

Spending

Purpose of the policy

- To put in place adequate controls and authorization for the co-op's spending
- To provide board, committees, members and staff with a framework for spending on behalf of the co-op
- To ensure the co-op meets budget projections.

Definitions

A **purchase** is any commitment to buy goods or services, or have work done at the co-op's expense.

Expenses are either discretionary or non-discretionary:

- The co-op can control or choose to spend money on **discretionary** items, or not. For example, it can decide each year to plant some trees, paint the common room or hire a handy person. Even though an expense is defined as discretionary for purposes of this policy, it may still be critical to the co-op's operations.
- The co-op has no choice when it comes to **non-discretionary** expenses. The co-op must pay the mortgage and taxes, utilities, renew the insurance, etc.

Emergency expenses are unbudgeted purchases of work or materials that must be made immediately because a delay can:

- result in property damage
- endanger the safety of people or property, or
- disrupt essential services to members.

Policy

1. There are procedures to implement this policy.

Spending authorization

2. Authorization for spending is granted by the Board of Directors.
3. Persons spending or purchasing on behalf of the co-op must do so in accordance with this policy and have appropriate authorization.
4. Non-discretionary items
 - The board will identify and authorize spending on budgeted non-discretionary expense items and authorize management staff to make payment once the expense is signed-off by the Finance Committee Chair or designated alternative Finance Committee or Board member
 - The Finance Committee Chair or a designated alternative Finance Committee or Board member who is not the Treasurer or any other signing officer will sign-off on payment for all budgeted or unbudgeted non-discretionary items before the management staff will make payment
 - The management staff must report any expense that goes over budget to the next board meeting.
5. Discretionary items
 - The Finance Committee Chair or a designated alternative Finance Committee or Board member who is not the Treasurer or any other signing officer will sign-off on payment for all budgeted or unbudgeted discretionary items before the management staff will make payment
 - Payments made on Board approved lease contracts (example: laundry and office equipment) are considered pre-approved and management may make immediate payment on these contracts without the need for a committee or board member to sign-off in order to avoid late payment fees
 - The Board, or Committees can authorize spending on any *budgeted* discretionary expense items
 - The Board, or Committees can authorize spending on *unbudgeted* discretionary items up to \$5,000 before the purchase is made
 - Unbudgeted discretionary items up to \$5,000 must be reported to the next board meeting if authorized by a Committee
 - The Board must approve spending on *unbudgeted* discretionary items over \$5,000 and up to \$25,000 before the purchase is made.

- Unbudgeted items between \$5,000 and \$25,000 must be reported to the membership at the next general meeting
- The membership at a general meeting must approve spending on *unbudgeted* discretionary items over \$25,000 before the purchase is made

6. Emergency expenses

- Authorized persons will authorize *unbudgeted* non-discretionary or discretionary spending required to deal with emergencies
- Authorized persons will be listed in the attached Procedures document and will be updated as required
- Emergency expenses must be reported to the next board meeting.

7. Budget revisions

The Finance Committee will monitor budget spending monthly and report to the Board any concerns or considerations that may require a budget revision. The board may revise the budget as necessary during the fiscal year. Budget revisions must be reported to the next general meeting for any overall change of more than \$5,000 in total expenses.

8. Committee budgets

- The board authorizes the committees to spend for committee items included in the co-op's approved budget
- The Board, or Committees can authorize spending on *unbudgeted* discretionary items up to \$5,000
- Committees with individual budget categories over \$1,000 may not overspend in any one budget category by more than 10% without board approval
- No committee may overspend its annual budget without board approval
- Where a committee member is authorized to spend any part of the committee budget, the member's name and the dollar amount authorized shall be recorded in the committee's minutes.

Purchases

9. Authorized purchases for the co-op must be made using one of the following methods:

- purchase order if the expense is under \$2,500 or
- written co-op authorization to a pre-approved supplier or contractor if the expense is under \$5,000

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- Pre-approved suppliers and contractors will be listed in the attached Procedures document and will be updated as required
- obtaining a minimum of three quotes if the expense is over \$5,000 and up to \$25,000
- professionally monitored tendering process for major items over \$25,000.

Payment

10. Payments will be made following procedures approved by the board.
11. Persons who authorize a purchase or payment by purchase order, cheque requisition or any other method cannot sign the cheque nor be the payee.
12. There must always be two signatures on a cheque. As much as possible, none of the signees will be the payee.

Replaces all Spending and/or Financial and any other related Policies and Procedures previously adopted by the Kinross Creek membership or Board of Directors.

Policy approved by general meeting dated: 2014-October-21

Name of Director: _____

Signature of Director: _____

Procedures needed to carry out this policy

1. Identify type of purchase that may be made by purchase order or written authorization and the type of written authorization required (board or committee minutes, etc.).
2. Identify pre-approved suppliers, spending limits and agreed method of purchase.
3. Identify authorized persons and spending limits for dealing with emergencies.
4. Identify how payments will be made. For example:
 - up to **[\$50]** from petty cash with petty cash voucher and receipt, or by cheque
 - over **[\$50]** by cheque, and
 - pre-authorized withdrawal from the co-op's bank account for identified expenses.
5. Identify documentation required before payment will be made for different types of expenditures. For example, reimbursing an individual for a purchase, paying invoices, etc.
6. Check list for signing officers, including the following:
 - is the cheque filled out in full?
 - does the amount agree with the spending policy?
 - has proper approval been given if required?
 - does the cheque match the details in the documentation?
 - have the purchase orders been checked against deliveries, delivery slips and invoices?has the work been checked against the contract and invoice? etc.