

**TORONTO COMMUNITY HOUSING CORPORATION  
FINANCIAL CONTROL BY-LAW NO. 3**

**Back to report**

**To confer certain authorities and responsibilities with respect to the commitment of funds and the payment of accounts of the Toronto Community Housing Corporation and other related matters.**

WHEREAS the Board of Directors (the "Board") of Toronto Community Housing Corporation (the "Corporation") enacted By-Law No. 2 related generally to the conduct of the business and affairs of the Corporation; and

WHEREAS said By-Law No. 2 in Section 6.03 (2) (b) confers certain authority upon the Corporation's Chief Executive Officer to commit the Corporation contractually; and

WHEREAS the Board has determined to repeal Section 6.03 (2) (b) of By-Law No. 2 and replace it with this Financial Control By-Law.

NOW THEREFORE the Board HEREBY ENACTS as follows:

1. Definitions:

In this by-law:

"Account" means a financial liability of the Corporation arising from a commitment and evidenced by any invoice, pay sheet, receipt or other document indicating payment is due for the goods or services specified in the account;

"Approval of Board" means the funding approval authorized by the adoption of interim and/or final operating budgets or the capital budget and includes the approval of a project in a capital budget by the Board;

"Capital Budget" means the annual, Board approved budget for capital projects;

"Capital Project" means an undertaking in respect of which an expenditure is incurred to acquire, improve and maintain land, buildings, engineering structures, machinery and equipment, including installation of computer software;

"CEO" means the Chief Executive Officer of the Corporation;

"Commitment" means a contractual obligation for the purchase of goods, services or construction, including the execution of any document evidencing the obligation;

"Expenditures" are payments for obligations incurred by the Corporation in delivering the services prescribed in its mandate;

"Management" means the CEO and other senior executives of the Corporation;

"Net Income" means Revenues/Sources of Funds less Expenditures/Uses of Funds;

"Operating Budget" means the annual, Board approved budget for revenues and expenditures;

"Property" means buildings managed by the Corporation;

“Revenues” mean all tenant rents and subsidies, net investment earnings, and other income earned by the Corporation in delivering its services.

2. Sole Authority

Except as otherwise provided in this By-Law, the Board has the sole authority for approving funding to operating and capital budgets.

3. Purpose

The budgeting, commitment of funds and payment of accounts of the Corporation shall be carried out in accordance with the provisions of this By-Law.

4. Applicability

The provisions of this By-Law shall apply to all Departments of the Corporation.

Part I  
Budgets

5. Operating Budget

The Board, in adopting the total of all sums required during the year for the operating purposes of the Corporation shall determine the operating budget required to provide for the sums required for every purpose and the sums required for the various categories of purposes.

6. Capital Budget

The Board, in adopting the capital budget, shall determine the sums required for each capital project listed in the capital budget and each sum provided therefore shall be a capital account.

7. Spending Authority – Operating Budget

- a. The operating budget approved by the Board establishes the planned revenue and expenditure levels for the Corporation. Spending or funds control is based on the net income.
- b. Management may reallocate revenues and expenditures to meet the budgeted net income or loss. Reallocations of revenues and expenditures over \$500,000 must be reported to the Board. Board approval is required if the net income or loss per the approved operating budget is expected to change by more than 10% or \$1,000,000, whichever is greater.
- c. At a minimum, the CEO shall provide the Board a quarterly report comparing budgeted revenues and expenditures to the actual revenues and expenditures.

8. Spending Authority – Capital Budget

- a. The capital budget approved by the Board establishes the spending authority for capital projects.
- b. Individual capital projects over \$500,000 require Board approval. These individual projects will typically be approved as part of the capital budgeting process.

- c. The CEO shall have the authority to approve change purchase orders and contract amendments for capital projects, as follows:
  - i. For contracts where the original contract value was in the CEO's authority specified in specified in Section 10 b. of this Financial Control By-Law, at an amount less than 20% of the amount exceeding the authority specified in Section 10 b. of this Financial Control By-Law;
  - ii. For contracts where the original contract value exceeded the CEO's authority specified in Section 10 b. of this Financial Control By-Law and was approved by the Board, at an amount less than 20% of the original contract amount.
- d. For each capital project, the CEO shall report to the Board:
  - i. All change orders and contract amendments individually in excess of \$500,000 and
  - ii. The sum of all change orders and contract amendments, when that sum exceeds \$500,000.
- e. Management may reallocate funds among capital projects, as long as this reallocation does not result in an increase in the capital budget. Reallocations of funding for capital projects over \$500,000 shall be reported to the Board.
- f. At a minimum, management shall provide the Board a quarterly report comparing budgeted capital expenditures to actual expenditures plus contract commitments.

Part II  
Board Approval

9. Approval

No Commitment shall be made, no debt shall be incurred, no expenditure shall be made and no Account shall be paid by or on behalf of the Corporation, except with Board approval and in accordance with the provisions of this Financial Control By-Law.

Part III  
Commitments

10. Spending Authorities

- a. The CEO may delegate spending authority to any management or staff member. In delegating spending authority, the CEO shall formulate and maintain a current schedule specifying the delegation of financial signing authority within the Corporation, including commitment and payment authorities.
- b. The CEO, or his or her designate, may make a commitment, not exceeding \$500,000.00 in any one instance, provided that the funds have been provided in an operating budget or capital budget. Any such amount shall be inclusive of all taxes and related charges.

- c. The CEO, or his or her designate, may make a commitment, not exceeding \$250,000.00 in any one instance, if the funds have not been provided in an operating budget or capital budget. Any such amount shall be inclusive of all taxes and related charges.
- d. Notwithstanding the requirements of Sections 10. b. and 10. c., the CEO, or his or her designate, is delegated standing authority to pay routine, budgeted expenditures, including specific property management costs for utilities, taxes and mortgage principal and interest payments, as well as payroll and related benefits.
- e. The CEO shall have the authority to approve change purchase orders and contract amendments, as follows:
  - i. For contracts where the original contract value was in the CEO's authority specified in specified in Section 10 b. of this Financial Control By-Law, at an amount less than 20% of the amount exceeding the authority specified in Section 10 b. of this Financial Control By-Law;
  - ii. For contracts where the original contract value exceeded the CEO's authority specified in Section 10 b. of this Financial Control By-Law and was approved by the Board, at an amount less than 20% of the original contract amount.
- f. In cases of emergency, and with the approval of the Chairman of the Board, or his or her designate, the CEO, or his or her designate, has the authority to commit the Corporation contractually in excess of the amounts stipulated in Sections 10 b., c. and d., above.

Part IV  
Authority for Write Offs and Disposition of Assets

11. Authority for Write Offs

The CEO, or his or her designate, is authorized to write off outstanding amounts owing to the Corporation as uncollectible. Write offs of amounts owing to the Corporation in excess of \$250,000 per occurrence must be reported to the Board.

12. Disposition of Assets

All asset disposals over \$250,000 shall be reported to the Board. The CEO, or his or her designate, is authorized to sell or otherwise dispose of assets owned by the Corporation, except in either of the following cases:

- a. The net book value of the assets being disposed of exceeds \$500,000, which requires Board approval; and/or
- b. The disposition of assets involves real estate property, which requires Shareholder approval.

Part V  
General

13. Repeal/Amendment

Subject to Shareholder Direction, the Board may repeal or amend all or any part of this By-Law.

14. Section 6.03(2)(b) of By-Law No. 2

Section 6.03(2)(b) of By-Law No. 2 of the corporation is repealed.

15. Effective Date

This By-Law shall come into force on the 28<sup>th</sup> day of October 2002.