

# Shamrock Co-Operative Homes Inc.

**A BY-LAW ABOUT THE GUIDELINES FOR  
SPENDING WITHIN THE CO-OP**

## By-law No. [ 7 ]

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**SPENDING BY-LAW**

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Passed by the Board of Directors on *April 9, 2018*

Confirmed by the members on June 3, 2018



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## **By-law No. 7 - Spending By-law**

Ultimate control of spending rests with the members of the Co-op who must approve the Annual Budget each year. At the same time, Staff and the Board of Directors must have sufficient flexibility to manage the Co-op.

From time to time the Board may send a member/members to a function or meeting to represent Shamrock Co-operative, and the necessary and reasonable costs will be paid for by the Co-op. In these circumstances the Board will discuss in advance (whenever possible) what is expected of the delegate member(s) and give direction.

The majority of the expenditures and receivables of Shamrock Co-operative shall go through the bank account. There are occasions when a cash transaction is reasonable and effective. For this purpose a petty cash system has been established. As with all financial matters the Treasurer is responsible.

This By-law has three articles:

- |                  |                                  |
|------------------|----------------------------------|
| <b>Article 1</b> | <b>Spending</b>                  |
| <b>Article 2</b> | <b>Reimbursement of Expenses</b> |
| <b>Article 3</b> | <b>Petty Cash</b>                |

# Article 1: Spending

## 1.1 Annual Budget

Prior to the beginning of each fiscal year, an Annual Budget for the year will be presented to the members at the General Meeting. The members have the right to question and if necessary, alter the Budget. The Budget should provide separately for each major category of revenue and expense. These categories should be accompanied by sufficiently detailed notes to allow meaningful discussion by the members.

- (a) Any revisions to the approved Operating Budget which result in an overall change of more than 5 percent of the approved Budget must be reported to the next General Members' Meeting.
- (b) Any change in housing charges as a result of revisions to the Operating Budget must be approved by the members in a General Members' Meeting.

## 1.2 Non-discretionary Expenses

Are those that are incurred by the Co-operative automatically and are not the result of a specific purchase order. These include such things as municipal taxes, utilities, water, salaries, insurance, mortgage payments, and any contracted services once a contract has been signed. Non-discretionary expenses may be approved by the Treasurer and a Staff Person designated by the Board of Directors. If a non-discretionary expense is over-budget, it must be reported to the Board at the next meeting.

## 1.3 Discretionary Expenses

Are those where the Co-operative has an option as to when or if to incur them. They include such things as equipment purchases, maintenance supplies, office supplies, professional or consulting services, education for Staff, Directors or members, membership in other organizations, changes in insurance coverage, and signing new contracts for any goods or services. All discretionary expenses must be authorized by means of a purchase order.

- (a) Budgeted discretionary expenses up to \$300.00 relating to administrative expenses may be authorized by a Staff Person designated by the Board.
- (b) A budgeted discretionary expense between \$300.00 and \$1000.00 may be approved by a designated Staff Person and the Treasurer. All budgeted discretionary items over \$1000.00 must be approved by the Board.
- (c) Unbudgeted discretionary expenses up to \$300.00 shall be reported to the Board for approval. Before approving a discretionary expense of more than \$1000.00 the Co-operative shall make an effort to obtain three quotes or bids. All discretionary expenses shall be authorized by means of a purchase order.

All expenses incurred on behalf of the Co-operative will be made with sufficient care to obtain the best value for the Co-operative's money.

After an expense has been approved, interim payments may be made as long as the total of the payments does not exceed the approved amount.

#### **1.4 Emergency Expenses**

Are those that have to be incurred immediately because a delay will cost the Co-operative more money, risk property damage, or endanger personal safety.

Notwithstanding Sections 2 and 3, an emergency expenditure may be approved by a designated Staff Person and a Board Officer. All emergency expenditures must be reported to the next Board meeting and ratified by the Board of Directors.

#### **1.5 Purchase Control:**

All discretionary expenses shall have a completed requisition for purchase order and/or cash. The request must be approved by the Treasurer. This system will guard against too many non-essential items being purchased and resulting in a shortage of cash flow for the Co-operative.

#### **1.6 Signing Officers:**

All payments drawn on the Co-operative's accounts will be signed by any two Officers of whom at least one shall be the President or Treasurer. The person responsible for preparing cheques or payment, or the person who will be the recipient of the cheques or payment, shall not sign them.

#### **1.7 Miscellaneous:**

No person may approve or make any purchase or payment that substantially benefits that person. No person may make unauthorized purchases for the Co-operative.

# Article 2: Reimbursement of Expenses

## 2.1 Reimbursement

When the Board selects a member or members to act as a delegate for the Co-operative at a meeting, function, or conference, the Board will in advance set the parameters of the expenses for the member(s). The Board will let the member(s) know what expenses are considered the responsibility of the Co-operative. An itemized statement of allowable reimbursement expenses with receipts shall be required for the expenses.

(a) **Lost Time or Loss of Income:**

For members and Directors will not be compensated for, except for exceptional reasons, by prior approval of the Board of Directors.

(b) **Accommodation, Meals, and Incidentals:**

The Board will exercise discretion in allowing the selection of accommodation and the maximum reimbursable amount for the meals and incidentals.

(c) **Transportation:**

Economy class air fare will be paid when it is required. Trains or buses should be considered for shorter distances where time permits.

Automobile travel, when necessary, will be reimbursed at a rate established by the Board of Directors from time to time. Airport transport will be reimbursed at the most economical method, abnormal conditions excepted.

(d) **Advance Payment:**

May be made for amounts at the discretion of the Board of Directors.

# Article 3: Petty Cash

## 3.1 Petty Cash Rules

- (a) The petty cash system shall be maintained by the General Manager in a locked cash box.
- (b) The petty cash float will be \$200.00
- (c) All cash transactions under \$50.00 shall be processed through the petty cash system.
- (d) Receipts for expenditures over \$50.00 will be reimbursed by cheque.
- (e) The transactions from the petty cash system will be transferred to the revenue/expense accounts on a quarterly basis. At this time the petty cash will be replenished if necessary.
- (f) At the end of the fiscal year (July 31<sup>st</sup>) the petty cash will be reconciled with the bank account.
- (g) At the beginning of the fiscal year (August 1<sup>st</sup>) the petty cash system shall be replenished to the level of the float.