

Spending Policy

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.
- 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, or
- disrupts 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 expense that goes over budget to the next board meeting.
3. Discretionary items

- The **management staff** can authorize spending on and approve payment for budgeted discretionary expense items.
 - The **management staff and either the president, vice president or treasurer** can authorize spending on and approve payment for unbudgeted discretionary items up to **\$5,000**.
 - Unbudgeted items must be reported to the next board meeting.
 - The board must approve spending on unbudgeted items over **\$5,000**.
 - The general meeting must approve spending on unbudgeted items over **\$5,000** before the purchase is made.
4. Emergency expenses
- Authorized persons will authorize unbudgeted spending required to deal with emergencies.
 - Emergency expenses must be reported to the next board meeting.
 - Emergency expenses over **\$5,000** must be reported to the next general 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 as follows:
- any difference in one budget category over **10%**
 - any overall change of more than **\$5,000** in total expenses, and
 - for a discretionary expense, any overall change to the budget of more than **\$5,000** must be approved by the general meeting before the purchase is made.
6. Committee budgets
- The board authorizes the committee heads to spend for committee items included in the Co-op's approved budget.
 - Any unbudgeted items must be brought to the board for approval before spending.
 - 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 and must be authorized by the committee head.

Purchases

7. Authorized purchases for the Co-op must be made using a:
- purchase order
 - written co-op authorization to a selected supplier or contractor, or
 - tendering process for major items.

Payment

8. Payments must be made following procedures set by the Co-op.
9. Persons who authorize a purchase or payment by cheque requisition or other method cannot sign the cheque nor be the payee.

10. There must always be three signatures on a cheque.

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