

## RESULTS: Co-op Coalition survey on Checks & Balances for small co-ops 9-2015

---

From: cooperativesdc@aol.com

To: cooperativesdc@aol.com

Date: Tuesday, October 20, 2015 at 04:00 PM EDT

---

Thanks to the five members who responded to this survey. I hope you find the responses helpful.

Mike O'Dell, Director  
DC Cooperative Housing Coalition  
[www.CoopsDC.org](http://www.CoopsDC.org)  
[CooperativesDC@aol.com](mailto:CooperativesDC@aol.com)

*You are receiving this e-mail blind-copied to protect your privacy.*

*For some strange reason, I was unable to attach the file with the results. Rather than delay giving you the results any longer, I am pasting them below in this e-mail:*

### **Co-op Coalition Survey: Checks & Balances (Small Co-ops)**

Thanks to the five members who responded to this survey. I hope you find the responses helpful.

Mike O'Dell, Director  
DC Cooperative Housing Coalition  
[www.CoopsDC.org](http://www.CoopsDC.org)  
[CooperativesDC@aol.com](mailto:CooperativesDC@aol.com)

-----  
Dear Coalition Representative,

Below is a set of questions from a small (20-unit) co-op. Because of their size and needs, this survey is being sent only to small co-ops with 30 or fewer units. Like many small co-ops, much of the work falls on the board. They would like your help. Below are their questions. Please respond by 5pm, Friday, October 9.

Thanks for your help,

Mike O'Dell, Director  
DC Cooperative Housing Coalition

*This e-mail is being sent blind-copied to protect your privacy.*

1. We are working to add more "checks and balances" between the board, the management company, and the finances to prevent fraud and waste as well as to help ensure we receive quality services.
2. What controls does your Cooperative use?
3. Does your Coop review all invoices before the management approves payment to verify that the services were provided?
4. Does your management company share a copy of all contracts with your Cooperative?
5. If you do not review and approve invoices prior to payment, does your management communicate with the Coop to ensure the services were provided and they meet the terms of the contract?

Thank you, we appreciate your input and support!

<p>&lt;30 units</p>	<p>1. We are working to add more “checks and balances” between the board, the management company, and the finances to prevent fraud and waste as well as to help ensure we receive quality services.</p> <p>2. What controls does your Cooperative use? I'm afraid we have no formal controls (other than the annual audit of our financial statements). All four owners are members of the Board.</p> <p>3. Does your Coop review all invoices before the management approves payment to verify that the services were provided?</p> <p>4. Does your management company share a copy of all contracts with your Cooperative? No, we review no invoices or contracts.</p> <p>5. If you do now review and approve invoices prior to payment, does your management communicate with the Coop to ensure the services were provided and they meet the terms of the contract? No. If we are not satisfied with the services provided we take it up directly with the management company representative assigned to our coop. Most services are of a routine nature, so are not likely to be controversial. We have a resident caretaker who is tasked with the internal management of the building and who thus has his eye on all such services. At our annual review of next year's budget all cost items are covered in detail; all owners and the management company representative are present at this meeting. Thank you, we appreciate your input and support!</p>
<p>&lt;30 units</p>	<p>The issue of checks and balances and procedures between our Board and the management company is one that we need to clarify and make routine. We would benefit from learning about the standard procedures being used by other small co-ops.</p> <p>At the moment the Board President signs contracts for and approves expenses all "non-routine" contracts (e.g. plumbing and exterior door lock repairs,). Routine contracts (e.g. janitorial services, pest control, and laundry machine service) are signed by the Board President and the Management Company pays the invoices without getting advance approval. The Board thus has copies of all contracts and receives copies of all paid invoices each month. There is no systematic checking to ensure that the services meet the terms of the contract, a weakness we are currently trying to correct.</p>
<p>&lt;30 units</p>	<p>1. <i>We are working to add more “checks and balances” between the board, the management company, and the finances to prevent fraud and waste as well as to help ensure we receive quality services.</i></p> <p>2. What controls does your Cooperative use? <i>The Board receives monthly detailed financial statements from our management company that list all expenditures as well as income. The Board also receives copies of monthly bank statements for our operating account (checking) and reserves. The Treasure as well as others on the Board review this information. If necessary, further information or clarification is requested of the property manager. Also, an annual audit is conducted by a CPA firm.</i></p> <p>3. Does your Coop review all invoices before the management approves payment to verify that the services were provided? <i>Except for non-routine or very large expenditures, the Board does not review all invoices before the management company approves payment. Thus, utilities, routine maintenance and repairs, desk staff salaries, trash collection, licenses, etc., are paid by the management company without prior review or approval by the Board. However, the Board does review invoices for non-routine expenditures prior to payment.</i></p> <p>4. Does your management company share a copy of all contracts with your Cooperative? Yes.</p> <p>5. If you do not review and approve invoices prior to payment, does your management communicate with the Coop to ensure the services were provided and they meet the terms of the contract? Yes.</p>
<p>&lt;30 units</p>	<p>1. <i>We are working to add more “checks and balances” between the board, the management company, and the finances to prevent fraud and waste as well as to help ensure we receive quality services.</i></p> <p>2. What controls does your Cooperative use?</p>

	<p><i>a. Review monthly financial report, inquire of questionable financial information, review paid invoices on as-needed basis, review all service contracts/increases and insurance policies on an annual basis (if available)</i></p> <p><i>b. Maintain running list of unresolved issues and time frame of responses from property manager; if no or little response received, escalate to property manager's supervisor or the Board takes on the follow up/project themselves</i></p> <p><i>c. Obtain a copy of the draft budget from management company and make significant revisions due to lack of useful information provided</i></p> <p>3. Does your Coop review all invoices before the management approves payment to verify that the services were provided?  <i>No, too time consuming. However, we have considered it based on lack of service contracts maintained by the management company and issues with contracted project results.</i></p> <p>4. Does your management company share a copy of all contracts with your Cooperative?  <i>We have to ask numerous times for the management company to provide these, and the response has been that they do not have a copy of the service contract or the contracts are from many years ago with no paper trail of renewals or fee increases. This year we started maintaining our own copy of service contracts and will obtain renewals on an annual basis going forward.</i></p> <p>5. If you do not review and approve invoices prior to payment, does your management communicate with the Coop to ensure the services were provided and they meet the terms of the contract?  <i>More often than not, management company does not communicate well or timely with the Coop to ensure the services were provided and meet the terms of the contract.</i></p>
<p>&lt;30 units</p>	<p><i>(2) All Board members receive a monthly management report, which consists of all invoices, copies of checks, copy of the daily ledger balance, copies of all contracts, bank statements etc. In addition, outside accountants do our taxes and conduct an audit.</i></p> <p><i>(3) No, we don't review prior to payment.</i></p> <p><i>(4) Yes, we get all contracts</i></p>