

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

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

Expenses: either discretionary or non-discretionary.

Discretionary Expenses: 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.

Non-Discretionary Expenses: You have no choice when it comes to non-discretionary expenses. You must pay the mortgage and taxes, and renew your insurance.

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
- Disrupt essential services to members



Policy

Spending authorization

1. Persons spending or purchasing on behalf of the co-op must do so in accordance with this policy and have written authorization.
2. Non-discretionary items:
 - The board will identify and authorize spending on budgeted non-discretionary expense items and authorize management staff to make payment.
 - The management staff must report any non-discretionary expense that goes over budget to the next board meeting.
3. Discretionary items
 - The management staff, and committees can authorize spending on and approve payment for budgeted discretionary expenses, up to \$500. With the exception of the maintenance committee, who can approve payment for budgeted discretionary expenses up to \$5000.
 - The Board can authorize spending on and approve payment for unbudgeted discretionary items.
 - Unbudgeted items must be reported to the next Finance meeting, and must be included on committee and coordinator reports to the board.
4. Emergency expenses
 - Authorized persons will authorize unbudgeted spending required to deal with emergencies.
 - All Emergency expenses must be reported to the next board meeting.
5. Budget revisions

The board may revise the budget as necessary during the fiscal year. Revisions must be reported to the next general meeting for any overall change of more than \$2,500 in total expenses
6. Committee budgets
 - The board authorizes the committees to spend for committee items included in the co-op's approved budget.
 - Any unbudgeted expense must be brought to the board for approval before spending.



- No committee may 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

7. Authorized major purchases for the co-op must be made using one or more of the following:
 - tendering process
 - written co-op authorization to a selected supplier or contractor
8. Management Staff must notify the Finance committee at least one month prior to the renewal of any existing contract.

Payment

1. Payments must be made following procedures set by the co-op.
2. Persons who authorize a purchase or payment by cheque requisition or other method cannot sign the cheque nor be the payee.
3. There must always be two signatures on a cheque. As much as possible, none of the signees will be the payee.

Policy approved by the Board: March 25th, 2008

Replaces policy dated: No Previous Policy Existed

