

THE AGENCY FOR CO-OPERATIVE HOUSING

POLICY MANUAL

DATE ISSUED:

November 2020

NUMBER:

3.2.1

REPLACING ISSUE OF:

March 2020

CROSS REFERENCE:

1.2.4 Director Compensation and Expenses,
1.2.5: Chief Executive Officer Job Description,
1.4.1: Signing Authority for Contracts,
3.3.1: Procurement, 3.3.2: Outsourcing

REVIEW CYCLE:

3 years

AUTHORITY:

Board of Directors

DUE FOR NEXT REVIEW:

November 2023

SUBJECT:

Financial Accountability

1. Financial Accountability Chain

- 1.1 The Agency's financial accountability chain comprises four levels, as illustrated below:

Level 4	Board of Directors
	Accounts to ↑ Oversees ↓
Level 3	Chief Executive Officer
	Account to ↑ Oversees ↓
Level 2	Division Directors; Manager, Finance and Facilities
	Account to ↑ Oversee ↓
Level 1	Managers, Operations; Manager, Default Management; Manager, Technical Services; Team Leader, Rental Support Programs; Specialist, Information Technology

- 1.2 Accountability is achieved through the assignment of responsibility for specific revenues and expenditures or groups of revenues and expenditures ("Revenue Centres" and "Expenditure Centres") to designated staff at appropriate levels in the organization.

- 1.3 Levels 2 and 3 (Division Directors; Manager, Finance and Facilities; Chief Executive Officer) in the accountability chain have responsibility for budgeting and controlling the Revenue and Expenditure Centres assigned to them. Responsibility for certain discrete Expenditure Centres has been further delegated to Level 1. Level 4 (Board of Directors) performs an approval and oversight function. Each level in the organization accounts to the next higher level for how well it, and those reporting through it, have discharged their responsibility for controlling revenues and expenditures against approved budgets.
- 1.4 An example will illustrate how the accountability chain works. The Ontario/PEI Manager, Operations is accountable to the Director, Operations for the financial performance of the region. In turn, the Director is accountable to the Chief Executive Officer for the operations division as a whole. The Chief Executive Officer is accountable to the Board of Directors for all revenues and expenditures of the organization.

2. Assignment of Financial Accountability

- 2.1 The chart in Appendix A: Assignment of Financial Accountability sets out existing Revenue and Expenditure Centres. The staff position listed next to each centre is directly accountable for the financial performance of that centre.
- 2.2 Revenue and Expenditure Centres normally correspond to the departments and sub-departments in the general ledger and include all accounts listed within those groups in the chart of accounts. In a few cases, as shown in Appendix A, a single general ledger account constitutes an expenditure centre.

3. Budgeting

- 3.1 The annual Agency budget consists of a budget for each of the operating and capital funds, indicating estimated revenues and expenses, inter-fund transfers, and the anticipated change in the balance of each fund and any reserves. The budget is the financial reflection of the operating plan developed by management in support of the board-approved Strategic Focus Areas. It respects the terms of the Agency's agreement with CMHC and any other government clients.
- 3.2 The budget is drawn up on the basis of estimates prepared for each Revenue and Expenditure Centre by the persons accountable for those centres, with the assistance of staff reporting to them and under the direction of the Manager, Finance and Facilities. The budget is then approved by the Chief Executive Officer for submission to the Board. The Manager, Finance and Facilities advises the persons accountable for each Revenue or Expenditure Centre of any changes made to their estimates.

- 3.3 The budget is presented for approval to the Board of Directors at its last meeting each year.
- 3.4 Before adopting the budget, as provided above, the Board obtains the advice of the Finance and Audit Committee.
- 3.5 Once the Board has approved the budget, staff is authorized to make expenditures in accordance with the provisions below.

4. Financial Commitments

- 4.1 Purchases and other financial commitments on behalf of the Agency may be authorized in advance to the limit of the approved budget, in accordance with Appendix B: Authorization Required for Expenditures.
- 4.2 In the absence of the responsible staff member, and in order to avoid an undue delay in the procurement, any of the following may approve an expenditure on their behalf: the person appointed to act in the staff member's place, the Manager, Finance and Facilities or the CEO.
- 4.3 In the absence of the CEO, the CEO's authority may be exercised by the division director appointed to act in the CEO's place.
- 4.4 For the purposes of paragraphs 4.2 and 4.3, "absence" means a period of absence of at least three consecutive business days.
- 4.5 Subject to paragraph 4.6, if the approved annual budget for a group of Expenditure Centres has been exceeded, or the proposed expenditure would cause it to be exceeded, the approval of the next higher level in the accountability chain is required.
- 4.6 The Chief Executive Officer may authorize spending in excess of the total approved operating or capital budget, provided any budgeted net income for the operating fund for the year is realized or any budgeted net loss is not exceeded. Significant variances must be reported to the Board of Directors. This provision does not authorize the CEO either to incur expenditures or to make financial commitments where the approval of a higher authority is expressly required under Appendix "B."

5. Cash Disbursements

- 5.1 Payment of expenditures must be authorized and documented in accordance with Appendix "B."
- 5.2 In the absence of the responsible staff member, any of the following may authorize a disbursement on their behalf: the person appointed to act in the staff member's place, the Manager, Finance and Facilities or the CEO.

- 5.3 In the absence of the CEO, the CEO's authority may be exercised by the division director appointed to act in the CEO's place.
- 5.4 For the purposes of paragraphs 5.2 and 5.3, "absence" means a period of absence of at least three consecutive business days.
- 5.5 A copy of the documentation for any cash disbursement authorized under paragraph 5.2 or 5.3 will be provided to the absent manager or director or the CEO, as the case may be, upon that person's return.

6. Monitoring Budget Performance

- 6.1 To maintain the integrity of the Agency's financial reporting, all revenues and expenditures must be classified in the accounts according to their kind and nature and not according to budget availability.
- 6.2 Following the end of each month, general-ledger extracts for the Revenue and Expenditure Centres for which they are responsible, with the corresponding financial statements, are forwarded to each position shown on the Financial Accountability Chart. Each of these persons is to review these documents and advise the Manager, Finance and Facilities of any errors.
- 6.3 At least three times during the year, at intervals established by the Manager, Finance and Facilities, each position shown on the Financial Accountability Chart will conduct a detailed review of their spending and adjust their plans as necessary to ensure that the financial plan for the year is met.
- 6.4 The Manager, Finance and Facilities submits the most recent financial statements available to each regular meeting of the Board of Directors. A report commenting on the Agency's current financial position and financial performance to date that year, accompanied by the complete, detailed financial statements, is provided to the Finance and Audit Committee at its meeting preceding the board meeting. The Committee discusses the statements with staff and advises the Board as it deems appropriate.
- 6.5 The Board has fiduciary responsibility for all Agency operations. It approves the annual audited financial statement and ensures that it is submitted to the Agency's sole member, the Co-operative Housing Federation of Canada.

APPENDIX A: Assignment of Financial Accountability

Operating Fund

Revenue/Expenditure Group	Revenue / Expenditure Centre	Responsible Position
Revenue	▪ Technical Services	▪ Manager, Technical Services
	▪ All other revenue centres	▪ Manager, Finance and Facilities
Operations	▪ Support Centre	▪ Director, Operations
	▪ Regional Service Centres	▪ Manager, Operations
	▪ Technical Services	▪ Manager, Technical Services
	▪ Rental Support Programs	▪ Team Leader, Rental Support Programs
	▪ Lending and Default Prevention Services	▪ Manager, Default Management
Information Services	▪ All accounts	▪ Director, Information Services
Corporate Services: Communications	▪ All accounts	▪ Director, Corporate Services
Corporate Services: Governance	▪ Audit, Financial Statements	▪ Manager, Finance and Facilities
	▪ All other accounts	▪ Director, Corporate Services
Corporate Services: Overhead and Administration	▪ Telecommunications	▪ Director, Information Services
	▪ All other facilities accounts	▪ Manager, Finance and Facilities
	▪ Bookkeeping and Accounting	▪ Manager, Finance and Facilities
	▪ Payroll Administration	▪ Manager, Finance and Facilities
	▪ Bank Charges and Interest	▪ Manager, Finance and Facilities
	▪ All other accounts	▪ Director, Corporate Services

Capital Fund

Revenue/Expenditure Group	Revenue / Expenditure Centre	Responsible Position
Capital Assets	▪ Leasehold Improvements	▪ Manager, Finance and Facilities
	▪ Furnishings	▪ Manager, Finance and Facilities

Revenue/Expenditure Group	Revenue / Expenditure Centre	Responsible Position
	<ul style="list-style-type: none">▪ General Office Equipment▪ Electronic Data Processing Hardware	<ul style="list-style-type: none">▪ Manager, Finance and Facilities▪ Director, Information Services
Intangible Assets	<ul style="list-style-type: none">▪ All accounts	<ul style="list-style-type: none">▪ Director, Information Services
Revenue and Expenditures	<ul style="list-style-type: none">▪ All accounts	<ul style="list-style-type: none">▪ Manager, Finance and Facilities

APPENDIX B: Authorization Required for Expenditures

NOTE: *Two signatures are required on the actual cheque, money order or request for electronic funds transfer, in addition to the authorization required below.*

Transaction	Authorization to Make Expenditure	Documentation and Authorization to Pay*
Purchases through credit cards	<ul style="list-style-type: none"> ▪ Purchases not exceeding \$750: no advance approval required ▪ Purchases over \$750: advance approval from manager required before payment made with card ▪ CEO purchases: no advance approval required 	<ul style="list-style-type: none"> ▪ Supplier invoice, where available ▪ E-mail from manager, where expense is over \$750
Transfers between bank/credit union accounts	<ul style="list-style-type: none"> ▪ Any two Agency bank signing officers 	<ul style="list-style-type: none"> ▪ Transfer slip
Purchase/sale of term deposits (90 or fewer days, or 2/3 or less of the CMHC quarterly fee)	<ul style="list-style-type: none"> ▪ Manager, Finance and Facilities 	<ul style="list-style-type: none"> ▪ Certificate of deposit
Purchase/sale of term deposits (more than 90 days or more than 2/3 of the CMHC quarterly fee)	<ul style="list-style-type: none"> ▪ CEO 	<ul style="list-style-type: none"> ▪ Certificate of deposit
Expense advances	<ul style="list-style-type: none"> ▪ Any one of CEO and division directors 	<ul style="list-style-type: none"> ▪ Payment request
Prepaid expenses	<ul style="list-style-type: none"> ▪ Same as current expenses (below) 	<ul style="list-style-type: none"> ▪ Same as current expenses (below)
GST/HST remittance	<ul style="list-style-type: none"> ▪ NA 	<ul style="list-style-type: none"> ▪ Payment request signed by Manager, Finance and Facilities or CEO
Employee salaries and benefits	<ul style="list-style-type: none"> ▪ As per Human Resources Policy 	<ul style="list-style-type: none"> ▪ A payroll-change authorization is required whenever an employee is hired or terminated and whenever any change is made to an employee's salary or benefits, signed first by director of division to which employee is attached, then by Manager, Finance and Facilities or, for staff reporting to Manager, Finance and Facilities, the CEO or, for CEO, the President

Transaction	Authorization to Make Expenditure	Documentation and Authorization to Pay*
Staff overtime/vacation payments	<ul style="list-style-type: none"> ▪ Authority to approve overtime: as per Human Resources Policy ▪ Authority to pay: Director, Corporate Services 	<ul style="list-style-type: none"> ▪ Employee's time report
Personal services	<ul style="list-style-type: none"> ▪ Appropriate division director or manager or CEO 	<ul style="list-style-type: none"> ▪ Invoice with reference to executed contract, letter of agreement or signed purchase order
Staff and volunteer travel expenses	<ul style="list-style-type: none"> ▪ No advance authorization required for expenditures made in accordance with policy 	<ul style="list-style-type: none"> ▪ Expense statement signed by claimant, authorized by appropriate division director or manager or CEO and accompanied by receipts or other documentation as required by policy ▪ CEO's expense reports are approved via e-mail by the President
Office lease	<ul style="list-style-type: none"> ▪ CEO, provided the lease does not extend beyond the current term of the Agency's agreement with CMHC; otherwise Board of Directors, through decision to lease space 	<ul style="list-style-type: none"> ▪ Landlord's invoice or automatic payment authorization, signed by Manager, Finance and Facilities
Equipment leases	<ul style="list-style-type: none"> ▪ CEO 	<ul style="list-style-type: none"> ▪ Supplier's invoice or automatic payment authorization, signed by the Director, Information Services
Stationery and office supplies	<ul style="list-style-type: none"> ▪ Senior Administrative Assistants 	<ul style="list-style-type: none"> ▪ Invoice signed by department manager
Hardware and software purchases under \$500	<ul style="list-style-type: none"> ▪ Specialist, Information Technology 	<ul style="list-style-type: none"> ▪ Invoice signed by Director, Information Services
Postage and courier	<ul style="list-style-type: none"> ▪ No advance authorization required 	<ul style="list-style-type: none"> ▪ Delivery receipts and invoice signed by department manager
Long-distance telephone, fax and data charges	<ul style="list-style-type: none"> ▪ No advance authorization required 	<ul style="list-style-type: none"> ▪ Invoice signed by Director, Information Services
Audit fees	<ul style="list-style-type: none"> ▪ Member (through appointment of auditor) 	<ul style="list-style-type: none"> ▪ Invoice signed by Manager, Finance and Facilities

Transaction	Authorization to Make Expenditure	Documentation and Authorization to Pay*
	<ul style="list-style-type: none">▪ Finance and Audit Committee (through approval of audit plan)	
All other current expenses	<ul style="list-style-type: none">▪ Per financial Appendix A: Assignment of Accountability	<ul style="list-style-type: none">▪ Signed purchase order or contract, invoice and evidence of receipt of goods or services

* where different from authorization required to make expenditure