

Audit of the Financial Records of the Bridlewood Community Association (BCA)

For the Years 2011-12 and 2012-13

Prepared May 2014

Opening Remarks,

In October 2013 I was asked by the President Margaret Kellaway, to carry out an examination of the financial records of the community association going back over the past 2 years. Margaret and the current Treasurer, Gillian Sullivan met with me and explained how the finances were captured and controlled as well as providing me the two binders containing the available financial records.

As past President I was familiar with the operating protocols of the organization and had a good grasp of the range of activities undertaken and what I should expect to encounter in examining these records. I also base my comments on observation of the association over the past two years through participation in various meetings and special activities.

This is not a professional analysis but is intended to provide a 3rd party review of the association activities and offer limited recommendations for improvements that may be incorporated in future.

General overview of Financial management procedures

Observations –

- The association has been in place for many years (+25) and has established a strong framework for the oversight and conduct of their financial affairs. The current Executive led by the President as well as their predecessors appear to demonstrate a strong sense of accountability for the public monies held and managed by the Association,
- Budgets are reviewed periodically by the Executive and established at the first meeting following the AGM for the upcoming year based on past expenditures and expectations of income as well as potential new disbursements,
- Activity updates are provided by the Treasurer periodically at regular association meetings so that members can be informed and ask questions on financial matters. The updates are entered in to the minutes. Hardcopy reports are from time to time handed out to members,
- Led by the President in conjunction with the Treasurer, the association appears to exercise appropriate care in exercising due diligence with investments and day to day expenditures.

Recommendations -

- Consider establishing a Finance subcommittee & web page to improve transparency and oversight.
- The Committee page could serve as a place holder for important docs such as budgets, etc
- Carry out a review of the Savings account – consider setting out some long term plans/guidelines for investment of Savings account funds

Budget setting & approval

Observations –

- An informal but effective approach for determining budgets has been in place for several years basically reflecting past expenditure practices. Areas that are targeted as high priorities include, for example the allocation of grants to schools, sports and youth groups in the community and investing in the BCA led Spring Sports programs. The association also ensures that sufficient funding is set aside for new programs;
- The association sets out budgets each year that respect the project income so that no deficits would occur;
- Proposed budgets are tabled and voted upon at the October meeting and final report of the previous year's budget is reviewed at the Annual General meeting

Recommendations -

- Budgets should be posted on website - ideally within the Annual Report but if not, then posted independently. (2009/10) appears to be most recent. This one was viewed as providing a good format.
- Consider setting out a priority list for allocation of discretionary funds through the establishment of appropriate community oriented criteria.

Managing Bank Accounts & Exercise of Fiduciary Control

Observations –

- The association maintains a chequing account at the TD Canada Trust located on Eagleson Road. This account is used for the day to day operations of the association.
- The association also holds Guaranteed Investment Certificates, effectively the savings account. The majority of funds in the accounted were generated many years ago through fundraising activities and from various municipal grants (former city of Kanata as well as city of Ottawa) with

the purpose of investing in dedicated recreational facilities (capital projects) for the Bridlewood community such as the Eva James Community Centre (Sound system 2003) and associated facilities situated at the Core Park "Deevy Pines". E.g. Skate Board Park, Storage bunker, etc)

- The Executive appear to well understand the parameters and restrictions associated with managing public funds and they respect the guidance they are provided as to engaging in commitments etc
- Expenditures over the last 2 years appear to have respected the budgets and spirit of the BCAs mandate – there were no evident situations where monies appeared to have been inadvertently directed to activities that were not already pre-determined within the budget
- Cheques to be issued required at least 2 signatures (Any 2 of the 5 Executive officers)

Recommendations –

- Prepare a simple One –pager that sets out the financial controls in place for the Association. This could be posted on the website.
- BCA Constitution should be posted on the Website - it had been there in the past but may have been lost in recent upgrades to the site.

Physical Records Examination

Recommendations -

- The current Treasurer with the assistance and oversight of the president ensured that binders were assembled for each of the past 2 years. A changeover in treasurers from 2011/12 made the exercise more difficult. The binders nevertheless were generally well prepared.
- Future binders should have the associated year's Budget printed and placed at the front.
- Recommend a Year-end statement from the Treasurer - simple letter would suffice (may be sourced from the Annual report)
- Ensure that all materials are appropriately filed under the appropriate tab.

Observations –

2012/13 Binder

I found that the association had assembled the paper records in good order, having pulled together everything for this operating year in a single binder. This 2nd binder of 2 provided, had been set up in the same fashion as that for 2011/12 but with evident improvements and greater attention to detail.

Records & Format:

The binder was set out, through the use of TABS, in the following fashion:

TABS

1. Budget Status Reports
2. Bank Statements
3. Monthly Records of Activities (starting October & running through the following September.)
Documents included, among others
 - a. Beanstream Internet Commerce Inc (BIC) Monthly Account Statements – BIC is the associations service provider for online processing of VIASA and MasterCard payments by association members,
 - b. President's Annual Report,
 - c. Personal Expense statements –such as those submitted by the President (usually one per month)
 - d. Various receipts (with covering e-mails or letters) from members or from outside service providers for association business, including services and products - in some cases sworn statements were included to serve as substitutes for receipts in the event they were either not furnished or lost,
 - e. City of Ottawa Grant related Deposit statements (Outdoor Skating Rink grants)
 - f. Annual "Directors" Insurance Invoices,
 - g. BCA Cash/Cheque Control Forms – the are prepared by any of the Executive as well as committee chairs to record cash and cheques e.g. President Kellaway monthly transactions that she personally processed e.g. cash and cheques received for memberships, spring sports registrations. Receipts were attached to these statements.
4. Investors Group Financial Statements

Note: Some loose financial statements were included at the front of the binder – one handwritten note listing missing documents, the other a more formal printed statement explaining major transfers or

expenditures sourced from the BCAs accounts (Handwritten note on same suggests that the Core Park fund info would be updated by B Merkley and the other note suggested that a balance from the TD account needed to be provided to the Executive.)

2011/12 Binder

I found that the association had assembled the paper records in good order, having pulled together everything for this operating year within a single binder.

Records & Format:

The binder was set out, through the use of TABS, in the following fashion:

TABS

1. Blue Folder – TD Canada Trust Chequing Account Statements with PDFs of cheques on reverse of each page. Sept 2011 through to and including Sep 2012.
2. Monthly Records of Activities (starting October & running through the following September.) Documents included, among others
 - a. Beanstream Internet Commerce Inc (BIC) Monthly Account Statements – BIC is the associations service provider for online processing of VIASA and MasterCard payments by association members,
 - b. Copies of Receipts with Treasurer notes as to related cheque payments (included in the month that payment was made) with numbers & other explanations.
 - c. Street Party Donation Forms
 - d. President's Annual Report,
 - e. Personal Expense statements –such as those submitted by the President (usually one per month)
 - f. Various receipts (with covering e-mails or letters) from members or from outside service providers for association business, including services and products - in some cases sworn statements were included to serve as substitutes for receipts in the event they were either not furnished or lost,
 - g. City of Ottawa Grant related Deposit statements (Outdoor Skating Rink grants)
 - h. Annual "Directors" Insurance Invoices,
 - i. BCA Cash/Cheque Control Forms – tables prepared by President Kellaway of monthly transactions that she personally processed e.g. cash and cheques received for

memberships, spring sports registrations as well as disbursements she made. Receipts were attached to these statements.

3. Investors Group Financial Statements

Note: A few documents found at the front of the binder included: 2 CDs , one titled BCA Treasurer Data and the other Money 2003. Additionally loose papers at the front of the binder included a EMC Community Newspaper invoice – indicated as Paid, a BCA Cash /Cheque Control Form one pager document, noting receipts for memberships and related financial data, loose BCA Financial Records statements – handwritten and typed - showing disbursements as paid through cheques as well as cheque stubs #401 through 426.)

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