or two. Any recommendations will be supported by appropriate controls to ensure the Town does not expose itself to unnecessary risk.

LINK TO STRATEGIC PLAN

Effectively manage corporate resources and maximize performance in day-to-day operations.

Link to Council 2021-2022 Priorities

- COVID-19 and the health and safety of the community
- Customer Service: Training, Technology, Staff, Review Standards/Level of service
- Housing: Affordability (lot sizes, developer incentives, second dwellings, density, etc.)
- Greenhouse: lights & dark sky, odours (site plan compliance, bylaws, other tools)
- Programming Increase: Youth and Seniors
- A development plan for Downtown Kingsville / Main Street
- Financial savings: Schools closings, Migration Hall
- Economic Development: strengthen tourism/hospitality
- COVID - economic recovery
- Communications: Strategy – Policy (social media), Website refresh and other tools, Public engagement
- Housing: Migrant Worker Housing – Inspections (Building/Fire), regulate, reduce, or increase
- Committees / Boards: Review and Report
- Policy Update: Procedural Bylaw
- Economic Development: diversify the economy, create local jobs, industrial, Cottam
- Infrastructure (non-Municipal): Union Water expansion & governance
- Infrastructure (Municipal): Asset Management Plan update, the infrastructure funding deficit
- No direct link to Council priorities

FINANCIAL CONSIDERATIONS

There are no financial resources required to implement the recommend amendments to the Town's policies and procedures.

These recommendations are expected to yield efficiencies, which should provide Administration with more time to focus on higher value activities and enhanced customer service.

CONSULTATIONS

Senior Management Team

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