



Homeowners Association
Oakwoodha.org A Not For Profit Corporation

OHA Financial Controls OHAP 2.0

- 1. Purpose:** To delineate the processes and financial controls to be used by the OHA Board of Directors, OHA Committees, and the OHA Bookkeeper to manage the financial aspects of the Oakwood Homeowners Association.
- 2. Responsibility:**
 - a. The OHA President and all OHA Board Members are responsible for insuring that the OHA is operated per the below processes and procedures.
 - b. The OHA Treasurer is directly responsible for maintaining the OHA financial records, supervising all financial processes and collecting OHA dues and paying OHA expenses.
 - c. The OHA Bookkeeper shall maintain the OHA financial books under the direction and supervision of the OHA Treasurer.
- 3. Definitions:**
 - a. **OHA Treasurer:** OHA Board Member elected to the Treasurer position by the OHA Board. The Treasurer is accountable to the board for management of the day-to-day financial affairs of the OHA.
 - b. **OHA Bookkeeper:** An OHA employee or volunteer, reporting to the Treasurer, who is responsible for maintaining the OHA financial books.
- 4. Processes:**
 - a. **Payment of OHA Bills:**
 - i. The Bookkeeper shall:

1. Pick up mail at the OHA mailbox, process payments at least twice a month by the 15 of each month and by the end of each month.
 2. Obtain documentation for expense payments per Paragraph C below
 3. Print checks for payment; distribute payments and record transactions in QuickBooks or other computer software as specified by the OHA Board.
- ii. The Treasurer shall
1. Report monthly to the OHA on the status of OHA expenses as compared to the OHA Budget.
 2. Provide guidance to the OHA Bookkeeper or questions related to bill payment.
 3. Review payments and associated documentation.
 4. Verify that all payments meet OHA criteria.
 5. Sign OHA Checks before distribution.
 6. If the OHA Board determines that the Treasurer is incapacitated or other wise unavailable, then with majority vote, they can appoint an “Acting Treasurer” who will fill the duties of the Treasurer while incapacitated.
 7. In the Treasurer is not available for a short amount of time and a OHA check has to be issued, then any member of the board can sign such a check.
Authorization cards on OHA Bank Accounts.
- iii. Individual payments equal to or below \$1,500 shall be made bi-monthly, approved, and dispersed by the Treasurer based on the authority of the Treasurer.
- iv. Individual payments greater than \$1,500 shall be approved by the OHA Board before distribution of the payment
1. Approval will normally be obtained at the monthly OHA Board Meeting.
 2. Checks may be prepared for payment but not signed or mailed until board approval.
 3. In the event that circumstances dictate that a bill be paid before the next scheduled Board meeting, then the Treasurer may obtain approval for this payment from a majority of the Board via email.
 4. Approval shall be recorded in the minutes of the next OHA Meeting.

b. Reimbursements of Board Member or Committee Member for expenses incurred in behalf of the OHA.

- i. Reimbursement of out of pocket expenses incurred by Committee or Board Members shall be treated per 4.a above.

- ii. Reimbursements require a physical receipt for the expense from the business providing the materials or work.
- iii. If the event that receipts is lost, then payment requires a vote of the OHA Board before payment. This approval shall be per 4.a.iv.1-4 above.

c. Contract and Expenditure Controls

i. Contracted Work

1. All contracted work shall be by competitive bid, with at least two or more bidders, unless a majority of the board votes to give the work to a single vendor. Non-bid contracts shall be listed in the appropriate minutes of the meeting where the OHA Board approved the non-bid work.
2. Work shall be assigned to the lowest bidder that meets all bid specifications established for the work unless there is an overriding reason for picking other than the lowest bidder. Approval of the OHA Board is required before issuing a contract to other than the lowest bidder.
3. The OHA President shall sign all contracts. In the event that the President is absent, is unable or refuses to sign, then Article VIII, Section 8 shall apply and the Vice President shall sign in place of the President. The entire OHA Board shall be notified immediately when this is applied.
4. Copies of contracts shall be distributed per OHAP 1.0.
5. Contracts greater than \$5000 shall include a clause that requires the vendor to provide a certified list of all sub contractors and material suppliers associated with the OHA work submitted on each invoice and a waiver of lien from each for billed work prior to any payment being made.
6. Federal Tax I.D. Number.
 - The OHA Board Member or Chair Person responsible for hiring any work in behalf of the OHA, in excess of \$600 shall obtain a Federal Tax I.D. number for the company or individual

doing the work if that company is not incorporated.

- A Social Security Number can be substituted for the Federal Tax I.D. number if the work is to be performed by an individual and that individual does not have a Federal Tax I.D. number.
- The Treasure shall not pay any bills for this work until the Tax I.D. Number/Social Security number is obtained.
- The Federal Tax I.D. number shall be entered into Quick Books when obtained, under the vendor date section.
- The OHA Treasurer shall cause a Federal 1099 form be prepared for any individual with payments in excess of \$600.

ii. Work Certification:

1. The Treasurer shall verify the following, for each bill, before the Bookkeeper prepares a check for the bill:

- The expense is included in the approved OHA budget for the year.
 - i. Expenses not included in the OHA budget shall be approved by the OHA Board before payment. Approval shall be per 4.a.1v. 1-4 above.
 - ii. Expenses that exceed the budget for a specific budget line item shall be treated as unbudgeted and requires board approval before payment.
- That the work billed is covered by a Contract properly signed by the OHA President.
- That all work invoiced has actually been completed. This maybe be accomplished by an email from the appropriate Board member or Committee Chair stating that the work has been completed.
- The work was performed is in accordance with the contract. Verification maybe be by email from the appropriate Board Member or Committee chair stating that the work has been inspected and meets contract standards.

2. The Bookkeeper shall attached the written certification to the check stub and file it with the payment.

d. Monthly Financial Reporting to the Board

- i. The OHA Treasurer is responsible for forwarding the following to the OHA Board after the end of each month and at least one work day before the OHA Board Meeting.
 - 1. OHA Balance Sheet for the previous month.
 - 2. Actual vs. Budget Report – Year to Date

3. **Open Homeowner Invoice List**
 4. **Copies of all Bank Statements**
- e. **Other Financial Controls**
- i. **The Treasurer shall have a complete audit of the financial books conducted annually. This audit may be conducted by either:**
 1. **A team of Oakwood residents with accounting expertise.**
 2. **A Certified Public Accountant**
 - ii. **OHA Financial Records Back Up:**
 1. **The OHA Treasurer shall email or otherwise deliver to the OHA Secretary a current copy of OHA QuickBooks data (or data from other computer software) within 3 days after the end of each month.**
 2. **The OHA Secretary shall retain this copy for at least one year.**
 3. **The OHA Treasurer shall back up all additional documentation related to the OHA at the end of each month to a hard drive other than the one on which the documentation is normally saved or to separate backup media such as a CD.**
- f. **OHA Bank Accounts**
- i. **The OHA Treasure shall maintain OHA funds in bank accounts that meet the following criteria.**
 1. **Funds in any one bank do not exceed the amount insured by FDIC.**
 2. **Funds shall be maintain in either checking, saving or Certificate of Deposits. A balance shall be maintained between these financial instruments to maximize the interest earned by the OHA without exposure to overdrawing any account.**
 3. **All OHA Board Members shall be included on “signature cards” for each bank account.**
 4. **All members of the board shall be included on signature authorization cards on OHA Bank Accounts.**

Approved by OHA Board: 2/3/2005