

Ashworth Square Co-Op
SPENDING BY-LAW # 11

The Spending By-Law sets out the rules for how the co-op's money is spent and who must give permission for each type of spending.

ARTICLE 1 – GENERAL

- 1.1 Each year the members will approve an operating budget for the next fiscal year.
- 1.2 These spending rules must be restrictive enough to ensure that spending is undertaken according to decisions approved by the members and the Board of Directors. Spending Rules must also be flexible enough to allow staff to make the day to day spending decisions to manage the co-op and deal with emergencies.
- 1.3 The Board of Directors has exclusive authority to authorize a liability within the following categories:
 - Employment Contracts
 - Insurance Policies
 - Legal and Accounting Services
 - Mortgage
 - Municipal Services
 - Such other liabilities as the Board may specify

ARTICLE 2 – OPERATING

- 2.1 The Board has the authority to spend the operating funds of the co-op in each fiscal year up to the amount of the complete operating budget. The Board can use a surplus in one category to offset a deficit in another category within the budget, The Board can also use any contingency allowance to cover a deficit in a category of the budget.
- 2.2 Individual members and committees of the co-op may not authorize expenditures or otherwise make financial commitments on behalf of the co-op unless the Board has given them explicit authority to do so.
- 2.3 The Board may delegate authority to spend funds to the staff of the co-op. The Board may also delegate spending authority to committees for a specific expense or type of expense.
- 2.4 No person may initiate or approve any expense or purchase where that person has any conflict of interest in the matter.

- 2.5 The Board may appoint an Ad-hoc Committee to assist with special projects such as updating and revising the Capital Replacement Reserve fund or assisting with the budget process.
- 2.6 Should the Board feel that a change in the total operating expenses and/or housing charge is required during a fiscal year, the Board must call a special meeting of the members to consider the change.

ARTICLE 3 - BUDGET

- 3.1 The Finance Committee and Property Manager will submit a draft budget to the Board in April for their review and approval. The budget will be presented to the members for approval at the General Meeting in May.
- 3.2 All Committee requests for budget funding must be submitted to the office by the end of February.

ARTICLE 4 – CAPITAL EXPENSES

- 4.1 The annual contribution to the replacement reserve must be maintained at the minimum amount of \$272,000.00.
- 4.2 The Board will follow the Replacement Reserve Plan.
- 4.3 The Board is authorized to spend co-op's funds for the capital expenses as per the Replacement Reserve Plan and members' approval.
- 4.4 The Board will monitor the capital reserve plan and update it as required. The Board will submit updates and revisions to the Agency for Co-operative Housing for the approval. The Board will endeavor to update the capital reserve plan every five years.
- 4.5 The Board must approve contracts and other documents that commit the co-op to spend significant amounts of capital funds. The Board can delegate authority to the staff to spend lesser amounts. When the Board delegates authority, it must set limits on the amounts staff may spend and give any specific directions relating to the expenses that it considers appropriate.
- 4.6 No person may initiate or approve any capital expense or purchase where that person has any conflict of interest in the matter.
- 4.7 Capital Expenses of more than \$5000.00 require three bids or quotes to be obtained. The Board does not have to choose the lowest bid or quote. It may choose another quote for reasons such as quality, experience and timing. In cases where the co-op has used a particular supplier or contractor regularly and has determined previously that their prices

are competitive, and their quality of work has been proven, this requirement may be waived at the discretion of the Board of Directors. The Property Manager will from time to time review the prices to ensure they remain competitive.

ARTICLE 5 - EMERGENCY EXPENSES

- 5.1 Emergency expenses are those expenses the co-op must make immediately because a delay will:
- Risk property damage, or
 - Endanger the safety of persons or property, or
 - Disrupt essential services to members (for example, light, power, heat, hot water, refrigeration, cooking)
- 5.2 Any two Board Members can authorize an emergency expenditure up to \$2000.00 on the co-op's behalf without further authority from the members. The Board may delegate authority for emergency expenditures to co-op staff.
- 5.3 All unbudgeted emergency expenses must be reported to the Board at the next Board Meeting. Significant unbudgeted emergency expenses will be reported to the members at the next General Meeting.

ARTICLE 6 - COMMITTEE SPENDING

- 6.1 When the Board of Directors delegates spending authority to a committee for specific items, activities or events, the committee may spend only within a member approved committee budget. The committee budget will detail proposed expenses and estimated revenue (if any).
- 6.2 If a committee has a member approved budget for the year, covering a series of activities and events, the committee may revise the budget and report the revisions to the next meeting of the Board, but must not exceed the total committee budget for the year without prior Board approval.
- 6.3 Any committee with an approved budget must submit an Advance Request Form to the office. The form will detail the expenses, the date the expenditure was approved by the committee, and signature of the member receiving the advance. Receipts must be submitted to the office within 30 days of the expenditure. No further advance will be issued until the outstanding advance has been reconciled. All expenditures must be approved by the committee and noted in the minutes.

ARTICLE 7 – INTERNAL CONTROLS

- 7.1 The President, Vice President, Corporate Secretary and Treasurer are the signing officers for the co-op.
- 7.2 Cheque signing:
- Signing officers will not sign a blank cheque in advance.
 - Cheques will not be written to 'cash'.
 - Two signatures are required on all cheques, contracts and accounts (for initial set up)
- 7.3 The signing officers acknowledge that when signing the front page of the monthly financial package, they are approving that they have reviewed the following:
- All cancelled cheques attached to the bank statement are accurate
 - All automatic withdrawals match the invoice for the expense
- 7.4 All invoices will have the co-op cheque requisition form attached. The signing officers will initial the (invoice checked by) portion thereby approving the expenditure and any attached receipts.
- 7.5 The Board will review the monthly financial report provided by staff. The report will include the financial statements, arrears report and bank statements. The report will compare budgeted income and expenses to actual income and expenses.
- 7.6 Credit Cards – The Board will authorize staff to hold a co-op credit cards. These cards are for co-operative use only. Personal purchases are not permitted. The cards are the property of the co-op and must be returned to the co-operative upon purchase.
- 7.7 Petty Cash – All expenditures reimbursed through the Petty Cash must be accompanied by receipts. Petty Cash will not exceed \$200.00 unless approved in advance by the Board.

ARTICLE 8 – CONFLICT OF INTEREST

- 8.1 No person shall make or take part in any purchase or payment that benefits that person.

<i>Approved by the Finance Committee</i>	<i>October 26, 2009</i>
<i>Approved by the Board of Director</i>	<i>October 28, 2009</i>
<i>Approved at the Annual General Meeting</i>	<i>November 23, 2009</i>
<i>Approved by the Board of Directors</i>	<i>September 28, 2011</i>
<i>Approved at the Annual General Meeting</i>	<i>November 21, 2011</i>