



# **BY-LAW NO. 8**

## **SPENDING BY-LAW**

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WESTWOOD PLACE CO-OPERATIVE HOMES INC.

BY-LAW NO. 8

SPENDING BY-LAW

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*SPENDING BY-LAW*

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## *OPERATING EXPENDITURES*

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### **Article 1: Operating Expenditures**

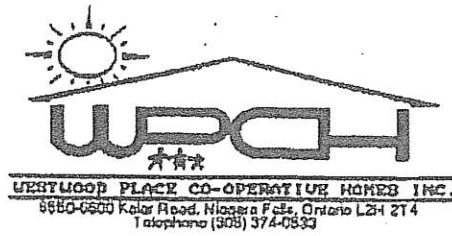
- 1.01** The Board has the authority to spend the operating funds of the Co-op in each fiscal year to a maximum amount equal to the total funds provided in the operating budget approved by the members in accordance with the Co-op's Occupancy By-law. Any surplus in one category of expense shown in the budget, or any contingency allowance, (if not required to offset a shortfall in budgeted revenue), may be allocated by the Board for expenses in any other categories, unless otherwise specifically provided by the members.
- 1.02** 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 authority to do so has been explicitly delegated to them by the Board. The Board may delegate its authority under this Article to spend funds within the limits that it determines to the staff of the Co-op. The Board may also delegate spending authority for specific expenses or types of expenses to committees, staff, individual members or other persons as it sees fit.
- 1.03** No person may initiate or approve any expenditure or purchase that substantially benefits that person or where that person has a conflict of interest with respect to that expenditure.
- 1.04** If, during a budgetary year, the Board feels that a change in the total expense budget and/or a change in housing charges is necessary or desirable, it may call a special meeting of the members for the purpose of considering such a change. It will prepare a budget or a statement showing the necessity for the change and give notice in the manner set out in the Occupancy By-law.

## ***CAPITAL EXPENDITURES***

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### **Article 2: Capital Expenditures**

- 2.01** The Board is authorized (subject to any required Canada Mortgage and Housing Corporation ("CMHC") approvals), to spend up to \$5,000 per annum from the Co-op's reserves for capital expenditures without the specific prior approval of a members' meeting.
- 2.02** For proposed, non-emergency, capital expenditures of more than \$5,000, the Board will present a capital budget to any meeting of members for approval. In addition to any other notice of a members' meeting required by the by-laws, at least five days prior to the meeting there will be delivered to each Unit a copy of the proposed capital budget showing proposed capital expenditures, the proposed method of financing the expenditures and an assessment of the impact on the current and future operating budgets of the Co-op (e.g. operating revenue, reserves, retained earnings.).
- 2.03** Approval of the capital budget will authorize the Board (subject to any required approvals by CMHC), to spend the funds of the co-op for capital expenditures from the sources specified, to a maximum of the total expenditures in the budget, unless otherwise specifically provided by the members.



Article: 3.3:

By-Law No.8: (7)

For all purchases for Westwood Place Co-operative Homes Inc. are as follows:

1. All purchases for items under \$2000.00 are completed using best purchase practices.
2. Three written quotes are obtained for contracts between \$2000.00 – \$14,999.00 and price that best serves the needs of Westwood Place Co-operative Homes Inc. will be taken.
3. All purchases over \$15,000.00 tenders must be issued.

## *CAPITAL EXPENDITURES*

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### **Article 3: Emergency Expenditures**

- 3.01** Emergency expenditures are expenditures that must be incurred immediately because a delay will risk property damage or endanger the safety of persons or property or disrupt essential services to members (e.g. light and power, heat, water, hot water, food refrigeration and cooking equipment).
- 3.02** Notwithstanding the provisions of this By-law, the Board may authorize any emergency expenditures on the Co-op's behalf without further authority from the members. The Board may delegate its authority under this Article to Co-op staff and/or any other persons.



*SPENDING BY-LAW*

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**CERTIFIED** to be a true copy of **By-law No. 8, Spending By-law of Westwood Place Co-operative Homes Inc.** as passed by the Board of Directors on the **25th** day of **October 1993**.

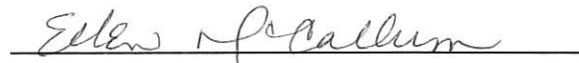
**CONFIRMED** by two-thirds of the voting members at a meeting held on the **23rd** day of **November 1993**.

  
Secretary

  
President

**CERTIFIED** to be a true copy of **By-law No. 8, Spending By-law of Westwood Place Co-operative Homes Inc.**, as amended and passed by the Board of Directors on 12 day of MAY 1998.

**CONFIRMED** by two-thirds of the voting members at a meeting held on the **2nd** day of **June 1998**.

  
President

  
Corporate Secretary

## ***SPENDING PROCEDURES***

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### **Spending Procedures**

#### **I. Spending By-law Provisions**

The Co-op's Spending By-law sets out the basic objectives and rules that members have set to govern the preparation and approval of the Co-op's budget and the spending of Co-op funds. The by-law takes priority over all resolutions of the Board and simple majority resolutions of the members regarding spending.

#### **II. Objectives of the Spending Procedures**

The purpose of the Spending Procedures is to provide guidelines to control spending. In order to control spending effectively, these guidelines must, at the same time, be:

- restrictive enough to ensure that spending is undertaken according to decisions taken by the members and the Board (in the Spending By-law and Annual Budget); and
- flexible enough to allow the Co-ordinator to make the day to day spending decisions necessary to manage the Co-op, to provide for emergency spending, and to allow for effective Board delegation of spending authority to any other party in the Co-op authorized to spend.

Co-op Procedures are standing resolutions of the Board and can only be amended by the Board, (normally acting on the recommendation of a committee).

Regular financial reporting is an important part of spending control.

#### **III. Spending Procedures**

##### **1. Spending and Reporting by the Co-ordinator**

- (a) The Co-ordinator will normally act as the Purchasing Agent for the Co-op.
- (b) The Co-ordinator will have authority to spend within the operating budget, on a category by category basis, with the following exceptions which require prior Board approval:
  - the creation of new staff positions or the filling of staff vacancies; and
  - contracts or agreements which bind the Co-op to the purchase of goods or services for a period of more than three months.
- (c) The Co-ordinator will provide the Board with the monthly budget control report.

## ***SPENDING PROCEDURES***

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- (d) On a quarterly basis, the Co-ordinator will provide a written report to the Board and Finance committee comparing, category by category, budgeted revenue and expenses for the current year to actual year to date revenue and expenses. The report will include the Co-ordinator's estimated projections of revenue and expenses for each budget category for the remainder of the year. The Co-ordinator will provide written interpretive notes to explain actual or projected surplus or deficits in each category. The Board will normally review the co-ordinator's report and ask the Finance Committee for its comments and advice, if any.
- (e) As soon as the Co-ordinator becomes aware that it is likely that a budget category will be exceeded for the year, he or she must report this to the next meeting of the Board with recommendations for a budget revision.

### **2.. Alternate Purchasing Agent**

- (a) The Board will appoint a staff member or director to carry out the Co-ordinator's spending and reporting responsibilities in the Co-ordinator's absence.
- (b) The appointed Alternate Purchasing Agent will normally approve only expenditures for mandatory expenses, i.e. those which are incurred by the Co-op routinely and are not the result of a specific purchase order. They include such things as municipal taxes, utilities (cable TV, electricity, water and sewage), salaries (once a position and salary have been approved), insurance (if the coverage is not being changed), mortgage payments and any contracted services, once a contract has been signed.

The Alternate Purchasing Agent may also approve payment of invoices due for expenses previously incurred by the Co-ordinator.

- (c) The Alternate Purchasing Agent should not incur discretionary expenses on behalf of the Co-op unless he or she has prior authorization to do so from the Co-ordinator or the Board. Discretionary expenses are those which the Co-op has an option as to when, or if, to incur and, as such, require the authorization of a purchase order. They include such things as equipment purchases, maintenance supplies, office supplies, professional services, education, membership in other organizations, new staff positions, changes in insurance coverage and signing new contracts for goods or services.

## ***SPENDING PROCEDURES***

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### **3. Emergency Expenses**

- (a) Emergency expenses are those which have to be incurred immediately because a delay will risk property damage or endanger personal safety.
- (b) Notwithstanding restrictions in sections 1 and 2 above, an emergency expenditure may be approved by designated staff or members without a spending limit. The Board will designate the people authorized to approve emergency expenditures.
- (c) All emergency expenditures must be reported to the next meeting of the Board and the next meeting of the Finance Committee.

### **4. Spending from Replacement and General Reserves**

The Board must give prior authorization for capital expenditures funded from the Co-op's reserves.

### **5. Competitive Bids**

Before approving a discretionary expense of more than \$1,000, the Co-op normally will obtain three bids or quotes. In cases where the Co-op has used a particular supplier or contractor regularly and has determined previously that their prices are competitive, this requirement may be waived at the discretion of the Co-ordinator. The Co-ordinator will, from time to time, review the prices of regular suppliers and contractors to ensure that they remain competitive.

### **6. Spending and Reporting by Committees**

#### **(a) Committee Budgets**

- i) When the Board delegates spending authority to a committee for specific items, activities or events, the committee may spend only within a Board approved committee budget. The committee budget will detail proposed expenses and estimated revenue (if any).
- ii) If the committee budget is for a one-time activity or a one-day event the committee must stay within the approved budget for the activity or event, or request prior approval from the Board to increase the budget. (Examples: the Social Committee may request funds to hold a Christmas Party, or the Maintenance Committee may request funds for materials and supplies for a work project.)

## ***SPENDING PROCEDURES***

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- iii)** If the committee has a Board 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. (Examples: the Social Committee may have a budget to provide various recreational activities through the year, or the Newsletter Committee may have a budget to provide several issues of the Newsletter in a year).

### **(b) Committee Treasurer**

Each committee that has been delegated spending authority will elect a Treasurer from among its members. The duties of the Treasurer will include:

- keeping a record book detailing the income and expenses of the committee;
- meeting regularly with the Co-ordinator to ensure that the Co-op's records are correct and up to date; and
- preparing with the assistance of the Co-ordinator, statements of income and expense at the conclusion of each activity or event, or on a quarterly basis, as directed by the Board. The statements will compare the committee budget on a line by line basis to the actual revenues and expenses.

### **(c) Committee Spending Documentation**

- i)** Requests to the Co-ordinator by individual committee members for funds for budgeted committee expenses must be authorized by the committee Chairperson.
- ii)** All expenses must be documented by invoices, receipts, or signed vouchers, handed in promptly to the Co-ordinator for the Co-op's records.
- iii)** All revenues must be documented by receipts or by a statement prepared and signed by the Committee Treasurer and Chairperson, which must be turned over promptly to the Co-ordinator with the funds for deposit.
- iv)** For budgeted expenses below \$50.00, committees may receive an advance from petty cash, or make the purchases with personal funds and request reimbursement from petty cash.
- v)** For budgeted expenses greater than \$50.00, the committee must request a purchase order authorized by the Co-ordinator and a cheque made payable to the supplier in the amount of the expense.

