

November 16, 2011

Mr. Mike Foster, City Administrator
City of Decherd
1301 West Main Street
Decherd, Tennessee 37324

Re: Facsimile Signatures

Dear Mr. Foster

You have asked about the legality of using a facsimile signature during the absence of one of the authorized signatures on a check. MTAS Attorney Josh Jones advised that there are no legal prohibitions; however, he did point out the fact that the State Comptroller's Municipal Manual recommends that "municipal officials should separate duties of employees so that no one person has control over a complete transaction from beginning to end. Work flow should be established so that the employee's work is automatically verified by another employee working independently."

Most payrolls and other payables are prepared independently by the municipal paymaster, recorder or finance director prior to affixing signatures. I think that this provides some verification by an independent employee. If you choose to use a facsimile signature stamp, its use should be strictly controlled and it should be safeguarded.

If time permits, you could have another official added to the bank signature form.

Please call me if you have questions.

Sincerely

Ron Darden
Municipal Management Consultant

cc. MTAS Legal Consultant Josh Jones