

## **EXPENDITURE APPROVAL AUTHORIZATION POLICY**

**WHEREAS**, the approval of expenditures is a necessary component of the Association's operations; and

**WHEREAS**, it is necessary to ensure the proper internal controls exist to protect the use of financial assets of the Association.

**THEREFORE**, the following procedures will be used to approve and track Association expenditures.

The Association may use a management agreement or directly employ individuals to handle the financial affairs of the Association who would then be accountable for all aspects of processing Association expenditures.

### **APPROVAL OF EXPENDITURES**

1. For expenditures less than or equal to \$500, the approval for goods and services to be paid from Association funds, whatever the source, will be done by the HOA Supervisor. The HOA Supervisor will provide email notification of any approved expenditures to the Association Treasurer prior to the Board meeting.
2. For expenditures greater than \$500, but less than \$5,000, the Association President or other officer may approve the amount.
3. For expenditures greater than \$5000, two Association officers or one officer and one Board member may approve the amount. Generally, expenditures will be approved at a Board meeting.
4. Board members cannot approve their own reimbursements.

### **USE OF CONTRACTORS**

Invoices for consultants/contractors are considered open-ended contracts for time and materials that include, but are not limited to, accounting services, legal fees, consulting fees, temporary labor services, web master, newsletter editor, and other contractual services required to conduct business.

Invoices for consultants will be evidenced by a contract whose amount is approved in accordance with the foregoing approval levels and a detailed bill identifying dates of service, time charged, reimbursement rates, tasks performed and original receipts for materials reimbursements. All contracts with the Association must be signed by the President or Vice President and attested by the Treasurer.

### **ACCOUNTING PROCEDURES**

Accounting services shall include the pre-audit of invoices presented for payment and will be audited for accuracy and will use applicable forms and/or spreadsheets to process invoices.

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Association invoices will be processed in a timely and efficient manner in order to minimize late fees, penalties and interest charges. Any changes due to: payment made to incorrect vendors or incorrect amounts paid; checks that must be voided or re-issued, stop payments, adjustments requiring a journal entry and prior period adjustments must be requested in writing and initialed by the HOA Bookkeeper and approved by the Association President or Treasurer.

The financial expenditure records, funds and bank accounts will be reconciled on a monthly basis by the HOA Bookkeeper. The managing agent will ensure daily back-up of financial data.

Financial reports will be provided to the Board at regular Board meetings or upon request by the Board or an officer.

Original invoices that have been paid will be maintained by HOA Bookkeeper, using commercially available accounting software. At a minimum, reviews of the Association accounting practices will be conducted by members of the Board, the HOA Bookkeeper and the HOA Supervisor annually.

*Adopted by the Board of Directors on November 21, 2016*