



MEMO

To: Board of Directors
From: Company Secretary
Subject: **ELECTRONIC SIGNATURE POLICY**

“These days.....” it would be very easy for company staff to inappropriately apply the signature of a director or executive manager to a document without authority and/or for their own benefit/gain – through the use of the computer, scanned documents, etc.

A signature can easily be ‘lifted’ off a document and applied to another – and because it is very accepted practice to send around/rely on PDF-type documents their authenticity is usually not questioned by the recipient.

It is therefore incumbent on the company, as a standard part of good office practice/ corporate governance, to have some sort of rules/protocols governing the use of such electronic signature usage practices in the work-place.

This is particularly important in relation to signing legal documents – contracts, agreements and the like – or authorising financial commitments and expenditure – so it seems appropriate that procedures follow somewhat those applied to approving contracts/commitments/expenditure – and that the formal authority to apply a director’s or other ‘electronic signature’ to a document be controlled/authorised in a similar way.

These processes are also required to protect the owner of the signature.

With all this in mind, I recommend that policy should be established along the following lines:

- Nominate those persons authorised to apply an electronic signature
- Specify particular types and/or value of documents to which signatures can be applied by authorised persons
- Restrict access to the ‘file’ where electronic signatures might be stored on the company’s server
- Require the prior agreement of the owner of the signature to apply it to a document – every time – preferably in writing by email or fax from a known/trusted source
- Record usage of electronic signatures in a register and/or plus annex a copy of the document on which a signature is applied.

and be formally approved by the board (to give it credence and top level support), circulated to all staff, and administered under the control of the Company Secretary.

DISCLAIMER

The comments in this memo reflect some commercial aspects and observations on the matter experienced or observed by the writer in practice as he understands them. The information is given as a guide only and does not represent a definitive or legal view of any of the issues raised, covered or referred to and the reader is urged to seek his own professional advice on all aspects of, or pertaining to, this and any related matter.
