

THE AGENCY FOR CO-OPERATIVE HOUSING
POLICY MANUAL

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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

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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, Information Systems; Manager, Finance and Information Technology
	Account to ↑ Oversee ↓
Level 1	Managers, Operations; Manager, Technical Services; Co-ordinator, Information Systems and Finance

- 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, Information Systems; Manager, Finance and Information Technology; 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 shown correspond to the departments and sub-departments in the general ledger and include all accounts listed within those groups in the chart of accounts.

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 Information Technology. The budget is then approved by the Chief Executive Officer for submission to the Board.
- 3.3. The budget is presented for approval to the Board of Directors' 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 act on that person's behalf: the person appointed to act in the staff member's place, the person to whom the staff member reports 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 expenditure 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 act on that person's behalf: the person appointed to act in the staff member's place, the person to whom the staff member reports, the Director, Human Resources and Administration 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 Information Technology of any errors.
- 6.3. At least three times during the year, at intervals established by the Manager, Finance and Information Technology, 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 Information Technology submits summary financial statements for the most recently completed fiscal quarter 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 submits it 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	<ul style="list-style-type: none"> • Technical Services • All other revenue centres 	<ul style="list-style-type: none"> • Manager, Technical Services • Manager, Finance and Information Technology
Operations	<ul style="list-style-type: none"> • Support Centre • Ontario/PEI Regional Service Centre • Prairies Regional Service Centre • B.C. Regional Service Centre • Technical Services 	<ul style="list-style-type: none"> • Director, Operations • Manager, Operations (Ontario/PEI) • Manager, Operations (Prairies/B.C.) • Manager, Operations (Prairies/B.C.) • Manager, Technical Services
Lending and Default Prevention Services	All	<ul style="list-style-type: none"> • Director, Lending and Default Prevention Services
Corporate Services: Information Systems	<ul style="list-style-type: none"> • CHAIS Maintenance and Support • HomeRun Maintenance and Support • Intranet • Software Updates and Support • Web Hosting • Staff Travel • all other Information Systems accounts 	<ul style="list-style-type: none"> • Manager, Information Systems • Manager, Information Systems • Manager, Information Systems • Manager, Information Systems • Manager, Information Systems • Manager, Information Systems • Manager, Finance and Information Technology
Corporate Services: Other	<ul style="list-style-type: none"> • Communications • Governance • Overhead and Administration 	<ul style="list-style-type: none"> • Director, Human Resources and Administration • Director, Human Resources and Administration • Director, Human Resources and Administration

Capital Fund

Revenue/Expenditure Group	Revenue / Expenditure Centre	Responsible Position
Capital Assets	<ul style="list-style-type: none">• Leasehold Improvements• Furnishings• Electronic Data Processing Software• CHAIS• Electronic Data Processing Hardware• General Office Equipment	<ul style="list-style-type: none">• Director, Human Resources and Administration• Director, Human Resources and Administration• Manager, Information Systems• Manager, Information Systems• Manager, Finance and Information Technology• Manager, Finance and Information Technology
Expenditures	All	Manager, Finance and Information Technology

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*
▪ transfers between bank/credit union accounts	any two Agency bank signing officers	transfer slip
▪ purchase/sale of term deposits (90 or fewer days, or 2/3 or less of the CMHC quarterly fee)	Manager, Finance and Information Technology	certificate of deposit
▪ purchase/sale of term deposits (more than 90 days or more than 2/3 of the CMHC quarterly fee)	CEO	certificate of deposit
▪ expense advances	any one of CEO and division directors	payment request
▪ prepaid expenses	same as current expenses (below)	same as current expenses (below)
▪ GST/HST remittance	n/a	payment request signed by Manager, Finance and Information Technology or CEO
▪ employee salaries and benefits	as per Human Resources Policy	payroll change authorization required for each change in salary or benefits and for new employees; signed by Director or Manager of unit to which employee is attached plus the Director, Human Resources and Administration, or, in the case of Corporate Services staff, the CEO or, in the case of the CEO, the president

Transaction	Authorization to Make Expenditure	Documentation and Authorization to Pay*
<ul style="list-style-type: none">▪ staff overtime/vacation payments	<ul style="list-style-type: none">▪ authority to approve overtime: as per Human Resources Policy▪ authority to pay: Director, Human Resources and Administration	employee time report
<ul style="list-style-type: none">▪ personal services	appropriate division director or manager or CEO	invoice with reference to executed contract, letter of agreement or signed purchase order
<ul style="list-style-type: none">▪ staff and volunteer travel expenses	no advance authorization required for expenditures made in accordance with policy	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; copies of the CEO's expense accounts will be retained after payment and made available to the President to sign at each meeting of the Board of Directors
<ul style="list-style-type: none">▪ office lease	Board of Directors, through decision to lease space	landlord's invoice or automatic payment authorization, signed by Director, Human Resources and Administration
<ul style="list-style-type: none">▪ equipment leases	CEO	supplier's invoice or automatic payment authorization, signed by Manager, Finance and Information Technology
<ul style="list-style-type: none">▪ stationary and office supplies	Senior Administrative Assistants	invoice signed by Director, Human Resources and Administration

Transaction	Authorization to Make Expenditure	Documentation and Authorization to Pay*
▪ hardware and software purchases under \$500	Co-ordinator, Information Systems and Finance	invoice signed by Manager, Finance and Information Technology
▪ postage and courier	no advance authorization required	delivery receipts and invoice signed by Director, Human Resources and Administration
▪ long distance telephone or fax charges	no advance authorization required	invoice signed by Director, Human Resources and Administration
▪ audit fees	<ul style="list-style-type: none">▪ member (through appointment of auditor)▪ Finance and Audit Committee (through approval of audit plan)	invoice signed by Manager, Finance and Information Technology
▪ all other current expenses	per financial accountability chart	signed purchase order or contract, invoice, and evidence of receipt of goods or services

* where different from authorization required to make expenditure