

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

For the Years 2013-14 and 2014-15

Prepared April 2016

General Remarks,

In November 2015 I was asked by the Treasurer Gillian Sullivan to carry out an examination of the financial records of the community association going back over the past 2 years. , Gillian Sullivan provided me with the books (2 binders) for 2011/12 and 2012/13 in early January 2016. Prior to dropping off the binders Gillian sent me an e mail "Status Report" (December 21, 2015) in which she summarised the progress made against the recommendations contained in the Audit Report I had presented to the BCA in 2014.

As noted I had previously undertaken an audit of the BCA Financial Records for 2011/12 and 2012/13 in the Spring of 2014. I was happy to do so again this year, and to continue to assess the progress of the BCA against the recommendations of that first audit.

As before it is noted that this is not a professional analysis but is intended to provide an independent review of the association and its financial management activities and to offer limited recommendations for improvements that may be incorporated in future.

General overview of Financial Management procedures

Recommendations from 2014- **With BCA Responses in BOLD (Dec 21, 2015 Status Report)**

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

New Audit Observations/Recommendations 2016 –

- The association continues to strengthen its operating protocols as evidenced by the progress made in implementing the recommendations of the 2014 Audit.
- Budgets continue to be 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 continue as before,

- The new Finance web page offers up the basic budgetary documentation necessary for public transparency. The forms and templates also allow the public to see how financial information is collected and managed.
- It is recommended that the capital funding held by the BCA and the existing decision making principles as well as administration of said funds be included on the BCA Finance page as well as a tab be included in the binders .

Budget setting & approval

Recommendations from 2014- **With BCA Responses in BOLD (Dec 21, 2015 Status Report)**

- 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. **DONE**
- Consider setting out a priority list for allocation of discretionary funds through the establishment of appropriate community oriented criteria. **NOT COMPLETED**

New Observations/Recommendations 2016 –

- The Binders contain the approved budget dated October 2013 as well as October 2014. Expenditure items are clearly explained and a column is included to mark down actuals as they were incurred against each line budget item through the year.
- Monthly budget reports included showing expenditures as they were incurred. Subsequent months show the total cumulative expenditures through to the final printout in September, representing the final Year- end report. Some additional commentary is provided from the Treasurer to offer further notes and explanations.

Managing Bank Accounts & Exercise of Fiduciary Control

Recommendations from 2014 – With BCA Responses in BOLD (Dec 21, 2015 Status Report)

- Prepare a simple One –pager that sets out the financial controls in place for the Association. This could be posted on the website. **BCA has indicated that this has been drafted but it needs to be reviewed with the new President for approval before being posted.**
- 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. **This has been done; posted on the What is BCA? page under About Us.**

New Observations 2016 –

- Record keeping is better overall than was observed during the 2014 audit e.g. receipts are more clearly explained and justified and when appropriate linked to cheques issued for cost reimbursements etc. Management of accounts continues to be well taken care of and the adherence to better administrative practices will no doubt further contribute to improvement.

Physical Records Examination

Recommendations from 2014 -

- 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. **No response provided or expected from BCA.**
- Future binders should have the associated year's Budget printed and placed at the front. **BCA advises this has been done. Confirmed.**
- Recommend a Year-end statement from the Treasurer - simple letter would suffice (may be sourced from the Annual report). **The Treasurer has provided short text with the final budget report for the year including mention of the 2014 Audit. This is an improvement over past years.** It is recommended that in addition to being included with the Minutes the Audit reports also be posted on the website on the Finance Committee page. **This has been done.**
- Ensure that all materials are appropriately filed under the appropriate tab. **This has been done.**

2013/14 & 14/15 Binders

Both binders had improved over those examined during the first audit of 2014. Records are now clear and well packaged in an easy to follow format as well as more extensive in content.

Records & Format:

Binders are set out, through the use of TABS, in the following fashion:

TABS

1. Budget Status Reports- **as before**
2. Bank Statements –**as before**
3. Monthly Records of Activities (starting October & running through the following September to reflect the Operating Year of the association.) - **as before**

4. Investors Group Financial Statements - **as before**
5. **New Tab added for Insurance** – This includes information on the Community Association Partnership Insurance program entered in to in conjunction with the city of Ottawa. It also includes the separate so called Directors Insurance (Management Liability Insurance) for the BCA Executive members. This is considered a good addition to the contents of the binder.
6. **New Tab added for Banking Authorization (starting with the 14/15 binder)** –Included here is the Business Access Service Schedule form the TD Bank. It includes the signature page as well showing the authorized signatures of the BCA for banking privileges. This is also a good addition.
7. **New Tab added for Multi Year Contracts (starting with the 14/15 binder)**- This was evidently introduced to allow inclusion of ongoing contracts such as those with the Website host. One invoice on this is included. It is anticipated that these will be expanded upon with other documents in the future. Again this is a good addition.

Note: In previous binders loose documents had been included. The current binders appear to be well ordered and documents are all included/attached under the appropriate tabs.

Final comments –

- Recommend that the meeting minutes at which time the 2014 Audit report were presented be posted on line (June 2014) It would be useful to get them up if possible to ensure that the presentation of the Audit Report is recorded and findings made available with the other important BCA materials. **(This was completed as of April 1st)**
- A blurb on the Finance Web page about the decision of the BCA to establish an independent audit regime (it had been talked about for many years) and the subsequent commissioning to prepare the first one and tabling it in 2014 would be a demonstration to all members and stakeholders of the BCA (city of Ottawa particularly) that BCA takes its financial management seriously. I
- Further to the previous comment the existence of the binders should be mentioned - e.g. that the BCA practices sound and thorough documentation methods of financial activities by collating all the records each year and "settling" the books.

It has been a privilege once again to have been invited to undertake this review. I commend the Association, and the Treasurer more particularly with the progress that has been made and the willingness to take further steps to continue to improve financial management practices.

Kevin Boyd

Past President BCA,

Kanata (Ottawa)