

Condominium Home Owners' Association

Serving BC's Strata Property Owners since 1976

Bulletin: 300-189

Condo Smarts

Headline: Financial irregularities too common

Topic: Strata financials

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Financial irregularities and sometimes even fraud are common complaints filed with our offices.

Here are just a few recent complaints along with simple solutions and best practices to avoid the traps of financial conflicts in your strata.

Q: Our strata council draws funds from our bank machine to re-supply petty cash.

A: ATM cards should only be for deposit purposes. If the strata uses petty cash, it should only be reimbursed with proper receipts and by a cheque to record the transaction.

Q: Our strata has spent more than \$10,000 on gardening supplies, but our landscape budget is \$3,500.

A: Credit or borrowing of funds must be approved by a $\frac{3}{4}$ resolution of the strata corporation before they are authorized. Credit cards are a serious danger for the strata as often purchases are made that are not approved or there is no funding. Several strata corporations have been forced to collect special levies this year to cover excessive credit purchases not authorized.

Q: Our treasurer issues a cheque to himself each month to pay for supplies and materials, and no one is allowed to see the receipts.

A: Council members should not sign cheques made out in their own names. Either increase the number of signing officers or direct your manager / council to approve all expenses in writing in advance. If the strata treasurer / manager is not willing to provide copies of receipts, then your strata has greater problems. An audit is likely the next step.

Q: The property manager refuses to give us copies of our investment certificates.

A: Term deposits and banking accounts must be in the name of the strata corporation. Copies of the certificates and bank statements must be provided within 14 days of written request. This is potentially a compliance issue to be reported to the Real Estate Council and a contractual violation. It might be time for a new manager.

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