



BC Housing



BRITISH  
COLUMBIA

# Housing Provider Kit

## Management Performance





# Management Performance

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# Chapter 1

## INTRODUCTION

This *Management Performance Guide* is one in a series of guides designed to help non-profit societies and housing co-operatives manage affordable housing developments. Together, these guides provide detailed reference material and form a comprehensive Housing Provider Kit that covers key areas of housing management, including:

- Operations
- Financial Management
- Governance
- Maintenance
- Management Performance

Following the practices outlined in these guides will enable your organization to operate safe, secure, affordable housing communities that:

- Demonstrate excellence in management and maintenance.
- Provide residents with secure tenure and opportunities to participate in decision-making.

Your organization owns and manages the development, because community groups are in the best position to understand and meet local housing needs. BC Housing plays a dual role as a resource and monitoring agency. We provide the subsidies you need to run the development, and review the administration and use of public funds to ensure housing program goals are met.

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For a copy of any of these guides, contact BC Housing's Home Office at 604-433-1711, or visit our Web site at [www.bchousing.org](http://www.bchousing.org), and select the Housing Provider Kit in the Housing Provider section.

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## What's in this Guide?

In chapter one of the *Management Performance Guide*, we list the most Frequently Asked Questions about management performance, with answers, for quick reference. You'll also find these FAQs on our Web site at [www.bchousing.org](http://www.bchousing.org)

Chapter two describes BC Housing's roles and responsibilities and lists our operating standards for well run affordable housing developments.



In chapter three, we explain the operational review process designed to assess how well your management systems are working in five key areas: maintenance, finance, resident relations, record keeping and human resources. We also outline the support available to help you implement any remedial action required to improve the quality of your housing services.

Chapter four lists the best practices resources available to help housing providers manage housing portfolios and prepare for the operational review with BC Housing, using recognized standards for success.

And in chapter five, we explain the purpose of BC Housing's financial review process and the electronic profile we use to identify housing providers that need support.

## Frequently Asked Questions

### **What's the purpose of an operational review?**

BC Housing reviews the operation and management of affordable housing developments to assess whether housing providers are:

- Delivering an appropriate level of service to residents.
- Ensuring health and safety standards are met.
- Operating the development in a fiscally responsible manner.
- Meeting the terms of your operating agreement.
- Maintaining the physical structure and grounds of the development.

The review process identifies strengths, areas that need improvement, and the level of support housing providers need to manage affordable housing developments efficiently and effectively. Refer to chapter three on page 9 for more information on operational reviews.

### **What's covered in an operational review?**

The operational review is divided into five modules that cover key areas of affordable housing management in detail, including:

- Maintenance Management
- Financial Management
- Resident Management
- Information and Records Management
- Human Resources Management



### **What are best practices?**

Best practices include strategies, practices and management tools that have worked well for organizations, and produce superior performance when adapted and implemented elsewhere. Refer to chapter four on page 18 for more information on best practices.

### **How can best practices help us?**

Best practices information and resources will help housing providers:

- Manage housing portfolios effectively and efficiently.
- Compare performance to recognized standards.
- Measure success/identify challenges.
- Establish business priorities and a plan for improvement.
- Orient new Board and executive members.
- Prepare for the operational review with BC Housing.
- Be creative in solving problems.

### **Where can I find out more about best practices?**

Contact the BC Non-Profit Housing Association at 604-291-2600 or 1-800-494-8859 for more information on best practices. Or visit the BCNPHA Web site at [www.bcnpha.bc.ca](http://www.bcnpha.bc.ca), which contains a best practices *Self-Assessment Tool* and links to information and resources housing providers can use to achieve the best practices in each category. (Available in late 2002. There will also be a link to the *Self-Assessment Tool* in the *Resource Directory* on BC Housing's Web site at [www.bchousing.org](http://www.bchousing.org).)

Housing co-ops can contact the Co-operative Housing Federation of BC at 604-879-5111 or 1-866-879-5111, or visit the CHF BC Web site at [www.chf.bc.ca](http://www.chf.bc.ca). CHF BC offers workshops, consultation services and resource materials to help co-ops manage and govern effectively.



## Chapter 2

### OPERATING STANDARDS

## Roles and Responsibilities of BC Housing

BC Housing acts as a resource and monitoring agency for housing providers. We provide subsidies to ensure your organization has adequate financial resources to run your development. We also have a mandate to ensure public funds are spent prudently and responsibly.

BC Housing is responsible for reviewing the operation of your development to ensure the terms of the operating agreement are being met. In addition, we provide approvals, technical and financial advice and other services, so assistance is available when you need it.

We are committed to communicating in an atmosphere of mutual respect and resolving any differences constructively to serve the best interests of residents. Your organization can expect appropriate support from your Property Portfolio Manager (PPM) and other BC Housing staff, reasonable turnaround times for documentation and a timely response to inquiries.

## Operating Standards for Housing Providers

Operating standards in the HOMES BC operating agreement describe a well functioning, affordable housing community, and can be used by your organization and BC Housing to assess your achievements. These operating standards provide:

- Best practices in non-profit and co-operative housing management.
- Benchmarks organizations can use to assess strengths and challenges.
- Guidelines for monitoring the achievement of goals and use of public funds.

The operating standards are organized into four categories: corporate organization, maintenance, finances and resident/member relations. The other guides in this series describe how you can achieve these standards, and appropriate references are listed below each set of standards.

### a) THE OPERATING STANDARDS FOR CORPORATE ORGANIZATION ARE:

- 1) Establish a well-organized corporate structure and policies and procedures to ensure the development is well managed.
- 2) Recruit and maintain your Board of Directors and membership to ensure your continuing ability to manage effectively.



- 3) Conduct business in an ethical manner that does not permit personal gain by any director, officer, member or employee of the organization or any of their associates or family members.
- 4) Meet all statutory and corporate obligations, including obligations under all contracts you enter in connection with the development, and the requirements of any insurer of the development.
- 5) Comply with the lease for the land.
- 6) Maintain accurate and complete records of all aspects of your operations.

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Refer to the *Governance Guide* for information on meeting your corporate responsibilities. See the Administration section of the *Operations Guide* for information on your legal obligations and records management.

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**b) THE OPERATING STANDARDS FOR MAINTENANCE ARE:**

- 1) Maintain the development in a state of good repair for the benefit of the residents and the community where the development is located.
- 2) Establish maintenance procedures to maintain the value of the development and prolong the life of improvements on the land.
- 3) Ensure that necessary skills and tools are available to clean and maintain the development adequately.
- 4) Ensure the development complies with all applicable statutory health and safety standards.
- 5) Ensure fire regulations are observed, and have appropriate authorities carry out regular fire inspections.
- 6) Obtain sufficient insurance on the development.

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Refer to the *Maintenance Guide* for information on establishing maintenance systems and practices. See the Emergency Preparedness section of the *Operations Guide* for information on fire safety and preparing for earthquakes, storms and other emergencies, and the Administration section for information on insurance requirements.

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**c) THE OPERATING STANDARDS FOR FINANCES ARE:**

- 1) Establish policies and procedures for effective control of finances for the development:
  - Prepare an operating budget for the development for each fiscal year.
  - Regularly review the financial affairs of the development.



- 2) Ensure sound financial operating policies and procedures are in place, including:
  - Clearly defined spending authority.
  - Record keeping in accordance with generally accepted accounting practice.
  - Policies and procedures for arrears, purchasing and investment of reserve funds.

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Refer to the *Financial Management Guide* for information on financial policies, procedures, systems and controls.

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**d) THE OPERATING STANDARDS FOR RESIDENT AND CO-OP MEMBER RELATIONS ARE:**

- 1) Establish policies and procedures to select residents/ members in an open, fair, consistent and non-discriminatory way.
- 2) Serve residents/ members promptly and courteously, with clear and informative communication.
- 3) Develop opportunities for resident/ member participation in decision-making at the development.
- 4) Provide each resident/ member with access to any information you keep about that resident.
- 5) Protect the privacy of residents/ members.

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Refer to the Resident Relations and Rent Calculation sections of the *Operations Guide* for information on working with residents. See the *Governance Guide* for information on resident involvement.

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## Chapter 3

### OPERATIONAL REVIEW

BC Housing will review the operation and management of your development with you at least every five years to ensure buildings are well run and sound management practices and financial controls are in place. Your Property Portfolio Manager will notify you of the operational review date, find out who will participate from your organization, and gather information from Board members, staff and residents, if required.

## Purpose of the Operational Review

The operational review assesses whether housing providers are:

- Delivering an appropriate level of service to residents.
- Ensuring health and safety standards are met.
- Operating the development in a fiscally responsible manner.
- Meeting the terms of your operating agreement.
- Maintaining the physical structure and grounds of the development.

The review will identify strengths, areas that need improvement, and the level of support housing providers need to meet the operating standards.

During the review, you can tell us how well BC Housing meets our obligations under the operating agreement, and describe the quality of service you receive from us.

## Internal Controls

The operational review gives us an opportunity to jointly evaluate your internal accounting and administrative controls. Accounting controls include your plan and procedures for safeguarding assets and the reliability of your financial records. Administrative controls include your plan and procedures for operational efficiency and adherence to managerial policies. Your Board needs to ensure these internal controls are in place.



## Role of the Board of Directors

Ultimately, the Board of Directors is responsible for:

- Ensuring the financial well being of the organization.
- Overseeing all management activities.
- Ensuring managers and /or staff are carrying out their responsibilities properly.
- Safeguarding assets and preparing accurate financial reports.

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The full operational review process applies to housing providers who receive annual operating budgets from BC Housing. Call us at 604-433-1711 for information on the review process for other types of subsidized housing.

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## Operational Review Form

Your Property Portfolio Manager will use the *Operational Review Form* to conduct the review and measure your performance. The form was designed to ensure:

- Consistent, relevant information is collected for each housing provider.
- The requirements of the review are clear and objective, and reflect the diversity of management structures among housing providers.
- The operational review reflects the standards used in the BC Non-Profit Housing Association's best practices model, which is explained on page 18.
- The requirements of your operating agreement and relevant legislation are included in the review.

The *Operational Review Form* begins on page 25 in the appendix and can be downloaded from the *Resource Directory* in the *Housing Provider* section on our Web site, at [www.bchousing.org](http://www.bchousing.org). The form is divided into five modules:

- Maintenance Management
- Financial Management
- Resident Management
- Information and Records Management
- Human Resources Management

These five categories are also used in the *Best Practices Self-Assessment Tool* developed by the BC Non-Profit Housing Association, in partnership with BC Housing. (Refer to chapter four on page 18 for information on the best practices model.)



## a) MODULE 1: MAINTENANCE MANAGEMENT

Your PPM uses the Maintenance Management module of the *Operational Review Form* to assess your grounds maintenance, building exterior and interior maintenance and condition, common areas, service areas, equipment, your maintenance schedules, records, system for responding to maintenance requests, and major asset planning\*. The module includes the following sections:

- *Scheduled Maintenance/Records of Inspections and Service/Visual Verification* ~ Covers 21 items such as interior and exterior painting, elevators, furnace/boilers, air conditioners, generators, fire systems, heat detectors and smoke alarms, sprinkler systems, roof and gutters, regular suite inspections, move-in and move-out inspections.
- *Repairs/Maintenance Problems* ~ Covers three items including a procedure to identify repair needs and standing agreements with qualified tradespeople to deal with unanticipated repairs.
- *Major Asset Planning* ~ Covers three items including your major asset plan and replacement reserve funds.
- *Security and Emergency Response* ~ Covers four items including posting a contact number for emergency maintenance, changing locks when people move, and preparing an emergency response plan with regular emergency preparedness training for staff and residents.
- *Contract Administration* ~ Covers four items including warranties and guarantees, equipment inventory, and using a competitive tendering process.

\*Major asset planning is referred to as capital planning in the Financial Management Guide.

### Module 1.A~ Building Inspections

The Maintenance Management category includes a one-page inspection form for your Property Portfolio Manager to use during site inspections to:

- Identify whether there are safety or building integrity issues.
- Assess the visual appearance of the development.

Your PPM will use this section to review the condition of each building's grounds, building exterior, interior and service areas. The results help determine the standards of maintenance at the development and identify the need for asset project funding.

For groups with larger portfolios, your PPM will inspect three buildings and make recommendations based on the inspection of these developments. For groups with up to three developments, all buildings will be inspected.



## **b) MODULE 2: FINANCIAL MANAGEMENT**

Your PPM uses this module to assess your financial policies, systems, practices and controls. The objective of this review is to ensure public funds are used appropriately to obtain the best value for money and contribute to residents' quality of life. The module includes the following sections:

- *Financial Planning* ~ Covers four items including Board or designate review and approval of the budget, production of budget analysis reports, and a prudent reserve investment plan.
- *Financial Management and Controls* ~ Covers five items including authorized spending limits and signing authorities, Board review of budget to actual revenues and expenditures, and not keeping signed blank cheques on file.
- *Information Systems/Record Keeping* ~ Covers 10 items including monthly posting and balancing of the general ledger, recording and depositing cheques and cash received, monthly rent review, interest paid on security deposits, reviewing and approving invoices before payment, and monthly bank reconciliation.
- *Minimizing Risk* ~ Covers two items consisting of appropriate liability insurance, and participation in BC Housing's approved group insurance program (or having a competing quote on file).
- *Revenue Generation* ~ Discusses whether your organization generates additional revenues from outside sources such as:
  - Rooftop leases.
  - Advertising.
  - Vending machines.
  - User fees for non-resident use of amenities.
  - Cable rights.
  - Coin-operated laundry.
  - Hydro surcharge.

## **c) MODULE 3: RESIDENT MANAGEMENT**

This module is used to evaluate the way you handle vacancies and applications, resident relations and resident files, in the following sections:

- *Selecting Residents/Managing Vacancies/Collecting Rents* ~ Covers seven items including a marketing plan for vacancies, maintaining an up-to-date applicant list, a procedure for timely payment of rents/housing charges, and a documented fair and consistent resident selection process.
- *Resident Files* ~ Covers six items including signed tenancy/occupancy agreements in resident files, current proof of income, original application form, and an emergency contact for each resident.



- *Tenancy/Occupancy Agreement* ~ Covers seven items including a prohibition against subletting, a clause for annual income verification, and a clause stating the Tenant Rent Contribution will change if the resident's income or assets change. (See the Rent Calculation section of the *Operations Guide* for more information on Tenant Rent Contributions.)
- *Resolving Resident Conflict* ~ Covers two items—informing residents of the process to bring issues forward and ensuring residents have appropriate access to common facilities.

#### **d) MODULE 4: INFORMATION AND RECORDS MANAGEMENT**

In this section, your PPM assesses your policies, procedures and records management system to ensure the organization can conduct business effectively, and appropriate personnel have access to current, complete, secure and accurate information. The module includes:

- *Policies and Procedures* ~ Covers 11 items including Board of Director approval of policies; access to policies and procedures for staff, Board members and volunteers; a written policy on entering resident suites; protecting confidentiality of personal information on residents; and a written procedure to follow up on arrears.
- *Records* ~ Covers four items including secure storage of records, appropriate access, and accessible copies of applicable legislation.

#### **e) MODULE 5: HUMAN RESOURCES MANAGEMENT**

In this module, your PPM assesses staff and Board member recruitment and development, and your compliance with the legislation and legal documents that govern your development. This module includes:

- *Staffing* ~ Covers three items including Workers Compensation Board coverage and written, up-to-date job descriptions.
- *Board* ~ Covers five items including an elected Board, minutes being available for Board members, and Board review of staff actions.
- *Legislation and Regulation* ~ Covers three items including the *Residential Tenancy Act* and *Society Act* for societies and other applicable legislation, such as the *Co-operative Association Act* for housing co-ops. (This section is for discussion only and will not be scored.)



## f) WEIGHTING SCALE

All items listed in the *Operational Review Form* receive a “Yes” or “No” evaluation to indicate if housing providers have complied with the standards. BC Housing has also assigned each item a number to show its importance in the review:

- Five points for items with a potential risk to physical safety or building integrity, such as fire safety and sprinkler systems. Zero points are given if a safety risk exists, five points are given if there’s no risk.
- Three points for items with a potential financial risk, such as having appropriate liability insurance, monthly bank reconciliations and signed tenancy agreements. Groups receive three points for no risk, or zero if a risk exists.
- One point for items that are good practices with low risk, such as interior and exterior painting, maintaining minutes from Board meetings, and an up-to-date applicant list. Zero points are given if there’s a risk, one point if no risk.

Points are given based on objective criteria. For example, if there is a policy on how resident complaints are handled, the housing provider receives one point, even if the policy does not meet the preference of an individual Property Portfolio Manager. However, your PPM may provide recommendations for more effective practices. We use the weighting scale to:

- Provide a uniform method for assessing and documenting the results of the operational review.
- Identify the level of risk associated with different review items.
- Prioritize the level of support and training housing providers require to achieve good management practices.
- Schedule subsequent operational reviews, based on the level of success indicated in the current review.

In addition, the operational review lists some items that are assigned zero points. These items will not be measured, but are important for your Board members to be aware of, such as the legislation and regulations governing your development and alternative methods of revenue generation, if applicable.



## Action Plan to Address Operational Issues

### a) TIMEFRAME FOR IMPROVEMENTS

Your Property Portfolio Manager will send you the review results in writing, outlining all items that need to be addressed, according to the following time frame:

- Items that are a safety concern (five points) require remedial action within three months.
- Financial risk items (three points) require follow-up within six months.
- All other good practice items (one point) are given up to one year for follow-up.

### b) OPERATIONAL REVIEW CYCLE

The date of your next operational review is based on the risk outcome of the current review:

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#### Level 1

*Low Risk/Minimal Support Required*

*Five-Year Operational Review Cycle*

- Must achieve an overall score of 80 per cent.
- Must pass each module.
- Must have a minimum of 80 per cent in module one, Maintenance Management, and module two, Financial Management, as these two modules assess the areas of greatest risk.

*Action Required*

- 1) The Property Portfolio Manager writes a letter outlining any items that could be improved.

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#### Level 2

*Moderate Risk/Moderate Support Required*

*Five-Year Operational Review Cycle*

- An overall score of less than 80 per cent, but greater than 50 per cent.
- Achieves more than 50 per cent in all modules.
- Achieves more than 70 per cent in modules one and two.



*Action Required*

- 1) The Property Portfolio Manager writes a letter outlining any items that must be improved within:
    - ~ Three months for safety concerns.
    - ~ Six months for high-risk items.
    - ~ Up to one year for all other necessary items.
  - ~The letter includes a referral to the BC Non-Profit Housing Association or Co-operative Housing Federation of BC for training workshops in housing management skills.
  - 2) BC Housing provides hands on assistance to the housing provider.
  - 3) The PPM ensures a follow-up work plan is in place and the housing provider has the resources to make necessary changes.
  - 4) The PPM confirms all items are addressed according to the timeline.
- 

**Level 3**

*High Risk/Intervention Required ~ High Level of Support and Training*

*One-Year Operational Review Cycle*

- Less than 70 per cent in module one or two.
- Overall score of less than 50 per cent.

*Action Required*

- 1) The Property Portfolio Manager writes a letter outlining any items that must be improved within:
    - ~ Three months for safety concerns.
    - ~ Six months for high-risk items.
    - ~ Up to one year for all other necessary items.
  - ~ Includes a referral to the BCNPHA or CHF BC for training workshops in housing management skills.
  - 2) BC Housing provides hands on assistance to the housing provider.
  - 3) The PPM ensures a follow-up work plan is in place and the housing provider has the resources to make necessary changes.
  - 4) The PPM confirms all items are addressed according to the timeline.
  - 5) The PPM meets with the housing provider in one year and completes a full operational review.
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Your Property Portfolio Manager will send a copy of the operational review letter to:

- Your Board Chair or President's home to ensure Board members are accountable for the results of the operational review.
- Your chief administrator. (This may be the same person at smaller organizations.)

You are required to notify BC Housing that remedial action has been taken within three months for any safety issues identified during the review. If a housing provider does not follow up within three months, BC Housing will send a second letter allowing 10 days to respond. If you don't comply with the terms of your operating agreement, BC Housing will intervene. For serious defaults, we will pursue management alternatives, which may include ending your operating agreement.

### c) SUPPORT AND TRAINING

Our goal is to have all housing providers operating at an acceptable standard within one year of an operational review. To achieve this outcome, our Property Portfolio Managers will spend the most time working with housing providers who require the most support.

Your PPM will provide some support and information during the operational review. For example, your PPM can tell you where to find information on Workers Compensation Board requirements, if you need to learn more about these regulations. If you need to develop policies, your PPM will tell you how to obtain the BC Non-Profit Housing Association's *Policy Template Manual*, or to contact the Co-operative Housing Federation of BC for sample co-op policies, or the CHF BC *Policy Manual and Guidelines* (available in January 2003).

Some issues may be identified and corrected as part of the review, and will not require training to address. For example, if your organization is keeping blank, signed cheques on file, your PPM will advise you to stop this practice and to sign cheques as required instead.

Your PPM will also refer you to the BCNPHA or CHF BC if the review identifies areas where you may need additional training to meet the operating standards, such as financial or maintenance management.

## Rent Supplement Units

Reviews of the rent supplement program are only done when our staff or the financial review process reveals a need. Then your PPM will audit three resident files/ rent supplement units or 10 per cent of your rent supplement units, whichever is greater, to confirm:

- *Application for Rent Subsidy* forms are completed correctly.
- Proof of income is on file.
- The files contain a signed copy of the tenancy agreement.
- The subsidy is applied appropriately, particularly when the subsidy is sent directly to the landlord or housing provider.



## Chapter 4

### BEST PRACTICES

Best practices include strategies, practices and management tools that have worked well for organizations, and produce superior performance when adapted and implemented elsewhere.

The BC Non-Profit Housing Association has developed best practices information and resources to help housing providers:

- Manage housing portfolios effectively and efficiently.
- Compare performance to recognized standards.
- Measure success and identify challenges.
- Establish business priorities and a plan for improvement.
- Orient new Board and executive members.
- Prepare for the operational review with BC Housing. (When an organization demonstrates best practices, the result will be a positive operational review.)
- Be creative in solving problems.

## Self-Assessment Tool / Best Practices Web Site

The BC Non-Profit Housing Association best practices resources are organized into the same categories as the operational review:

- Maintenance Management
- Financial Management
- Revenue Generation (This category is included under Financial Management for BC Housing's operational review.)
- Resident Management
- Information and Records Management
- Human Resources Management
- Governance (This is an additional category in the best practices materials, which is integrated into the other areas in the operational review.)



BCNPHAbest practices resources include:

- A *Self-Assessment Tool* containing best practices statements that describe good management practices for non-profit housing providers, and a checklist for assessing performance.
- A website with all the *Self-Assessment Tool* categories and links to information and resources housing providers can use to achieve the best practices in each category. (Available at [www.bcnpha.bc.ca](http://www.bcnpha.bc.ca) in late 2002. You'll also find a link to the *Self-Assessment Tool* in the *Resource Directory* on BC Housing's Web site at [www.bchousing.org](http://www.bchousing.org).)

The *Self-Assessment Tool* enables you to gauge your performance in key areas of housing management. For example, one of the best practice statements listed under Financial Management says:

The housing provider has the necessary financial policies and procedures in place to ensure appropriate processes and controls in the handling and recording of financial transactions.

And one of the best practice statements for Maintenance Management says:

The housing provider conducts regularly scheduled inspections to meet legal requirements and to ensure optimum operating efficiency, quality, security and safety on building and grounds systems such as:

- Elevator.
- HVAC systems (heat, ventilation and air conditioning).
- Furnace, boilers and pumps.
- Fire safety systems (sprinkler, alarm, etc.).
- Irrigation sprinkler system.
- Lobby entry systems.
- Automated parkade entry systems.
- Generators.
- Building security systems.

You can assess your performance for each statement by answering "Yes," "No," "Don't Know," or "Needs Work," and refer to the website for information on how to implement best practices.



## Benefits of Best Practices

Following best practices in managing affordable housing developments will help your organization:

- Maintain or improve the quality of service to residents.
- Increase efficiency / achieve cost savings.
- Meet legislative requirements.
- Reduce risk.
- Generate revenue.
- Improve staff retention and morale.
- Enhance your reputation and goodwill in the community.

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Contact the BC Non-Profit Housing Association at 604-291-2600 or 1-800-494-8859 for more information on the BCNPHA best practice resources.

Housing co-ops can contact the Co-operative Housing Federation of BC at 604-879-5111 or 1-866-879-5111, or visit the CHF BC Web site at [www.chf.bc.ca](http://www.chf.bc.ca), for information on CHF BC workshops, consultation services and resource materials on managing and governing effectively.

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## Chapter 5

### FINANCIAL REVIEW

## Your Financial Responsibility

Your Board is responsible for the organization's financial performance. The Board can assess how well your financial controls and systems work by checking whether:

- The Board uses actual figures from the previous year to forecast expenses and revenues this year, or actual or estimated costs, where appropriate.
- Financial records are maintained in one accessible location.
- Board members review regular financial reports on financial activities and the budget so revisions can be made if necessary.
- Annual financial statements are produced, audited and submitted on time.
- The Board seeks assistance if finances are not on track.

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Refer to the *Financial Management Guide* for information on meeting your financial responsibilities.

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## Purpose of the Financial Review

At the end of the fiscal year, you send a copy of your audited financial statements to BC Housing for review. The purpose of the financial statement review is to:

- Evaluate your organization's adherence to the financial management terms of the operating agreement.
- Ensure housing providers are able to meet financial obligations.
- Ensure the subsidy we provide is used to operate housing developments in accordance with your operating agreement.
- Ensure your organization is safeguarding assets funded by B.C. taxpayers.
- Record data for analysis and reporting to Canada and Mortgage Housing Corporation (CMHC) and the provincial government, which fund rent subsidies.



When BC Housing conducts a financial review, we assess operating *revenues* for each development to:

- Verify the subsidies and repayable assistance that were paid.
- Verify that housing providers are collecting the correct amount for resident rents and occupancy charges, and that arrears are under control.
- Determine if any subsidy adjustment is needed.

BC Housing only reviews housing provider operating *expenses* when:

- Actual operating expenses for manageable costs exceed the operating budget.
- The amount collected for rents/housing charges is incorrect.
- A provider is experiencing difficulties with cash flow management, which can cause problems with operations.

The operational review may duplicate some components of the financial review process, but also provides an opportunity to confirm the results of the financial review.

## Housing Provider Profile

BC Housing maintains a database that includes an electronic profile of each housing provider, using data from the financial and operational reviews. We include information on performance measures collected during both reviews in one database. BC Housing uses this tool to:

- Recognize housing providers who are managing developments effectively and efficiently, and require minimal or no assistance or analysis of operating costs.
- Identify housing providers most in need of support.
- Direct our support to groups that require greater assistance.

The information in this database is for internal BC Housing use only, and all information is kept strictly confidential.

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Contact our Financial Review staff at 604-433-1711 for more information on the housing provider profile.

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## Sources

- *Best Practices Presentation*, BC Non-Profit Housing Association
- *Best Practices Self-Assessment Tool*, BC Non-Profit Housing Association
- *Best Practices Review, Repairs and Capital Planning*, Robert Chesterman



# Appendix

OPERATIONAL REVIEW FORM ..... 25



## Module 1: Maintenance Management

Review in detail as follows:

		Total Points	Y	N	N/A	Follow up Date	Date complete
<b>1.1. Scheduled Maintenance - Records of Inspections and Service and Visual Verification</b>							
1	painting - interior / exterior	1					
2	elevator (annually)	5					
3	furnace/boilers and pumps (annually)	3					
4	air conditioners ( three months after / annual service)	1					
5	generators (monthly test/six months service)	3					
6	emergency hall and exit lights (if batteries, monthly)	3					
7	fire systems (annual inspections)	5					
8	fire extinguishers (annually)	5					
9	heat detectors and smoke alarms (annually)	5					
10	fire hoses (three years)	5					
11	sprinkler systems (annually)	5					
12	lobby entry security systems	3					
13	building security systems	1					
14	children's play equipment	3					
15	snow removal on internal roads and walkways	3					
16	roof and gutters	1					
17	roof anchors (annual inspection)	3					
18	regular inspections of every suite as per society policy - minimum of once every three years (copy on file)	1					
19	move-in inspection	1					
20	move-out inspection	1					
21	dates / type / location of repair	1					
<b>1.2 Repairs, Maintenance Problems</b>							
1	a procedure is in place to respond to identified repair requirements in a timely manner	1					
2	standing agreements with pre-qualified tradespeople to deal with unanticipated repair requirements in a timely manner	1					
3	repetitive maintenance problems are recorded	1					
<b>1.3 Major Asset Planning</b>							
1	major asset plan	1					
2	adequate funds in the replacement reserve	1					
3	records of major asset plans and completed work	1					
<b>1.4 Security and Emergency Response</b>							
1	separate key code / storage maintained	3					
2	locks changed when residents move	3					
3	emergency number posted (names and availability)	5					
4	has an emergency response plan in place and conducts regular emergency preparedness training for staff and residents	3					
<b>1.5 Contract Administration</b>							
1	warranties, guarantees (keep all copies of warranties)	1					
2	inventory - make, model, serial # of all equipment, purchase date	1					
3	uses specifications to outline job requirements	1					
4	employs tendering processes that promote competitive price and quality standards	1					
		83					

Comments:

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# Module 1.A: Building Inspection

Review in detail as follows:

		Total Points	Y	N	N/A	Follow up Date	Date complete
<b>1.A.1</b>	<b>Grounds Maintenance - Area is Hazard Free</b>						
	Building 1 - Estate Reference #	5					
	Building 2 - Estate Reference #	5					
	Building 3 - Estate Reference #	5					
<b>1.A.2</b>	<b>Grounds Maintenance - Good Visual Appearance</b>						
	Building 1 - Estate Reference #	1					
	Building 2 - Estate Reference #	1					
	Building 3 - Estate Reference #	1					
<b>2.A.1</b>	<b>Building Exterior - Building integrity is intact and is hazard free</b>						
	Building 1 - Estate Reference #	5					
	Building 2 - Estate Reference #	5					
	Building 3 - Estate Reference #	5					
<b>2.A.2</b>	<b>Building Exterior - Good Visual Appearance</b>						
	Building 1 - Estate Reference #	1					
	Building 2 - Estate Reference #	1					
	Building 3 - Estate Reference #	1					
<b>3.A.1</b>	<b>Building Interior - Building integrity is intact and is hazard free</b>						
	Building 1 - Estate Reference #	5					
	Building 2 - Estate Reference #	5					
	Building 3 - Estate Reference #	5					
<b>3.A.2</b>	<b>Building Interior - Good Visual Appearance</b>						
	Building 1 - Estate Reference #	1					
	Building 2 - Estate Reference #	1					
	Building 3 - Estate Reference #	1					
<b>4.A.1</b>	<b>Service Area - is hazard free</b>						
	Building 1 - Estate Reference #	5					
	Building 2 - Estate Reference #	5					
	Building 3 - Estate Reference #	5					
		51					

Comments:

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## Module 2: Financial Management

Review in detail as follows:

		Total Points	Y	N	N/A	Follow up Date	Date complete
<b>2.1</b>	<b>Financial Planning</b>						
	1 budgets are reviewed and approved by the Board or designate	1					
	2 reports produced including actuals and budget for analysis	1					
	3 process of updating and accessing replacement reserve funds	1					
	4 has a plan for safely investing replacement reserves	1					
<b>2.2</b>	<b>Financial Management and Controls</b>						
	1 has authorized spending limits and signing authorities in place	1					
	2 the Board reviews and approves extraordinary expenditures	1					
	3 the Board reviews analysis of budget to actual revenue/expenditures regularly	1					
	4 at least two signatures on a cheque	3					
	5 no signatory signs blank cheques	3					
<b>2.3</b>	<b>Information Systems/Record Keeping</b>						
	1 general ledger posted and balanced monthly	3					
	2 cheques and cash received, recorded and deposited	1					
	3 receipts issued for all cash received	1					
	4 rent reviewed monthly	1					
	5 interest paid on security deposits	1					
	6 petty cash fund - reconciled regularly	1					
	7 invoices reviewed and approved before payment	1					
	8 bank accounts in name of society	1					
	9 bank statements reconciliation monthly	3					
	10 replacement reserve funds deposited in a secured interest bearing bank account	1					
<b>2.4</b>	<b>Minimizing Risk</b>						
	1 has appropriate liability insurance protection	3					
	2 participation in BC Housing approved group insurance program - or quote on file	1					
<b>2.5</b>	<b>Revenue Generation</b>						
	1 review rooftop leases	0					
	2 review advertising revenue	0					
	3 vending machines	0					
	4 collects fees for non-resident use of onsite amenities	0					
	6 cable rights as a source of alternate revenue	0					
	7 coin-operated laundry	0					
	8 hydro surcharge	0					
		31					

Comments:

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## Module 3: Resident Management

Review in detail as follows:

		Total Points	Y	N	N/A	Follow up Date	Date complete
<b>3.1 Selecting Residents, Managing Vacancies, Collecting Rents</b>							
	1	marketing plan for vacancies	1				
	2	maintains an up to date application list	1				
	3	enforces procedure to ensure timely payment of rents	3				
	4	has a procedure in place to assess and recover costs related to resident <input type="checkbox"/> damage or rent arrears	1				
	5	ensures vacant units are filled as soon as available	3				
	6	documented fair and consistent resident selection process	3				
	7	pre-selects applicants to minimize the time a unit remains vacant	1				
<b>3.2 Resident Files (contain)</b>							
	1	signed tenancy / occupancy agreement (complete copy)	3				
	2	current proof of income	3				
	3	original application form	1				
	4	documentation of selection process	1				
	5	application for subsidy completed correctly	1				
	6	an emergency contact who can be contacted in the event of a personal emergency	1				
<b>3.3 Tenancy/Occupancy Agreement (contains)</b>							
	1	market rent or economic rent (as per program)	3				
	2	prohibition against subletting	1				
	3	provision for termination in over / under housing situations	1				
	4	clause for annual income verification	1				
	5	clause that Tenant Rent Contribution will change if resident's income or assets change	1				
	6	clause on Freedom of Information and Protection of Privacy Act	1				
	7	clause on landlord's / co-op's right to end tenancy if resident fails to disclose or misrepresents any information requested in Application for Subsidy	1				
<b>3.4 Resolving Resident Conflict</b>							
	1	residents are informed about the process for bringing their issues to the housing provider	1				
	2	residents have appropriate access to common facilities	1				
			34				

Comments:

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## Module 4: Information & Records Management

Review in detail as follows:

		Total Points	Y	N	N/A	Follow up Date	Date complete
<b>4.1 Policies and Procedures</b>							
1	Board of Directors approves policies	1					
2	policies and procedures are accessible to staff, board members and volunteers	1					
3	written policy about entry of resident suites	1					
4	written policy and procedure relating to the death of a resident	1					
5	a process is in place for residents to view their files	1					
6	residents' personal information is protected (confidentiality)	1					
7	written personnel policy or collective agreement	1					
8	policy to establish onsite caretaker rent	1					
9	follow-up on damage claims/ chargebacks	1					
10	written procedure to follow up arrears	1					
11	delinquent accounts are sent to a collection agency	1					
<b>4.2 Records</b>							
1	records are stored securely	1					
2	access is given appropriately	1					
3	copies of applicable Acts are readily accessible	1					
4	copies of business license, community care license, Health and Fire Safety Inspections / Licenses as required	1					
		15					

Comments:

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# Module 5: Human Resources Management

Review in detail as follows:

		Total Points	Y	N	N/A	Follow up Date	Date complete
<b>5.1 Staffing</b>							
1	approved private management contract	1					
2	WCB coverage	3					
3	written current job descriptions	1					
<b>5.2 Board</b>							
1	is elected	1					
2	ensures minutes are retained	1					
3	ensures minutes are available for Board members	1					
4	reviews staff actions	1					
5	Board members (or a company related to a Board member) do not get paid for doing work for the housing provider	1					
<b>5.3 Legislation &amp; Regulation (Discussion Only)</b>							
1	WCB, Employment Standards	0					
2	Residential Tenancy Act/Co-operative Association Act	0					
3	carries out their duties in accordance with the Society Act, the organization's bylaws and all other relevant legislation	0					
		10					

Comments:

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## Summary

	Total Points	Society Points	%
Maintenance Management	134		
Financial Management	31		
Resident Management	34		
Information & Records Management	15		
Human Resources Management	10		
<b>Administrative Review Rating</b>	<b>224</b>		

Next Operational Review Date \_\_\_\_\_

Comments:

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Signature \_\_\_\_\_

Date \_\_\_\_\_