

Our recreation committee sometimes needs money for small purchases and cannot wait until the selectboard meets to approve the expenditure. Can the selectboard adopt a blanket resolution authorizing the town treasurer to issue blank checks for the committee's use?

We do not believe that the selectboard has the authority to authorize blank checks drawn on municipal accounts. Twenty-four V.S.A. §1623 is very specific in terms of that the selectboard may do to draw orders on the treasurer if the entire board feels it cannot meet to approve such orders.

Under 24 V.S.A. §1623 there are two ways for the board to draw orders without meeting to do so:

- 1) Authorize one (or more) of its members to examine and sign orders. If this is done “*orders shall state definitively the purpose for which they are drawn ...*” We interpret this provision to mean that selectboards cannot just pass a blanket resolution that says certain town officials can be handed a blank check. If authorized, the one board member would then have to approve orders on an individual basis and document what the order is for.
- 2) Submit a certified copy of the selectboard minutes to the treasurer, signed by the clerk and chair or by a majority of the selectboard, showing in detail to whom and for what purpose payment is to be made. This is a further indication that blanket approvals to disburse checks cannot be made by the board. Each order must be approved individually and records must be kept describing the specific purpose of each payment.

Accordingly, the selectboard must follow this statute if it wishes to draw orders without meeting to do so. We find no authority to pass a blanket resolution to authorize the issuance of blank checks as a means to expedite the expenditure of town funds.

To address this kind of situation, however, some towns utilize a petty cash system, controlled by the town treasurer and available to authorized town officials such as the town recreation committee for small purchases. Before resorting to petty cash, however, town officials are encouraged to use vendors with whom the municipality has an open account. If this is not possible, they are required to submit receipts for payment to the treasurer and are then reimbursed from the town's petty cash fund. Generally, the petty cash fund is small - \$100 or so – and would periodically be replenished and expense coded to the appropriate town accounts.

- Gail Lawson, VLCT Associate, Legal and Membership Services

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