

Oakmont Village Association
Expenditure Control Policy¹
Design and Construction Projects

Design and/or construction projects require special procedures to ensure that contract and other cost overruns will be controlled. This policy is intended as a guideline to be followed by the OVA Board of Directors and other persons designated below. This policy applies to construction projects anticipated to exceed \$25,000 (\$5,000 for design projects) at inception. This policy also applies to smaller projects when and if they reach applicable levels during their life.

The policy applies to the principal OVA participants in a design and/or construction project. Those participants generally will be the OVA Board of Directors, the Project Coordinator, the OVA Manager, and the OVA Finance Committee.

Unless the Board of Directors changes one or more aspects of this policy for a given project, this policy shall apply as written. Such changes in policy, if any, should be adopted at a regular meeting of the Board and documented in the meeting minutes.

Participant – OVA Board of Directors

- The Board of Directors has ultimate responsibility for establishing oversight for projects undertaken.
- The Board of Directors shall seek fixed-price or not-to-exceed contracts to the extent possible and advantageous to the OVA.
- If a time-and-materials contract is recommended for Board approval, the Board shall be given justification as to why it should not be a fixed-price or not-to-exceed contract. An estimated maximum cost for the T & M contract should also be provided by the contractor.
- The Board of Directors shall ensure that contractors are notified that no changes are authorized unless approved in writing and that no such change order is approved unless certified by the OVA Manager. (In other words, the Project Coordinator does not have authority to approve changes unless the work and cost is within limits pre-established by the Board – and the OVA Manager must be informed of what those limits are.)
- The Board of Directors shall hire or appoint a qualified company or person as Project Coordinator for each project subject to this policy. If qualified for the project, the person chosen may be a member of the Board, a member of the committee that proposed the project, a resident, the Facilities Maintenance Manager, or the Association Manager (but only if someone besides said Manager approves invoices for payment and/or gives certification to vendors of Board approval of cost changes).
- The Board of Directors has the primary responsibility to monitor project cost status reports prepared by the OVA Manager and to take appropriate action.

Participant – Project Coordinator

¹ Adopted by the OVA Board of Directors on June 18, 2002

- The Project Coordinator shall be fully cognizant of the drawings, specifications, conditions, and work schedule of the contract that he/she is coordinating. The Project Coordinator shall personally monitor all aspects of the work. This task shall not be delegated, even temporarily, to another person unless the Board expressly approves such delegation.
- The Project Coordinator must agree to abide by the terms of this policy or achieve such changes in policy (in writing and in advance) with the Board as are mutually satisfactory for the specific project.
- The Project Coordinator must maintain full awareness of project costs and keep the OVA Manager fully and timely advised of all changes authorized by the Project Coordinator (presumably within the scope of authority, if any, granted by the Board) as well as changes requiring the approval of the Board or the Manager.
- The Project Coordinator shall not unilaterally approve changes to the project unless the changes are within limits previously authorized by the Board. No other cost change may be made without prior approval of the Board of Directors or by the OVA Manager (if within his/her \$5,000² spending authority). Normally the Project Coordinator will have no spending authority.
- The Project Coordinator shall be primarily responsible for obtaining the approval of the Board of Directors for changes in project scope and cost. The Project Coordinator may seek approval from the OVA Manager on amounts that are \$5,000² or less (and may seek the OVA Manager's help in obtaining approval from the Board for greater amounts).

Participant – OVA Manager

The following responsibilities apply to the OVA Manager for all projects covered by this policy unless the OVA Manager has been designated the Project Coordinator.

- The OVA Manager shall cause all contracts to be executed (signed) on behalf of the Board of Directors and shall inform contractors (1) how they may verify authority within OVA for approving changes and (2) the identity of the Project Coordinator.
- The OVA Manager shall certify to the contractor (upon request) whether or not a change has been authorized.
- The OVA Manager shall be responsible for approving all invoices for the project for payment and shall not release payment for any amount not authorized.
- The OVA Manager shall retain his/her blanket authority to approve any single matter up to and including \$5,000².
- The OVA Manager shall prepare and distribute timely reports that enable the Manager and other OVA participants to track project costs vs. approved amounts. Normally, these reports will be issued to the various participants and, if applicable, to the committee that recommended the project.

Participant – Treasurer/Finance Committee

- The Treasurer and/or the Finance Committee shall receive and review project cost status reports and shall inform the OVA Board if there is a concern.

² Revised from \$2,000 to \$5,000 by the Board of Directors on 6/16/09.