



Toolkit Template Banking Records and Signing Authority

Objective: This template has been developed to document critical activities and information related to your business in the event of the incapacitation of your executive leader or owner. This toolkit provides a guide for managing banking, record keeping and maintaining secure signing authority during a leadership absence.

For many businesses, an owner or leading executive may be responsible for banking transactions or the careful oversight of transactions by CFOs. Additionally, for many small businesses, the owner may be the only individual with signing authority for banking accounts. Automated check readers in most US banks ensure that the signature on the check matches the signature on file for the account owner. This advance has massively diminished fraud and embezzlement by employees and other individuals with access to checks.

Signing authority also may be needed for purchases over a pre-defined dollar amount and subject to approval by the firm owner or leading executive.

In the event of a sudden leadership absence, the ability to fulfill basic banking functions and provide signing authority may prove challenging or impossible. This can threaten the continuity of the business and lead to serious commercial disruptions and failures.

Fortunately, some advanced planning can eliminate the challenges posed by such situations. A few strategies for addressing banking, other finance and signing authority challenges include the following:

- Executive leaders and business owners should identify their deputies/interim leaders in advance
- Under normal circumstances, bank accounts will include signing



authority for the business owner or executive leader and his/her deputy.

- It may be beneficial for two signatures to be required for the authorization of purchases or writing of checks.
- A legal Power of Attorney document can be prepared, providing the

interim leader signing authority in the event of a leadership absence.

- Additional legal stipulations can limit the amounts that can be withdrawn from bank accounts by the interim leadership. Similar caps can be placed on the purchase levels that the interim leadership may use.
- A third staff member, or close family member, may be added to a Power of Attorney agreement with stipulations that two signatures always are needed for checks and purchases.

Separation of duties and the importance of defined roles and responsibilities.

It is important for all business to have duties and roles carefully defined with checks and balances to minimize the potential for financial mismanagement or theft. Having a designated deputy as the authorization authority for most regular transactions limits the opportunity for fiscal malfeasance.