

**MIMICO
CO-OPERATIVE HOMES INC.**

Board Policy No. 7

Internal Control Policy

Approve by the
Board of Directors on
March 2, 2011

Updated April 25, 2018



MIMICO CO-OPERATIVE HOMES INC.

1 Summerhill Road, Suite 100, Toronto, ON M8V 1R9

Phone: (416) 255-1807

Fax: (416) 255-0510

Email: mimico-coop@on.aibn.com Website: www.mimicoco-op.ca

INTERNAL CONTROL POLICY

April 25, 2018

1. Purpose

The purpose of the following policy is to set out guidelines for the normal operation of the Co-op and provides the Co-op with more detailed procedures to administer the co-op's Organizational Bylaw.

2. Variance from Policy

In emergencies, which may arise between regular meetings of the Board, these policies may be varied at the discretion of the Officers. However, each variation so enacted must be in accordance with sound fiscal practice and must be approved by resolution of the Board at its next regularly scheduled meeting.

Reconciliations

3.1 Reconciliations are reviewed by an alternate person to the person preparing the reconciliation

3.2 Each month the Treasurer will review the Co-op's bank statement and bank reconciliation.

3.3 Quarterly the Treasurer will review the Co-op's investment statement and investment reconciliation.

3.4 Each month the Treasurer or other person as designated by the Board will complete the *Treasurer's checklist* attached as *Schedule A*.

4. Deposit Procedures

4.1 Cash payments will not be accepted.

4.2 Cheques are immediately endorsed for deposit by Corporation upon receipt and are stored securely in the Corporation office.

4.3 A deposit summary is completed indicating each payment amount and purpose of the payment. The total deposit summary must match each bank deposit slip to ensure accuracy,

4.4 Storage of copies of all cheques deposited are stored with the deposit summary

4.5 Storage of copies of all interact transaction receipts are stored with the deposit summary

4.6 After 1st of the month deposit, the Corporation will make weekly deposits.

Expenditures

5.1 Cheques will be written by the Manager or such other person as designated by the Board.

5.2 Two signatures are required on all cheques. Except in emergencies when the Treasurer cannot be reached, the Treasurer will be one of the officers signing all cheques.

5.3 Cheques and supporting documentation/invoices are reviewed by two Board of Director's officers. Signing officers should refer to and follow the **Signing Officer Procedures** attached as **Schedule B** of this policy.

5.4 Cheques are not made out with a payee of "cash"

5.5 Cheques are not signed in advance

5.6 Cheques issued to a signing officer cannot be signed by that same signing officer

5.7 All cheques are pre-numbered

5.8 Voided cheques are maintained on file

5.9 Pre-authorized payments are supported by an invoice and pre authorized payment requisitions. The requisition should be reviewed by two Board of Director officers

5.10 Prior Board approval is required for cash advances.

5.11 A cash disbursement detailing monthly cash disbursements will be provided to the board at their monthly meetings

6. Petty Cash

6.1 Receipts are required for all petty cash disbursements.

6.2 Petty cash will be accounted for on an imprest system. That is, the fund will be replenished as required by an amount equivalent to the total of the receipts in the box.

6.3 Petty cash funds are stored in a secure place.

6.4 Petty cash is only provided for out of pocket expenses, not operational expenses.

6.5 Whenever possible expenditures over \$75 will be reimbursed by cheque rather than using petty cash.

6.6 Petty Cash float will be set by the Board of Directors.

7. Credit Card Use and Online Banking

- 7.1 All applications for credit card use by Mimico Co-op must be approved by the Board of Directors
- 7.2 Purchase order to be used for all purchases
- 7.3 Personal purchases are not permitted
- 7.4 The Board of Directors will approve:
 - type of purchases to be made
 - set maximum credit limits and individual purchase limits
 - person(s) eligible to sign credit cards and approve purchase order
- 7.5 Purchase orders, work orders and shipping documents to be attached to invoices\statements for payment
- 7.6 Designated signing officers will check supporting documentation to approving payment and initial invoice\statement and cheque requisition and credit card receipts as proof of approval. Signing officers should refer to and follow the **Signing Officer Procedures** attached as **Schedule B** of this policy.
- 7.7 Credit cards to be kept in secure location in the Co-op Office when not in use
- 7.8. Credit card to be used only when no other form of payment is accepted
- 7.9 The Co-op will set up access to “view only” online banking. Co-op management will not be able to perform transactions with online banking.

8. Laundry Machine Revenue

- 8.1 The Co-op may contract with a Co-op Cost Cutter’s certified laundry coin collection company for the collection of laundry coin.
- 8.2 The Co-op may choose own their own laundry equipment. Collection of laundry revenue will be scheduled monthly and at least two volunteers are present in collection of laundry revenue monthly to ensure. Persons collecting laundry revenue shall alternate each month.
- 8.3 Persons collecting the laundry revenue and staff will be required to sign a collection receipt indicating the names of the volunteers, staff and the amount collected and date of deposit.

9. Retention of Bookkeeping Records

Generally, books and records (including business transactions or business information on a computerized system) should be kept for a minimum of six years from the date of the last taxation year to which they relate. The taxation year is the fiscal year for incorporated entities

and the calendar year for the individual taxpayers. It is understood that federal or provincial statutes may extend this period for the same records.

10. Computer Back Up

10.1 The Co-op will perform regular daily back up of the computer's data to a secured digital storage device.

10.2 Data to be backed up to include but not limited to:

- Accounting & Bookkeeping Records
- HMWORX database files
- Co-op email files
- Scanned copies of the Co-ops:
 - Articles of Incorporation
 - Bylaws and Policies
 - Operating Agreement
 - Contracts and Agreements
 - Minutes and Governance Documents
 - Building Condition Audit, and architectural drawings
- All document files created and maintained in the routine daily operation of the Co-op

10.2 A copy of the computer's backed up data will be stored offsite on digitally encrypted and secured media.

11. Computer Software and Passwords

11.1 The Co-op shall maintain the Co-op's software and operating system license information and software disks in a secure and fireproof location.

11.2 A list of the Co-op's computer and software passwords shall be maintained in a secure and fireproof location.

12. Computer Data Integrity

12.1 The Co-op shall on a monthly basis run Windows Check Disk (Chkdsk Tool) to verify the integrity of the computer's hard drive.

12.2 The Co-op will purchase and maintain a license for an anti-virus software, update the virus definitions daily, and will run the software on at least a weekly basis.

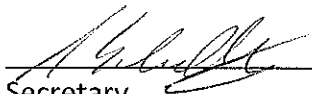
12.3 The Co-op will complete an annual review of the performance of any computer more than five (5) years old to determine if it should be replaced. This review will be added to the Co-op's annual planning calendar.

13. Training and Education

The board will ensure that financial training and educational opportunities are made available to the treasurer and other directors.

14. Bad Debt, Collections, Write Off

- 14.1 Housing Charge arrears of moved out members and current members is considered a bad debt when it is deemed to be uncollectable. The account balance will be moved from receivables to bad debt expense. The bad debt is considered an expense with the current year income & expense statement.
- 14.2 Funds recovered from a prior bad debt will added to miscellaneous revenue.
- 14.3 Arrears and applicable move out charges will be submitted with a collection Agency within two month of move out. The Statute of Limitations permit submission of collections within two years of the member's last payment date.
- 14.4 The co-op will continue and attempt to collect the arrears after the account is "written off" until such time the Collection Agency advises the arrears are deemed "uncollectible"



Secretary

Date June 22/18

Schedule A

Co-op:

FYE:

For the month of

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Treasurer's Checklist

<i>Initial</i>	Bank Reconciliations							
<input type="checkbox"/>	1	Does the reconciliation agree to the bank statement	<input type="checkbox"/>	Y	<input type="checkbox"/>	N	<input type="checkbox"/>	NA
<input type="checkbox"/>	2	Does the reconciliation agree to the balance on the Statement of Financial Position	<input type="checkbox"/>	Y	<input type="checkbox"/>	N	<input type="checkbox"/>	NA
<input type="checkbox"/>	3	Are there any stale-dated cheques (dated more than 6 mo)	<input type="checkbox"/>	Y	<input type="checkbox"/>	N	<input type="checkbox"/>	NA
<input type="checkbox"/>	4	Have any cheques that cleared the bank been altered	<input type="checkbox"/>	Y	<input type="checkbox"/>	N	<input type="checkbox"/>	NA
<input type="checkbox"/>	5	Pre-authorized payments are supported with an invoice	<input type="checkbox"/>	Y	<input type="checkbox"/>	N	<input type="checkbox"/>	NA

		Investment Reconciliations						
<input type="checkbox"/>	6	Quarterly Investment Statements <i>Dec, Mar, Jun, Sep</i> agree to the Balance Sheet	<input type="checkbox"/>	Y	<input type="checkbox"/>	N	<input type="checkbox"/>	NA
<input type="checkbox"/>	7	If applicable, do other investment statements agree to the Balance Sheet	<input type="checkbox"/>	Y	<input type="checkbox"/>	N	<input type="checkbox"/>	NA

		Manager's Report						
<input type="checkbox"/>	8	The Board received a recent Manager's Board Report	Date of Report		<input type="text"/>			
<input type="checkbox"/>	9	This report provides balances for capital reserves, capital investments, accumulated surplus, current year surplus	<input type="checkbox"/>	Y	<input type="checkbox"/>	N	<input type="checkbox"/>	NA
<input type="checkbox"/>	10	The Board received statements of Income & Expense; Cash Disbursements; Capital Expenditures; Financial Position	<input type="checkbox"/>	Y	<input type="checkbox"/>	N	<input type="checkbox"/>	NA
<input type="checkbox"/>	11	The Board received a recent Board Arrears Report	Date of Report		<input type="text"/>			
<input type="checkbox"/>	12	The Board Arrears report provides comments of payment agreements in place; follow up conducted and other information as required to provide status of the arrears	<input type="checkbox"/>	Y	<input type="checkbox"/>	N	<input type="checkbox"/>	NA

		Other			
<input type="checkbox"/>	13	I understand the next Annual Operating Budget & Capital Budget will/has been submitted to the Board	Month		<input type="text"/>
<input type="checkbox"/>	14	The prior fiscal year draft audited financial statements to be provided to the board for approval	Proposed		<input type="text"/>

Name:	<input type="text"/>						
Signed	<input type="text"/>						
	<i>Treasurer or other Board Representative</i>					<i>Date</i>	

Signing Officers Checklist

(Schedule B of the Internal Controls Policy)

Before Signing Cheques:

1. Ensure cheque is attached to a requisition
2. Ensure proper supporting documentation is attached to the cheque requisition.
3. Review and initial the **supporting documentation** looking for the following:
 - a. Invoice clearly shows the goods or services purchased and the date purchased
 - b. If paying by a monthly statement, all invoices listed on the statement **must** be attached
 - c. Date paid and Co-op's cheque number is shown on supporting documentation
 - d. Initial all invoices attached to requisition
 - e. Initial all receipts supporting Visa or Home Depot statements
4. Review and sign the **cheque** looking for the following:
 - a. Cheque is made out to the same name as the invoice (never "cash")
 - b. Cheque amount is the same as the invoice(s)
 - c. Cheque amount numbers and written words are the same amount
5. Review and initial the **cheque requisition** looking for the following:
 - a. Payee same name as cheque
 - b. Adequate description of goods or service purchased
 - c. Amount same as the cheque
 - d. Cheque date & number are the same as the cheque

Do Not Sign Cheque if any of the above is missing

Fraud and Other Similar Irregularities

(Schedule C of Internal Controls Policy)

The Co-op is committed to protecting its revenue, property, information and other assets from any attempt, either by members of the public, contractors, sub-contractors, agents, intermediaries or its own employees, to gain by deceit, financial or other benefits.

This schedule sets out specific guidelines and responsibilities regarding appropriate actions that must be followed for investigation of fraud and other similar irregularities.

Definitions

Fraud and other similar irregularities include, but is not limited to:

1. Forgery or alteration of cheques, drafts, promissory notes and securities.
2. Any misappropriation of funds, securities, supplies or any other asset.
3. Any irregularity in the handling or reporting of money transactions.
4. Misappropriation of furniture, fixtures and equipment
5. Seeking or accepting anything of material value from vendors, consultants or contractors doing business with the Co-op in violation of the conflict of interest provisions as per the Co-op's bylaws.
6. Unauthorized use or misuse of the Co-op property, equipment, materials or records.
7. Any computer related activity involving the alterations, destruction, forgery, or manipulation of data for fraudulent purposes or misappropriation of the Co-op-owned software.
8. Any claim for reimbursement or expenses that are not made for the exclusive benefit of the Co-op.
9. Provision of an unauthorized benefit to a tenant including, but not limited to, an unauthorized reduction of the rent payable by a tenant, unauthorized internal transfers to another unit or unauthorized determination of eligibility for rent-geared-to-income assistance.
10. Any similar or related irregularities.

This schedule applies to members of the Board of Directors and all employees of the Co-op and any management company hired by the Board of Directors.

General Policy and Responsibilities

1. It is the Board of Directors intent to fully investigate any suspected acts of fraud, misappropriation or other similar irregularity. An objective and impartial investigation will be conducted regardless of the position, title, length of service or relationship with the Co-op of any party who might be or becomes involved in or becomes/is the subject of such investigation.
2. All directors, officers and employees of (the housing provider) will co-operate fully with the Board of Directors to ensure that any suspected acts of fraud, misappropriation or other similar irregularity are investigated to the satisfaction of the Board of Directors and the co-op's funder as required.
3. In all circumstances, where there are reasonable grounds to indicate that a fraud may have occurred, the Board of Directors, subject to the advice of its legal counsel, will contact is insurance company, the Toronto Police Service and the co-op's funder as required.
4. Upon conclusion of the investigation, the results will be reported to the President of the Board of Directors. The President will provide a copy of the results to the co-op's funder as required.
5. The Board of Directors will pursue every reasonable effort, including court ordered restitution, to obtain recovery of the corporation's losses from the offender, or other appropriate sources.

Procedures

Any employee who has knowledge of an occurrence of irregular conduct, or has reason to suspect that a fraud has occurred, shall immediately notify his/her supervisor. If the employee has reason to believe that the employee's supervisor may be involved, the employee shall immediately notify the President of the Board of Directors.
