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. <u>Non-discretionary items:</u>

- The board will identify and authorize spending on budgeted nondiscretionary 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. <u>Discretionary items</u>

- 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. <u>Emergency expenses</u>

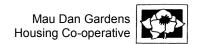
- Authorized persons will authorize unbudgeted spending required to deal with emergencies.
- All Emergency expenses must be reported to the next board meeting.

5. <u>Budget revisions</u>

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. <u>Committee budgets</u>

- 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