



THE MULTIFAITH HOUSING INITIATIVE

FINANCE AND PROCUREMENT POLICY

Passed by the Board of Directors on March 26, 2015

PREAMBLE

The Account Manager (contracted through LSM services) in collaboration with the Executive Director is responsible for the day-to-day financial management of MHI. Assistance in the day-to-day function is provided by the Bookkeeper, Office Administrator, and Finance Committee. The Executive Director and the Treasurer oversee the preparation of all budgets, forecasts and financial statements for reporting to the Ministry of Housing, City of Ottawa, Revenue Canada, Infrastructure Canada, and for all other special grants received. The fiscal year for MHI runs from November 1 to October 31.

Please note that this policy will be applied in conjunction with our Anti-Bribery and Corruption Policy, as well as our Conflict of Interest Policy. Further, all major contractors will be required to read and sign an agreement to abide by the Anti-Bribery and Corruption Policy prior to commencing work on behalf of MHI.

1. ACCOUNTS PAYABLE

1.1 PURCHASING POLICY

1. Purpose:

- 1.1. To ensure that all contractual and purchasing arrangements for MHI are free from conflict of interest.
- 1.2. To ensure that MHI obtains the best value for money in its contractual and purchasing arrangements.
- 1.3. To ensure that MHI'S liability is limited and that it is appropriately protected from third party claims.
- 1.4. To ensure that expectations and requirements for obtaining alternative prices and for ensuring that purposes 1 and 2 above are met, recognize reasonable limits in terms of what is practical and in terms of the staff time required to ensure that the best value price is always obtained.
- 1.5. To ensure that collaborative approaches to delivering service by working with partner agencies with similar mandates and objectives, are not unduly constrained by requirements to obtain competitive prices.
- 1.6. To ensure that MHI has the capability to enter into partnerships with other organizations, for example in the context of new housing development, and is not unduly constrained by requirements to obtain competitive prices.
- 1.7. To ensure that MHI complies with funder requirements where applicable.

2. Avoiding Conflict of Interest:

- 2.1. MHI will not enter into any contracts involving financial recompense, with organizations or individuals whose management, ownership, or governance structures include any of the following:
 - 2.1.1. a MHI board member, or his/her family or household members
 - 2.1.2. a MHI manager or staff member or his/her family or household members, if the MHI staff member has any ability to influence the decision around the award of contract.
- 2.2. Notwithstanding sub-paragraph 2.1, the Board of Directors may approve a contract if maintaining the provisions of sub-paragraph 2.1 would unduly disadvantage MHI (e.g. where the best specialized expertise at a reasonable price could not be accessed if 2.1 were to be maintained).

3. Ensuring Limitation of MHI'S Liability:

- 3.1. Contractors performing work on MHI properties must show proof of liability insurance with a minimum value of \$2 million. For large contracts (eg: new housing development) higher insurance requirements may be imposed as appropriate. Exception: where tenants are hired directly to do minor jobs such as garbage removal, they will not be required to have insurance as a contractor. MHI recognizes the value of such arrangements in terms of tenant participation in their communities and that it is unreasonable to expect tenants to have this kind of insurance. Work done by tenants through this kind of arrangement will be limited to work where there is very limited risk to the individual or to others.
- 3.2. Any contractor with employees working on MHI contracts must provide proof of WSIB coverage.

4. Maintenance and Construction Contracts:

- 4.1. As a general principle, competitive pricing will be obtained wherever this is reasonable, the work will be specified in as much detail as feasible, and the lowest qualifying bid will be accepted.
- 4.2. Where the work cannot be specified to ensure comparable pricing through a competitive bidding process, or where the cost of achieving an appropriately detailed specification to ensure comparable pricing (typically through consultants) would be inappropriately high, contractors may be asked to develop their own specifications. MHI will then determine the successful contractor based on the quality of the proposed work as well as the price. Where appropriate, contractors with lower quality specifications in the initial round of pricing may be asked to price for a higher-level specification so that their pricing can be compared with the preferred specification.

Similarly, contractors who have proposed a higher quality specification which is beyond MHI'S budget, may be asked to adjust their quote for a lower quality specification.

- 4.3. Wherever MHI does not go through a competitive process with comparable pricing leading to acceptance of the lowest qualifying bid, and where this would normally be required by the size of the contract as defined below, the rationale for the choice of the successful contractor and the rejection of the unsuccessful contractors must be fully documented and reported in retrospect to the Housing Management Committee for information.
- 4.4. **Contracts up to \$9,999:** may be entered into without a competitive process. It is the responsibility of the Property Manager to ensure that pricing is fair and reasonable. This may be achieved by using different contractors for similar work so as to have a good sense of a reasonable rate for the job, and / or by informal checking with colleagues in similar organizations.
- 4.5. **Contracts from \$10,000 to \$49,999:** require three competitive prices except in case of emergency or where specialized skills or equipment may restrict the availability of contractors to the point where it is not reasonably possible to obtain three competitive prices. If the job requirements are straightforward to the point where there can be no misunderstanding, or have been fully specified in writing by MHI, prices may be obtained by phone but must be fully documented.
- 4.6. **Contracts from \$50,000 and up:** A formal invited tender is required with at least three bidders responding. For contracts at this level, it will almost always be appropriate to use consultant resources to specify the work required and ensure comparable prices, if the expertise fully to specify the work is not available in house. .
- 4.7. **Frequently used services:**
 - 4.7.1. For services such as snow clearance from parking lots, landscaping, furnace maintenance, contracts will generally be contracted through a bid process every two years. Exceptions, where staff believes it appropriate to consider a longer-term contract, or to extend a contract for a further year without a competitive process, must be brought forward to Property Committee for approval.
 - 4.7.2. For services such as cleaning, minor handy worker tasks, or footpath snow clearance, where payments to a small, individual contractor may build to more than \$5,000 over a year, special care must be taken to ensure that hourly rate pricing is competitive.

This may be achieved by a competitive bidding process or by using multiple small contractors for similar work so as to maintain a reasonable level of assurance that hourly rates are competitive. The Property Manager will also monitor such contractors to ensure that speed and quality of workmanship are sufficient so that a low hourly rate is not unduly offset by excessive hours of work or by low quality.

5. Purchasing Professional Services:

- 5.1. Purchasing professional services should follow the same principles as the purchase of services and supplies from non-professional sources. However, for professional services, it is much more difficult to specify the requirements precisely to ensure comparable pricing, and it is much more likely that quality of service will be as important, or more important, than price. As well, consultants with knowledge of MHI and who have been advising MHI in their area of expertise for some time, or who have specialized knowledge associated with organizations similar to MHI, can provide advice with minimal research and, therefore, less billable hours, than consultants needing to acquire the relevant knowledge.
- 5.2. For well-defined and substantial, time limited contracts, such as architectural services for new development, MHI will seek competitive proposals through an invited proposal call process. Proposals will be reviewed based on a point-rating system that considers price as well as the services offered, and that ensures that minimum qualifications, in terms of skills and experience, are met before price is considered.
- 5.3. For ongoing services such as legal advice, professional representation, or investment advice, MHI will seek out consultants with relevant expertise.
- 5.4. For services such as property / liability insurance brokerage, or pension plan/group insurance brokerage, MHI will review its arrangements at least every 5 years, more often if there is reason to believe the broker is not providing the best service or obtaining the best rates for coverage.
- 5.5. All substantial contracts, defined as those that are over \$50,000 in value, will be vetted by our legal representative. In the case where we have engaged the assistance of Development Consultants who are charged with negotiation those contracts on our behalf, the following process shall apply:
 - i) Draft of contract sent to lawyer for input

- ii) Lawyers respond with recommendations
- iii) Recommendations sent to Development Consultant
- iv) Development Consultant negotiates contract to include recommendations from lawyer.
- v) In cases where legally recommended changes are rejected by the other party to the contract, MHI will proceed based on advice of legal counsel, our development consultants, and Board decision.

6. Purchasing Supplies:

6.1. MHI typically purchases supplies in five categories:

- 6.1.1. Utilities and similar contracts.
- 6.1.2. Office supplies such as stationery.
- 6.1.3. Office furniture and equipment.
- 6.1.4. Computer hardware and software.
- 6.1.5. Maintenance supplies such as cleaning materials, paint, or construction materials (drywall, timber etc).

6.2. Utilities and similar contracts:

- 6.2.1. Where prices are regulated and / or there is a sole source supplier, MHI will use the usual supplier.
- 6.2.2. Where industries are being de-regulated and limited alternatives may be available, staff will follow-up on available options to keep MHI costs as low as possible while limiting risk.
- 6.2.3. Where options are available, MHI will review contracts and alternatives with a view to making a value-for-money choice, normally once every 3 years and at least once every 5 years, or as dictated by contract.

6.3. Office supplies such as stationery:

- 6.3.1. Value for money depends on comparison of catalogue or web site prices for different suppliers from time to time, along with negotiation of any discounts that may be obtainable.
- 6.3.2. Staff will review alternative suppliers at least once every 3 years, and will undertake an as-needed review if significant price increases are put in place by the current supplier for high-use items.
- 6.3.3. All price negotiation and review of alternative suppliers will be documented.

6.4. Office furniture and equipment:

- 6.4.1. Generally, a best-buy review will be undertaken and documented, including review of used items where appropriate.

6.5. Maintenance Supplies:

- 6.5.1. MHI does not have storage or inventory capacity to purchase maintenance supplies in significant bulk. As well, convenience and staff time are significant components of the cost of obtaining supplies.
- 6.5.2. A documented best-buy review of catalogue or web site pricing, or obtaining prices by phone, will generally determine the supply source for larger purchases.
- 6.5.3. For ongoing routine purchases (nails, screws, caulk, paint, cleaning products, etc), staff will generally purchase from stores at which the Property Manager has established MHI accounts (having due regard for convenience of location and reasonably competitive pricing for regularly used items). The Property Manager may add or delete accounts from time to time depending on MHI'S needs and subject to an assessment that suppliers used are providing reasonably competitive prices. Such additions or deletions and the reasons for them will be documented.

7. Partnerships and Purchase of Service Agreements with Partner Agencies:

- 7.1. MHI recognizes that partnership opportunities may appear from time to time and that it may be in MHI's interests to pursue such partnerships, which may not be consistent with our normal competitive purchasing procedures. An example is development partnerships where access to land or tenant services or financing may be dependent on negotiation with a single potential partner. Every effort will be made in these situations to ensure value for money for MHI, but typical purchasing procedures will not necessarily be used. All such non-traditional approaches will be reviewed by the Board or Executive Committee before any tentative commitments are made.
- 7.2. Purchase of Service agreements may be made from time to time with partner agencies. Purchase of service agreements may arise from negotiated joint approaches to providing client service. These agreements are not subject to competitive process. (Note: Service agreements or protocols which do not involve financial elements are not considered purchase of service agreements).

8. Co-operative Purchasing Programs:

- 8.1. MHI may participate in co-operative purchasing programs where there has been a documented assessment that such participation is in MHI's interest to achieve lower prices through access to bulk purchasing and/or to reduce MHI's administrative costs because best value assessment has already been undertaken by those running the program. Examples are programs run by ONPHA .

8.2. Where MHI participates in such programs, the procedures of the co-operative purchasing program will replace MHI'S internal purchasing procedures for as long as participation continues.

9. Reimbursement of Expenses:

9.1. Staff, board members and volunteers may submit requests for reimbursement of expenses incurred on behalf of MHI such as travel costs. Any expense which is out of the ordinary or substantial should be reviewed with the Executive Director, President, or Treasurer (for board members or volunteers related to board committee work) to reach agreement on the availability of funds before the expense is incurred.

9.2. MHI does not provide expense reimbursement for entertainment outside of MHI sponsored functions unless by prior agreement with the Executive Director, President, or Treasurer, and for purposes which are clearly appropriate in the context of promoting MHI'S objectives.

1.2 PAYMENT OF INVOICES

All goods and services invoices are paid within the billing period stated by the vendor, or a maximum of thirty days, whichever comes first.

All invoices are dated when received and given to the Accounts Manager. All invoices under the amount of \$999.99 must be approved by a manager and over \$1000.00 by the Executive Director.

All invoices must show the amount of the HST charged and also show the vendor's HST number. If HST is not charged, the vendor must provide a letter saying she/he is exempt from charging HST.

As a charity, MHI is able to request a HST refund from Revenue Canada.

All payments will be verified for correctness against invoices by 2 signing authorities. Both signing authorities will initial the invoice to indicate that that they have completed the verification process which includes the following steps:

- Ensure pay to the order of name on the cheque matches the name on the corresponding invoice,
- Ensure the amount payable on the cheque matched the amount payable on the Invoice,
- Ensure the arithmetic is correct. This includes but is not limited to ensuring the HST tax is calculated correctly and that multiple items added correctly
- Verify that the goods and / or services were received.

This process is open to periodic review, as needed to ensure the appropriate checks and balances are in place, and to ensure smooth operations.

1.3 AUTHORITIES FOR ENTERING INTO CONTRACTS & MAKING PAYMENTS

Principles:

- The Board provides overall direction; approves operating and capital budgets; monitors compliance with board-approved policies and procedures; delegates authority to Board Committees and the Executive Director as appropriate.
- Committees provide additional monitoring in their special areas of interest, and may be given authority to act on behalf of the board for specific approvals or types of approval, as per their Committee Terms of Reference. Committees may also make recommendations to the board via their Board representative; but this does not preclude direct reference to the board by the Executive Director where the board has decision-making authority. Where the decision lies with the Board (including the Executive Committee acting between board meetings with the authority of the board), there is no requirement to go through a committee before going to the board for a decision. However, where an issue lies within the mandate of a committee, it would be usual for the committee to process items of a non-urgent nature before board review.
- The Executive Director is responsible to the Board for the operation of the organization within budgets and overall board direction. The Executive Director may further delegate to Managers and other staff.
- The Executive Director is responsible for providing information to the Board to ensure it can fulfill its monitoring role and has sufficient information to carry out its fiduciary responsibilities.
- The authority to sign documents making a commitment on behalf of MHI should reflect and be consistent with the authority to make a commitment and to bind the organization legally.
- The signing of cheques is carried out by two authorized signatories.
- The authority to sign cheques implies, when exercising the authority, a responsibility to take reasonable steps to ensure that proper procedures have been followed and that the payment is being made appropriately, given commitments that have usually already been made.
- Purchasing guidelines must reflect constraints imposed by funders.
- All purchasing and contractual commitments must be demonstrably free of conflict of interest. Procedures must reflect these requirements.

2. DONATIONS & FUNDRAISING

Regular fundraising activities cover the cost of internal subsidies offered to our tenants and allows us to provide below market rents to those in need. Additional Capital Fundraising Campaigns may be undertaken as needed with specified targets with the goal of increasing the available housing stock offered by MHI to those in need of below market rental accommodations.

3. CAPITAL EXPENDITURES

Capital assets include land, buildings and equipment retained for use on a continuing basis. Capital expenditures consist of:

- acquisition of new capital assets
- additions to or replacement of existing capital assets
- improvements which increase the capacity, quality, efficiency or life of existing capital assets
- replacement of major building components

Before any changes are made to properties, all relevant by-laws must be adhered to, including Building permits and plumbing or electrical inspections.

4. FINANCIAL RECORDS

All hard copies of financial records and supporting documents are stored for seven years, then destroyed with approval of the Executive Director. Documents eligible to be destroyed after seven years include:

- Accounts Receivable Adjustment Journal
- Accounts Receivable Invoice Posting Journal
- Bank Reconciliations
- Cash Receipts Journal
- Cheque Register
- Cheque Requisitions with attached invoices
- Deposit Slips
- General Ledger Posting Journal
- Payroll Register
- T-4 Slips
- Tax Records

Documents related to capital expenditures are stored forever.

Tenant files are stored for seven years, and then destroyed.

When a tenant moves out owing arrears or under special circumstances, this information is filed indefinitely for future reference. The Housing Manager keeps a list of past tenants who owe money to MHI. This can include charges for damages, keys, long distance calls, parking, groceries, and NSF fees, as well as unpaid rent and air conditioning charges.

5. STAFF PAYROLL

Payroll is processed by Dynapro Accounting Service on twice monthly schedule over 24 pay periods during the year. Pay day is every 1st and 15th of any calendar month and is deposited via direct deposit into staff accounts as provided by the staff

Regular, full time staff are paid on salary based on a 35 hour work-week.

Regular, full time staff accrue vacation, sick and personal leave. All staff must complete a Request for Leave Form available through the Office Administrator which is signed by the Executive Director. Personal and sick leave approval for the Executive Director shall be approved by the President of the Board, or Vice-President in the absence of the President.

All benefits and deductions are administered by Dynapro Bookkeeping Services and any repayment plans must be approved by the Executive Director.

Regular pay increases are sent to the Finance Committee and the Executive Director for approval and the submitted for processing. Regular pay increases for the Executive Director are approved by the Executive Committee of the Board of Directors.

6. STAFF & VOLUNTEER EXPENSES & REQUEST FOR FUNDS

6.1 WHEN STAFF AND VOLUNTEERS TRAVEL OUT OF TOWN FOR TRAINING/ CONFERENCES

- Staff and volunteers will pay out of pocket for their meals and other expenses (eg: transportation-for purposes of the conference or training, not personal side-trips) and submit an Expense Claim Form upon their return, specifying the event attended, **with receipts**, as per MHI guideline amounts.

6.2 PARKING AND MILEAGE

MHI will reimburse staff and volunteers who are required to use their vehicle for MHI business for parking costs (receipts or parking slip required). These expenses should be included on an Expense Claim Form. Mileage will be reimbursed as per guideline amounts and bus fare with receipt.