

Condo Smarts January 30, 2019

The Role of the Council Treasurer

Dear Tony: Our strata decided to have an audit done as we have changed management companies several times in the past 5 years and we had a number of outstanding issues brought up by our current management company. The audit was very helpful as it established definite opening balances for our accounts, and identified a number of receivables that had been lost on the transfer of records from one company to another. Our auditor has recommended that our treasurer and council review the financial transactions each month as several duplicate entries were corrected and there was no indication in our minutes that council had ever reviewed our financial statements. We also had a debt from a previous owner of a \$10,000 insurance deductible that had not been collected. We will be writing off the amount in this year's fiscal report. As the deductible was expensed from the contingency fund it will reduce our fund by \$10,000. As volunteers, our council have always left the financial reporting to the management company, but are there some guidelines we can follow for the duty of the treasurer? Alice K, Pt Moody

Dear Alice: The roles and responsibilities of council members are set by the strata council. There are no specific job descriptions or obligations in the Strata Property Act or Regulations. Every strata council has members with different experience and strengths and council members are held to a general standard of care as to the behaviour of a volunteer in similar circumstances. I recommend at the first council meeting each year of newly elected council members, the first item of business is the election of officers followed by a discussion of the duties of each of the council members. The role of the treasurer is one of the most demanding positions. While it is beneficial if your treasurer has some experience, knowledge or education in financial operations, any council member with patience and a willingness to commit the time to reviewing monthly invoices, receivables, the financial statements and bank statements, will provide a valuable service for your owners. With the thousands of transactions management companies process each month, you can anticipate occasional incorrect postings and allocations. Errors are easily corrected. To enable the treasurer and council to meet their obligations, they must be provided with a complete set of monthly reports that include a detail of all receivables, a print out of the invoices paid to cross reference with service contracts, utilities, purchases and service calls, a copy of the bank statements for all accounts including investments and special levies, and a reconciled monthly financial report. These are the essential tools of the treasurer. While it is normal to delegate the financial management and collections to the strata manager, it is still the responsibility of the strata council to review the financial documents and transactions. While not exhaustive, here is a check list of documents and reports to review that are helpful for your treasurer and council: Monthly reconciled financial reports, Information disclosed on Form B Information Certificates and Form F Payment Certificates, aging summary of all receivables including fines, user fees, damages and insurance deductibles, cross monitoring of the annual budget compared with expenses, investments for the contingency reserve fund and special levies to maximize returns and manage required cash flows, and a review of the depreciation report to plan for upcoming renewals and funding requirements or resolution planning for general meetings. There is one other document that is critical in that it also impacts the annual tax return of the strata corporation. Within 8 weeks after the fiscal year end, the strata corporation must prepare a financial statement updated to the end of the fiscal year. This statement is critical because it also sets the closing balances of your accounts for each fiscal year and is vital when conducting an audit or financial review.

Tony Gioventu, Executive Director CHOA

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