

First Hyland Greens Association

Expenditure Approval, Bidding, Contract and Payment Procedures Final Approval 5/21/19

EXPENDITURES

The authority to approve expenditures of Hyland Greens funds is inherently vested in the Hyland Greens Board of Directors acting as a group during Board meetings. Because it is impractical to have the Board review and approve all individual expenditures and because of the need to sometimes act quickly to have repairs made, the Board has approved the following delegations and approval procedures. The annual budget is prepared to estimate and plan for the regular and contingent financial needs of the Association. As a Board, we are the stewards of our Association's resources. There is an expectation that this responsibility is executed in a thoughtful and careful manner.

Expenditures over \$1,000 must be pre-approved by the Board except for utility bills which may be paid by the management company. Expenditures less than \$1,000 may be made by any Board Member responsibility acting as a Committee Chair or Officer without approval of the Board, provided the funds for those expenditures are available in the adopted Budget. NOTE: The existence of available funds in the budget does not convey carte blanche approval to spend those funds. It is expected that prudence and good judgment will prevail. The Chairperson for Pools, the Chairperson for Greenbelts, and the designated project manager may approve expenditures up to \$2,500 provided the funds for those expenditures are available in the adopted Budget or otherwise approved by the Board

EXPENDITURE GUIDELINES

		Exceptions	
	Pre-Approved by Board	Board members in area of responsibility as a Committee Chair	Pool, Greenbelt, Activities and designated Project Chairs
ALL	over \$1,000	Equal or less than \$1,000	up to \$2,500
		if funds available in adopted budget	if available in budget or with board approval

BIDDING

		Exceptions
Below \$1,500	Bids not required	Emergencies
\$1,500 - \$2,500	Minimum of two bids	Not required for existing contractors
Over \$2,500	Three formal written bids	

Urgent Situation Approvals

When a situation arises where a repair or other expenditure must be made before the next Board meeting and the projected costs exceed the delegations of authority granted above, then the following process shall be used. The Board member initiating the necessary expenditure must attempt to contact the Officers of the Board, explain the situation, provide an estimate of the costs, and describe why this cost must be incurred prior to the next Board meeting. If at least two Officers, neither of which can be the initiating board member, approve proceeding with the expenditure, the Board Member may proceed with the expenditure. Any such expenditure under these emergency provisions must be reviewed and confirmed at the next Board meeting.

If a true emergency exists where there is risk to people, property, or the environment, the Board Member addressing the problem may proceed without prior approvals to get the situation under control. Once the situation is under control, that Board Member is obligated to follow the Urgent Situation approval process above to provide information to the Officers and the Board. It is understood that the actions and expenditures initiated by a Board Member acting under this emergency provision are legitimate expenses of the Association.

BOARD APPROVAL PROCESS

To facilitate board approval, all expenditures over \$1,000 are to be accompanied by copies of proposals and cost comparisons between alternate suppliers or approaches. In addition, the proposal will be accompanied by a standardized project request form that would serve as 1) an overview of the details of the project and 2) a checklist of possible regulatory requirements such as building permits or ODP review. Additional critical information about the project will include, but not be limited to, alternatives, costs, contingencies, dates and the recommended project manager.

Upon approval, the Treasurer will assign a general ledger(s) account number to be used for the project.

BIDDING

In order to assure that the Association pays reasonable prices for services and materials, the Board supports competitive bidding. Because it is impractical to bid everything, the Board has approved the following procedures.

All expenditures below \$1,500 are excluded from the requirement for formal bids; Board Members are expected to use reasonable judgment to get reasonable prices. Expenditures between \$1,500 and \$2,500 require a minimum of two separate bids, but these bids may be telephone bids or informal bids which are documented by the Board Member. A summary of these informal bids must be submitted in the board-packet prior to the meeting that a motion will be made to approve any bids between \$1,500 and \$2,500. Above \$2,500 the Board Member must get a minimum of 3 formal, written bids. The formal bids must be submitted in the board-packet prior to the meeting that a motion will be made to approve any bid above \$2,500. Under emergency circumstances, these bidding requirements do not apply. While low cost is always an objective, other factors enter into supplier selection including the ability to provide the need service or product, quality of work, service performance and management characteristics.

For contractors with which the Association already has a written agreement for services (examples: Pool Contract, Greenbelt Contract, or General Services Contract) and that agreement specifies rates for additional services, separate bidding is not required up to \$2,500. However, the standard expenditure approval procedures do apply. Where expenditures above \$2,500 through one of these pre-approved agreements make sense to the Board from a financial perspective, the Board may exempt that expenditure from these bidding requirements.

For contracts which occur each year in essentially the same form (such as for the pools or greenbelts), the Board may enter into an agreement with the same contractor for up to three additional one year periods without annual bidding. Such renewed agreements may have adjustments in services and costs which are deemed appropriate by the Board.

CONTRACTS

Where the Association is purchasing services or buying products, it is in the interests of the Association to have a written agreement which protects the Association's interests. However, it is impractical to have written agreements for many of the Association's expenditures and therefore the Board has adopted the following procedures.

For purchases of goods where installation of that product is not a part of the purchase, written agreements with specific wording protecting the Association shall generally not be required. Purchases of goods costing above \$1,000 should have a written agreement and a determination that the Board Member believes the agreement reasonably protects the Association.

Where the Association is entering into an agreement where the contractor's personnel will be performing functions on Association property, the agreement with the contractor shall include requirements that the contractor furnish the Board with proof of liability insurance suitable for the job and proof of Workers Compensation Insurance (may be a separate addendum to the written contractor's agreement). Where the agreement is up to \$2,500, the Board Member/Board may waive this requirement provided that the Board Member makes a determination that the risk to the Association is minimal. An agreement over \$2,500 and less than \$10,000 shall require these provisions unless the full Board agrees to a waiver of these conditions. Any agreement over \$10,000 shall require an agreement containing these provisions (or an addendum to the agreement) and should contain additional provisions reflective of the work to be done and the need to protect the Association.

All agreements and contracts exceeding \$2,500 shall be approved and signed by two Officers of the Board of Directors. Agreements and contracts up to \$2,500 may be approved and signed by the appropriate Board Member.

WORK ORDERS

The Management Company's work order system will be used for contracts and one-off purchases. Recurring utility expenses are excluded from the use of the work order process. Check requests for special expenditures or individual reimbursement are excluded,

Payment

Payments will be made in three different ways depending on the source of the payment request.

For utilities (water, electrical and telecom services), the management company is authorized to make payments directly to the provider against the associated general ledger account.

For invoices against a work order, the authorized committee chair/project manager will approve the payment, the payable will be entered into the system, and the work order will be updated. Within the week prior to the monthly board meeting, copies of checks and supporting documents will be sent to officers for review. Any questions or checks that need to be held or researched must reported back to the management company at the time, otherwise, **it will assumed the checks are approved** and can be presented to the appropriate officers at the board meeting for signature.

For miscellaneous expenses and reimbursement of expenditures by board members or other authorized committee members, a standardize Request for Check Form must be completed and sent to the Officers and committee chair (if applicable) for approval. Upon approval, the Treasurer will forward to the management company to set up for payment. Requests for checks must be submitted to the Treasurer prior not less than ten (10) days prior to the next board meeting.

PAY IN ADVANCE

Under certain circumstances suppliers may require payment in advance. The management company can assist us with this. In these cases, a Request for Check must be provided to the Treasurer for authorization and transmission to the management company.

DOCUMENT RETENTION

The Board has made the decision to utilize a management company for administrative tasks including processing, storage and retention of documents. All materials related to bids and contracts including supporting material shall be provided to the management company for storage and retention in accordance with the management company contract provisions.

Definitions:

Expenditure is defined as the determination to spend Association funds by an oral or written commitment to some person/company subject to the guidelines in this policy.

Bidding is defined as getting competitive price quotations from responsible sources for the purchase of any service or goods and awarding the contract per the evaluation criteria listed in this policy.

Contract or agreement is defined, as any written or verbal agreement to purchase a service or supply and that is enforceable under Colorado law.

The original administrative policy is signed by the Secretary and is held as part of the First Hyland Greens Association's records. For security reasons the signature is not shown on this electronic copy.

Joe Armstrong

Secretary – First Hyland Greens Association

May 21, 2019

Date Approved by Board