

PN-ACA-437

**Cooperative Housing Assessment  
Guide**

**to assist Consumer Cooperatives of Apartment  
Owners (CAO), Chairpersons, Board Members  
and Owners in analyzing their CAOs in Kazakstan**

March 1997

Prepared for

Bureau for Europe and the Newly Independent States  
Office of Environment, Energy, and Urban Development  
Urban Development and Housing Division

By

Paul K. Mengert

INTERNATIONAL CITY/COUNTY MANAGEMENT ASSOCIATION

Shelter Sector Reform Program for

The Newly Independent States of the Former Soviet Union

USAID Contract No. CCS-0008-C-00-2056-00

USAID Project No. 110-0008

Task Order No. 110

A

## TABLE OF CONTENTS

Abstract.....	1
Introduction.....	2
CAO Profile.....	3
Summary of Assessment Questions.....	6
Questions Comments.....	9
Detailed Assessment Questions .....	10

## **ABSTRACT**

The following is a manual on cooperative housing assessment prepared by Paul K. Mengert, ICMA Consultant, under Task Order 110. It provides a framework to be used by owners, managers, and executive board members for dealing with the multiple issues that face cooperatives on a daily, monthly, and annual basis. A sample assessment form and a list of questions with suggested solutions are provided.

## **Introduction**

It is envisioned that this booklet will be used by individual members of cooperatives, directors, and other parties interested assessing the functioning of cooperatives. The guide is designed to stimulate discussion and present different methods of cooperative operation. It presents a framework for resolving issues faced by cooperatives. The questions serve as a means for ICMA and its regional cooperative coordinators to compile data about the key performance functions of cooperatives. Sub-questions focus attention on some of the important details of their activity.

ICMA is in the process of preparing study courses in the following areas related to cooperatives:

- Formation of Cooperatives;
- Legal Administration of Cooperatives;
- Cooperative Maintenance and Contracting;
- Rules and Problem Solving; and
- Budgeting and Accounting.

These guides are designed to address more specific questions on cooperative operation not covered in this manual.

Although individual cooperatives will use different operating procedures, experience indicates that certain administrative functions are universal to all cooperatives.

Questions should be addressed to your Regional Coordinator, the ICMA main office in Almaty (3272)61-65-11 or to Paul Mengert (email: [Pmengert@aol.com](mailto:Pmengert@aol.com)).

## Consumer Cooperative of Apartment Owners (CAO) Profile

Name of CAO:	
Address:	
Date of Registration:	
Registration Certificate #:	
Number of apartment buildings and when/where they were constructed:	
Number of apartments:	
Number of CAO members:	
Number of non-privatized apartments for (enterprises, municipality) who are CAO members:	
Number of owners who are not members:	
Number of contracts for services concluded:	

1. Total residential space:	
2. Total space of built-in commercial space:	
3. Commonly-used space:	
Total space of CAO (1+2+3):	

Information on space and calculating payments for housing and maintenance fees for owners and lease holders of residential premises:			
	Total space of residential premises	How are payments calculated	Cost of 1 sq. m in tenge
Owners			
1. CAO members		Only rate	
2. Non- CAO members		Rate + VAT	

Meters installed/what type	
----------------------------	--

Expenses for maintenance (from maintenance fees):	
Total amount of maintenance fees:	
Average monthly collection of payments (for 3 months):	
Typical percentage of fees collected:	
Share of monthly salary for CAO employees in the actual sum of maintenance fees:	



Cleaning of Common Areas	Yes	No	CAO Employee	City	Contractor
Electric Repair:	Yes	No	CAO Employee	City	Contractor
Plumbing Repair:	Yes	No	CAO Employee	City	Contractor
Heating Repair:	Yes	No	CAO Employee	City	Contractor
Other:	Yes	No	CAO Employee	City	Contractor
Emergency Service Provider?			CAO Employee	City	Contractor

<b>CAO Land Parcel Information:</b>			
Area if Land Parcel larger than building:			
Form of Tenure:			
Uses of Land Parcel:			
CAO Cleans/Maintains Land Parcel:	Yes	No	
CAO Required to Clean/Maintain Additional Land:	Yes	No	

<b>Service Provision</b>			
Contracting for Utility Services?		CAO	Owners
Collection utility payments?	Calculating Center	CAO	Owners
Processing of billing for heat & hot water charges?	City Services	CAO	Utility

<b>Association Membership:</b>	
Date of entering the Association	
Name of the Association:	

## Summary of Assessment Questions

1. Assessment Collection - preparing, mailing or delivering bills and statements to CAO owners.
2. Posting Owners Accounts - keeping record of owner's charges and payments.
3. Delinquency Follow-up - sending/delivering of past due statements.
4. Collection Proceedings - provide a system (more than just a notice) to collect past due fees.
5. Bill Approval - checking invoices against the Board approved contract amount for all services and utilities. Also, verifying that the work or service was performed in a satisfactory manner and invoices coded by account number.
6. Bill Payment - preparing disbursements by check or cash, executing, delivering payment and filing a copy of the receipt along with the invoices.
7. Payroll Accounting for Employees of the cooperative - preparing the payroll, filing payroll tax reports, making all payroll tax payments for personnel, and tracking of vacation time and sick leave.
8. Tax Return Preparation - preparation of all tax documents related to commercial activities.
9. Financial Report Preparation - preparation of monthly statements on an accrual or modified cash basis. Statement must include schedules of A/R, A/P, reserves, special assessments and comparison to budget (monthly and year to date).
10. Year End Financial Report - year-end statements are to be prepared on a full accrual basis. The statements must indicate A/R, A/P, reserves, special assessments and comparison to budget.
11. Year End Audit, Review or Compilation - this must be done by an outside independent Certified Public Accountant or an audit committee elected by the owners (or answering to the Chairman).
12. Budget Preparation - a budget must be prepared by the Budget Committee and/or the Board. The estimates should be based on an evaluation of the needs of the CAO and the Committee's research into any anticipated rate adjustments.
13. Reserve Collection and Use of Funds (Long Range Planning) - a plan to create a reserve schedule based on information provided by contractors, the Board or experienced persons. Because the Board is responsible for the accuracy of the costs, an independent outside engineer or reserve analyst should be retained to provide confirmation of this data.

14. Annual Meeting - the owners hear reports on the financial and operating condition of the cooperative and elect the Board of Directors.
15. Board of Directors Meetings - the primary forum for hearing and making the decisions of the cooperative.
16. Committee Meetings - discuss and make recommendations to the Board of Directors.
17. Minutes - record the activities undertaken at meetings and establish a written record of decisions.
18. Meeting Notice - procedure for notifying owners of up-coming elections. This includes the first notice, tracking of nomination of candidates, proxies, and ballots.
19. Member Roster Maintenance - maintaining the owners' names, addresses, phone numbers.
20. Records & Files Maintenance - payment, contract, and other records need to be maintained by the cooperative.
21. Resident Information Pamphlet (Preparation & Distribution) - owners must be informed as to the current Association's budget, and other information.
22. Newsletter - keeps owners and residents up to date on the accomplishments of the cooperative and notifies them of policy changes as well as work that will be performed in the future.
23. Specification/Bid Preparation and Coordination - bid packages including specifications must be prepared.
24. Contract Awarding - comparing bids and making a recommendation to the Board of Directors. Includes reviewing the contract and help with the preparation of an appropriate contract to protect the Association.
25. Yearly Management Plan - a schedule of the events affecting the Association over the period of a year.
26. Standard Operating Procedures Reviews - a review of the Association's operating procedures and recommendations for improvement.
27. Inventory of Association Property - a listing of all property that is not part of the common elements, such as tools and equipment.
28. Legal Liaison - how the cooperative handles legal matters.
29. Municipality Liaison - how the cooperative influences governmental decisions

30. Emergency Assistance - how after hour emergencies resolved
31. Rules and Regulations Enforcement - a system to effectively enforce the Association's rules and regulations. This will also reduce or eliminate the need for neighbors to confront neighbors about the rules.
32. Hiring/Firing/Managing of Personnel - locating, interviewing, recommending to the Board, hiring, managing, and, when necessary, firing of any on-site personnel.
33. Policies and Procedures - policies and procedures examples include: rules enforcement, record inspection, meeting procedures, and collections.
34. Architectural Review -. A systems to control and monitor exterior changes desired by owners, usually handled by an committee
35. Repairs/Maintenance -handled by independent contractors or on-staff personnel.
36. Painting - handled by independent contractors or on-staff personnel (at the client's option).
37. Inspection of Outside Contractor Performance - inspecting the work of outside contractors for compliance with the contract specifications.
38. Landscape - maintenance of the land parcel and common areas.
39. Lighting - safety dictates that lighting be properly maintained at all times.
40. Refuse Collection - disposal of garbage.
41. Preventive Maintenance - indicates when various maintenance tasks are scheduled. Serves to avoid emergency repairs and prolongs the life of equipment.
42. Getting Ready for winter months - how does the cooperative prepare for the winter months to make sure proper heat and other services are delivered.

### Assessment Question Comments -Introduction

The following information is provided to assist the cooperative owners and executive board members in evaluating the cooperatives' effectiveness in many areas. For each evaluation point, the following text discusses some of the key points for consideration. In each case, a focus or primary point of the question is listed as well as a process that cooperatives can use to accomplish the desired result.

Every cooperative is different so there is not a "right or wrong" answer to the questions. One will find that planning and anticipation of future problems and events is a recurring theme mentioned under many of the topics. In order to be successful, the cooperative must know what it desires to accomplish, how it plans to accomplish the task, and the basic steps to do so. Another important point associated with many of the topics is education of the members of the cooperative. It is necessary for cooperatives to keep the members informed about all tasks relating to and associated with the cooperative. A cooperative executive board may be doing a very good job managing and operating the cooperative but failing to communicate that to the owners. Communicating to the members the work and efforts that have already been performed by the executive board can avoid misperceptions of the cooperative's performance on the part of the owners.

All cooperatives are different and will have different functions. There may be many reasons why an individual cooperative is not performing one of the aforementioned tasks. These reasons should be discussed with the executive board. It is also possible that the cooperative is undertaking the function but referring to it or calling it something slightly different. It is always a good idea to have a detailed discussion with the chairperson or executive board before drawing any conclusions. If questions remain after such discussions, it is recommended that the matter be discussed with a regional association of cooperatives to receive their input on the matter.

# Duties of CAO - Evaluation Summary

## FISCAL

#1

**ASSESSMENT COLLECTION - *preparing, mailing or delivering bills and statements to CAO owners.***

A. Is the task being performed in some manner?     Yes     No

B. Describe how it is being done:

C. Who is performing the task?     Chairperson  
   Other Officer(s)  
   Non BOD Volunteer  
   Employee  
   Contractor

D. How often is the task performed?     More than monthly  
   Monthly  
   Quarterly  
   Annually

#1.

**FOCUS:** *Timely and accurate collection of cooperative's fees.*

**PROCESS:** It is prudent to have more than one person involved in the process of charging and collecting assessments from a security and control standpoint. It is also important to present statements that look official and are prepared with adequate detail. Statements that look official and have adequate detail tend to be paid more quickly than vague or unprofessional looking statements.

#2

**POSTING OWNERS ACCOUNTS** - *keeping record of owner's charges and payments.*

A. Is the task being performed in some manner?     Yes     No

B. Describe how it is being done:

C. Who is performing the task?

- Chairperson
- Other Officer(s)
- Non BOD Volunteer
- Employee
- Contractor

#2

**FOCUS:** *Maintaining accurate records of charges and payments of assessments.*

**PROCESS:** There are many different, equally appropriate, systems for posting charges and payments. It is important, however, that the cooperative maintain a consistent system of tracking charges and payments. It is often necessary, particularly when an account becomes delinquent, for the cooperative to be able to provide substantial detail as to prior payments and charges. This information is sometimes required by the debtor to settle a dispute; other times it is required by a court of law to determine the accuracy of the alleged amount due.

#3

**DELINQUENCY FOLLOW-UP** - *sending/delivering of past due statements.*

A. Is the task being performed in some manner?     Yes     No

B. Describe how it is being done:

C. Who is performing the task?

- Chairperson
- Other Officer(s)
- Non BOD Volunteer
- Employee
- Contractor (end of the month)

D. How often is this being done?

- More than monthly
- Monthly
- Quarterly

**FOCUS:** *To provide punctual follow-up on all delinquent bills. Failing to follow-up quickly can jeopardize the cooperative's ability to collect a past due invoice. It is much easier to collect one month's assessment than six months' assessments, so following up when a bill is three or four days past due is very important.*

**PROCESS:** The cooperative must establish a procedure to collect delinquent accounts and then follow the procedure methodically. The cooperative, once it has a policy, does not need to microanalyze the actions to take on each account. For example, when an account is 5 days delinquent, a note may be posted on the door of the debtor. When the account is 20 days delinquent, a phone call from the Chairman will be made. When the account is 40 days delinquent, a personal visit from a collection committee will take place. When the account is 2 months delinquent, the cooperative will file with a court to collect the money. The preceding is simply an example and not an indication of the correct procedure. Some cooperatives where utility services such as water or heat are being paid may want to consider investigating disconnecting the water or heat to the unit of a debtor. The point is that the cooperative must establish a standardized procedure or process to approach collecting delinquent accounts.

#4

**COLLECTION PROCEEDINGS** - *provide a system (more than just a notice) to collect pat due fees.*

A. Is the task being performed in some manner?     Yes     No

B. Describe how it is being done:

C. Who is performing the task?

- Chairperson
- Other Officer(s)
- Non BOD Volunteer
- Employee
- Contractor (end of the month)

D. How often is this being done?

- More than monthly
- Monthly
- Quarterly

#5

**BILL APPROVAL** - *checking invoices against the Board approved contract amount for all services and utilities. Also, verifying that the work or service was performed in a satisfactory manner and invoices were coded by account number.*

A. Is the task being performed in some manner?     Yes     No

B. Describe how it is being done:

C. Who is performing the task?

Chairperson

Other Officer(s)

Non BOD Volunteer

Employee

Contractor (end of the month)

D. How often is this being done?

More than monthly

Monthly

Quarterly

## #5

**FOCUS:** *Making sure that bills are paid accurately.*

**PROCESS:** It is generally accepted that the person who has the authority to approve the payment of a bill should not be the same person who delivers the payment and collects the receipt. By having two or more persons involved in the process of paying bills, the likelihood of misappropriation of funds is decreased. It is appropriate that a person, perhaps the chairperson, be responsible for taking an invoice and comparing the invoice to the contract or the agreement of how much was going to be paid and then marking the bill "OK to pay" and possibly indicating the account number to which it should be posted. The chairman would then give the bill to the accountant or treasurer who would either write a check or withdraw the money from the bank to deliver to the vendor. After a receipt (assuming the payment is made in cash,) is collected, it should be attached to the invoice indicating that the amount of money owed was in fact the amount paid. By having a procedure like this, it lessens the likelihood of an invoice being submitted for 5000 \_\_\_\_\_ and the chairperson only paying 4000 \_\_\_\_\_ to the vendor, keeping 1000 \_\_\_\_\_ for his/herself. Proper accounting procedures dictate that two or more people be involved in the process of withdrawing and expending moneys.

#6

**BILL PAYMENT** - *preparing disbursements by check or cash, executing, delivering payment and filing a copy of the receipt along with the invoices.*

A. Is the task being performed in some manner?     Yes     No

B. Describe how it is being done:

C. Who is performing the task?     Chairperson  
   Other Officer(s)  
   Non BOD Volunteer  
   Employee  
   Contractor (end of the month)

D. How often is this being done?     More than monthly  
   Monthly  
   Quarterly

## #6

**FOCUS:** *The payment of bills to vendors. Making sure that bills are paid in an accurate amount.*

**PROCESS:** It is generally accepted that the person who has the authority to approve the payment of a bill should not be the same person who delivers the payment and collects the receipt. By having two or more persons involved in the process of paying bills, the likelihood of misappropriation of funds is decreased. It is appropriate that a person, perhaps the chairperson, be responsible for taking an invoice and comparing the invoice to the contract or the agreement of how much was going to be paid and then marking the bill "OK to pay" and possibly indicating the account number to which it should be posted. The chairman would give the bill to the accountant or treasurer who would then either write a check or withdraw the money from the bank to deliver to the vendor. After a receipt (assuming the payment is made in cash), is collected, it should be attached to the invoice indicating that the amount of money owed was in fact the amount paid. By having a procedure like this, the likelihood of an invoice being submitted for 5000 \_\_\_\_\_ and the chairperson only paying 4000 \_\_\_\_\_ to the vendor, keeping 1000 \_\_\_\_\_ for his/herself is decreased. Proper accounting procedures dictate that two or more people be involved in the process of withdrawing and expending moneys.

#7

**PAYROLL ACCOUNTING FOR EMPLOYEES OF THE COOPERATIVE** - *preparing the payroll, filing payroll tax reports, making all payroll tax payments for personnel, and tracking vacation time and sick leave.*

A. Is the task being performed in some manner?     Yes     No

B. Describe how it is being done:

C. Who is performing the task?     Chairperson  
   Other Officer(s)  
   Non BOD Volunteer  
   Employee  
   Contractor (end of the month)

D. How often is this being done?     More than monthly  
   Monthly  
   Quarterly

#7

**FOCUS:** *How the cooperative pays its employees is very important. There should be at least one person designated for preparing the payroll to employees, such as the accountant.*

**PROCESS:** The cooperative should establish a day on which the cooperative's employees are paid, such as every Friday. The person responsible for this task must maintain records indicating payments made and amounts withheld for payment of taxes. It is very important that this be done on a routine basis and that the records are kept accurately and in detail in order to avoid any disputes with employees. The same person responsible for the preparing of the payroll itself is responsible for making sure that the funds withheld for taxes are furnished or paid to the proper agency.

#8

**TAX RETURN PREPARATION** - *preparation of all tax documents, related to commercial activities.*

A. Is the task being performed in some manner?     Yes     No

B. Describe how it is being done:

C. Who is performing the task?     Chairperson  
   Other Officer(s)  
   Non BOD Volunteer  
   Employee  
   Contractor (end of the month)

D. How often is this being done?     More than monthly  
   Monthly  
   Quarterly

#8
----

**FOCUS:** *Payment of taxes to the Republic of Kazakstan any municipal government (when appropriate).*

**PROCESS:** In the ever changing legal and tax environment in Kazakstan, one of the primary duties is keeping abreast of the latest changes in regulations regarding taxes owed by cooperatives. At the current time (March 1997), it is understood that taxes are owed by cooperatives only on commercial activities and on wages paid to employees. The person responsible for paying the cooperative's taxes must deal with the tax officials to ensure that the cooperative has paid what it owes under the current laws and regulations, and no more.

#9

**FINANCIAL REPORT PREPARATION** - *preparation of monthly statements on an accrual or modified cash basis. Statement must include schedules of A/R, A/P, reserves, special assessments and comparison to budget (monthly and year to date).*

A. Is the task being performed in some manner?     Yes     No

B. Describe how it is being done:

C. Who is performing the task?     Chairperson  
   Other Officer(s)  
   Non BOD Volunteer  
   Employee  
   Contractor (end of the month)

D. How often is this being done?     More than monthly  
   Monthly  
   Quarterly

#9

**FOCUS:** *One of the important tasks of every cooperative is to keep accurate financial records of moneys received and paid out for the benefit of the cooperative.*

**#10**

**YEAR END FINANCIAL REPORT** - *year-end statements are to be prepared on a full accrual basis. The statements must indicate A/R, A/P, reserves, special assessments and comparison to budget.*

A. Is the task being performed in some manner?     Yes     No

B. Describe how it is being done:

C. Who is performing the task?     Chairperson  
   Other Officer(s)  
   Non BOD Volunteer  
   Employee  
   Contractor (end of the month)

D. Attach a copy herewith.

## #10

**FOCUS:** *Annually, the cooperative must provide a written statement of moneys received and expended which should be published to all owners of the cooperative.*

**PROCESS:** Generally, the accountant is in charge of preparing a monthly financial statement which details all the moneys collected as well as those expended. This statement should also include an accounts receivable listing of any owner who owes the cooperative money. Additionally, an accounts payable report indicating all of the bills the cooperative owes to vendors or employees should be included indicating this amount. This statement should be made available monthly to the executive board and to any member of the cooperative at any time he/she desires to meet with the accountant or chairperson to review such records.

The annual statement is published as the official record of the cooperative income and expenses for the year.

**#11**

**YEAR END AUDIT, REVIEW OR COMPILATION** - *this must be done by an outside independent Certified Public Accountant or an audit committee elected by the owners (or answering to the Chairman).*

A. Is the task being performed in some manner?     Yes     No

B. Describe how it is being done:

C. Who is performing the task?

- Chairperson
- Other Officer(s)
- Non BOD Volunteer
- Employee
- Contractor (end of the month)

## #11

**FOCUS:** *An audit provides an independent review of the financial statements and records of the cooperative. The review or audit must be separate from the President, Chairperson or Accountant. If it is not a separate and autonomous person or committee performing the review or audit, it has little or no value.*

**PROCESS:** It is important that the membership appoint an auditing person or committee to review and comment on the financial statements and records of the cooperative. It is not appropriate for this person to be a friend of, or an employee of the chairperson or the accountant of the cooperative. A person making an audit cannot be fired by the chairperson. The point of an auditing committee or person is to provide the cooperative members, when appropriate, objective information on the performance of the chairperson. Obviously, if the auditor is hired and paid by the chairperson, he/she will not be able to make candid statements about the performance of the chairperson he/she is working for.

**#12**

**BUDGET PREPARATION** - *a budget must be prepared by the Budget Committee and/or the Board. The estimates should be based on an evaluation of the needs of the CAO and the Committees research into any anticipated rate adjustments.*

A. Is the task being performed in some manner?     Yes     No

B. Describe how it is being done:

C. Who is performing the task?     Chairperson  
   Other Officer(s)  
   Non BOD Volunteer  
   Employee  
   Contractor (end of the month)

D. How often does the committee meet?     More than monthly  
   Monthly  
   Quarterly

E. Attach a copy herewith.

## #12

**FOCUS:** *A cooperative needs a budget that has been approved by the executive board and in some cases, the membership of the cooperative. The budget indicates the anticipated income and expenses as well as the reserve (funds being saved for future items) that a cooperative will have each year.*

**PROCESS:** A cooperative must appoint a committee, often to include a chairperson and an accountant, that will forecast all envisioned income and expenses for the upcoming fiscal period. Additionally, a calculation must be performed on major components, such as the roof, to determine at what time the cooperative will need funds to replace a major item, like a roof. After the determination of when the funds will be needed, the cooperative must figure out how much needs to be saved annually or monthly so that the money will exist when the funds are needed. Budgeting is generally a process that takes several months. On operating expenses, bids, quotes, or estimates must be obtained from all suppliers so that the cooperative can accurately project the anticipated expenditures. Generally, the cooperative will want to determine all of its expenses and then divide the expenses by the number of square meters or number of cooperatives in the building to determine the monthly rate for each cooperative. It is also useful in many cooperatives to hold a public hearing or meeting of all the owners to hear the wants and desires of the cooperative with respect to budget allocations. This is also an opportunity for the budget committee or executive board to assess the owner's opinions of fees being paid relative to the services being provided to them.

**#13**

**RESERVE COLLECTION AND USE OF FUNDS (LONG RANGE PLANNING)** - *a plan to create a reserve schedule based information provided by contractors, the Board or experienced persons. Because the Board is responsible for the accuracy of the costs, an independent outside engineer or reserve analyst should be retained to provide confirmation of this data.*

- A. Is the task being performed in some manner?     Yes     No  
B. Who makes the decision to do such planning?

C. Describe how it is being done:

- D. Who is performing the task?     Chairperson  
   Other Officer(s)  
   Non BOD Volunteer  
   Employee  
   Contractor (end of the month)

- E. How often is this monitored?     More than monthly  
   Monthly  
   Quarterly

F. Attach a copy herewith.

## #13

**FOCUS:** *Preparing a schedule that amortizes the major assets of the cooperative. In other words, if a roof is going to last five years and cost 500,000 \_\_\_\_\_, 100,000 \_\_\_\_\_ must be reserved or saved each year.*

**PROCESS:** A committee (sometimes independent of the budget committee) is appointed to obtain estimates and make calculations for capital reserves. Often the department of engineering or architectural standards has information regarding the size and type of various building components. These need to be examined and a determination needs to be made regarding how long each of the items will last and approximately how much it will cost to replace them. By recalculating this amount annually, the cooperative can allow for inflation.

## ADMINISTRATIVE

#14

**ANNUAL MEETING** - *the owners hear reports on the financial and operating condition of the cooperative and elect the Board of Directors.*

- A. When was the last Annual meeting held?
- B. Attach a copy of the minutes herewith.
- C. Was a Board of Directors elected?  Yes  No
- D. Was a detailed financial report made?  Yes  No
- E. What other business was conducted?
  
- F. When is the next Annual meeting?

## #14

**FOCUS:** *The primary purpose for the annual meeting is to inform the owners about the financial and the operating condition of the cooperatives and to elect a board of directors.*

**PROCESS:** Generally, the by-laws dictate that a notice will be distributed to all members in advance of the annual meeting. The members have the right to nominate and elect members of the executive board. Other than the election of the executive board, the primary purpose of the meeting is to hear reports of the performance of the cooperative. The members are entitled to a written financial report at this meeting. The members can also raise concerns and issues that they would like addressed at this meeting.

**#15**

**BOARD OF DIRECTORS MEETINGS** - *the primary forum for hearing and making the decisions of the cooperative.*

- A. Are monthly meetings held?     Yes    No
  
- B. Attach a copy of the last minutes herewith.
  
- C. Were financial statements distributed?    Yes    No
  
- D. Attach a copy of the financial report herewith.
  
- E. What other business was conducted?

## #15

**FOCUS:** *The primary purpose of the board of directors meetings of the cooperative is to conduct the month-to-month business of the cooperative and to empower the officers of the cooperative to take various actions on behalf of the cooperative.*

**PROCESS:** The bylaws for the cooperative usually dictate that advance notice of the board of directors meeting is required. Generally, the board of directors are responsible for electing the officers such as the chairman, accountant and treasurer of the cooperative. At the board of directors meetings, the director should be provided a written financial report as to the income and expenditures of the cooperative. This should be compared to the adopted budget of the cooperative and any significant variances or deviations from the budget should be clearly defined and explained in detail to the executive board. All of the officers, including the chairperson work as an employee or at the discretion of the executive board. It is the executive board's responsibility to supervise the officers and employees of the cooperative to make sure that they are doing an adequate job, including supervising the chairperson.

**#16**

**COMMITTEE MEETINGS** - *discuss and make recommendations to the Board of Directors.*

A. List the committees.

B. How often do they meet?

C. What is their purpose?

## #16

**FOCUS:** *Committee meetings are generally to conduct a duty outlined either in the bylaws or appointed by the executive board.*

**PROCESS:** The committees should clearly understand in advance what their function is. Often a committee will only have to meet once or twice to carry out its function; however, some committees meet regularly on an ongoing basis to carry out its functions. Other committees, such as the budget committee, meet more during certain times of the year than others. The key to successful committee performance is for the executive board and the committee to have a clear understanding of the committee's duty, how they are going to accomplish their function and the time frame they have to accomplish it in. This will naturally vary from committee to committee.

#17

**MINUTES** - *record the activities undertaken at meetings and establish a written record of decisions.*

A. Attach a copy of the last annual minutes, the last three Board of Directors minutes and the last two committee meetings.

B. Are all decisions recorded?

C. Who is the responsible party for taking the minutes?

## #17

**FOCUS:** *It is important to keep minutes of the executive board and annual meetings of the cooperative because they provide the historical record of the business conducted at the meeting.*

**PROCESS:** The secretary of the cooperative is responsible for recording the actions taken at annual meetings and Board of Directors meetings. This serves as a historical record and allows the directors and members to refer to a single record in the event there is a dispute about what action was taken at a meeting. The minutes are often the most important legal document of the cooperative because they provide a listing of all the actions that were approved and/or taken by the cooperative.

**#18**

**MEETING NOTICE** - *procedure for notifying owners of up coming elections. This includes the first notice, tracking of nomination of candidates, proxies and ballots.*

A. Who gave the meeting notice?

B. How far in advance was it given?

C. Did it include an agenda? \_\_\_\_\_ Yes \_\_\_\_\_ No

D. What else was included?

## #18

**FOCUS:** *Meeting notice. The purpose of the meeting notice is to inform members of the meeting and the intended business at the meeting.*

**PROCESS:** The by-laws often dictate the time and method in which owners are to be notified of pending meetings. It is generally the job of the cooperative secretary to prepare and post/deliver the meeting notices to each of the members. It is often helpful and sometimes required by the bylaws that an agenda detailing all the business which will be undertaken at the meeting be distributed with the notice. Sometimes it is also appropriate to distribute or post the financial statements with the meeting notice so that any questions can be prepared in advance of the meeting.



## #19

**FOCUS:** *The primary purpose of the member roster is to keep a record apartment owners within the cooperative.*

**PROCESS:** The secretary/treasurer/chairperson is often responsible for maintaining the legal register of owners of the apartments within the cooperative. This roster serves as a list of who to collect fees from, who is entitled to be in the cooperative common areas and who is entitled to vote at the meetings of the cooperative.

#20

**RECORDS & FILES MAINTENANCE** - *payment, contract, and other records need to be maintained by the cooperative.*

A. Who is responsible for this task?

B. Where are the records stored?

## #20

**FOCUS:** *Keeping records on file helps in maintaining historical records of financial transactions and business conducted by the cooperative.*

**PROCESS:** Generally, the secretary is in charge of filing all of the records and maintaining all the records of the cooperative. This person's job is very important because it is often necessary to refer to decisions made several months or years prior to determine the best way to handle a problem. For example, if owners are informed in 1996 that they can't have dogs larger than one meter, it might be inappropriate in 1997 to inform them that dogs larger than  $\frac{3}{4}$  of a meter in size are not allowed.

**#21**

**RESIDENT INFORMATION PAMPHLET (PREPARATION & DISTRIBUTION) -**  
*owners must be informed as to the current Association's budget, and other information.*

A. How is this accomplished?

B. Who are the people responsible?

C. What information is included?

## #21

**FOCUS:** *A resident information package informs a new member how the cooperative works and conducts its business.*

**PROCESS:** The information may be available in the cooperative office or may be printed and distributed to the individual cooperative members. The information should include a copy of the master deed, the bylaws, and a compilation of important decisions by the cooperative. The information should also include pertinent financial reports, such as the last year's report of the auditing committee and the financial statement. The information generally includes a statement about work that is going to be done in upcoming months and the cooperative's plans for handling major items, such as roofing.



**FOCUS:** *The primary purpose of a newsletter is to keep cooperative owners and residents informed on the latest and most current developments in the cooperative.*

**PROCESS:** The newsletter is generally best handled by a committee charged with the task of writing the articles for the newsletter. The newsletter can either be printed and distributed to the cooperative members or can be posted on a bulletin board(s) for the cooperative members to review. It is important to include various positive and negative information about the events and circumstances surrounding the cooperative.

**#23**

**SPECIFICATION/BID PREPARATION AND COORDINATION** - *bid packages including specifications, must be prepared.*

A. Who designs bids?

B. Who reviews the bids?

C. Do you ever use a third party engineer or architect?

#23

**FOCUS:** *It is imperative that a cooperative carefully articulate the specifications of how and to what standards the cooperative anticipates work to be done.*

**PROCESS:** The specifications can be drawn by cooperative members or by an outside architect or engineer. It is important that the executive board agrees on the specifications in advance of obtaining bids. If specifications are not prepared, the cooperative may receive bids on 3 or 4 different vendors proposing to do 3 or 4 different jobs, making price comparison impossible. The specifications also serve as a measure that the cooperative can use when the work is completed to make sure that work has been performed to the required standards.

**#24**

**CONTRACT AWARDING** - *comparing bids and making a recommendation to the Board of Directors. Includes reviewing the contract and help with the preparation of an appropriate contract to protect the Association.*

A. Who designs the contracts?

B. Who reviews the contracts?

C. Do you ever use a third party engineer or architect to help to review the contract?

## #24

**FOCUS:** *All proposals must be reviewed and compared. Either a special committee or the executive board itself should be responsible for selecting the contract that best meets the cooperatives' needs at a reasonable cost figure. The cooperative should use great care in awarding contracts to ensure that the contractor understands the expectations of the cooperative in all areas, including job specifications and payment terms.*

**PROCESS:** The cooperative should have one person who is primarily responsible for seeing that the contract is drawn in proper form and detail to protect the cooperative and ensure that the work will be performed to the standards required. Depending on the size of the project, it may be appropriate to have an engineer, architect and/or lawyer involved in ensuring that contract is drawn correctly.



**FOCUS:** *The yearly management plan provides an agenda for the cooperative to follow regarding actions it will undertake. This is a very important tool for the leaders of the cooperative to plan and execute the work of the cooperative process. The chairman and/or executive board must appoint a committee to advise on actions it should undertake in the following year. This is one of the first steps in the budgeting process and to determining the work plan. It is often useful to have a meeting of the cooperative owners to receive their input on the work plan. This is particularly important if the work plan will require new or additional funding because it helps to obtain the consensus of the owners that the work needs to be and make the owners more willing to fund the expense. The work plan should indicate non-emergency actions that the cooperative will undertake during the year, such as repainting hallways, replacing roofs, adding additional items to the facilities and similar items.*

**#26**

**STANDARD OPERATING PROCEDURES REVIEWS** - *a review of the Association's operating procedures and recommendations for improvement.*

A. Do you have a manual of procedures?

B. What areas does it cover?

C. Who uses this manual?

## #26

**FOCUS:** *Every cooperative should have a standard operating procedure in the form of a manual or booklet which describes to the cooperative owner and leaders how various items will be handled. It is important for the cooperative to periodically review this standard operating procedure and ensure that it is currently applicable to the cooperative.*

**PROCESS:** The review and establishment of the operating procedure is generally best handled by a committee. The committee should consult with the chairman and other officers of the cooperative to obtain information on current procedures and then memorialize these procedures in writing. Questions should be asked by the committee. Such questions should include: Is this the most sensible way to handle this item? Is it being handled fairly? Is it appropriate to handle it in the manner it is currently being handled?

**#27**

**INVENTORY OF ASSOCIATION PROPERTY** - *a listing of all property that is not part of the common elements, such as tools and equipment.*

A. Do you keep a list of all cooperative property?

B. How often is it updated?

C. Who is responsible for maintaining this list?

#27

**FOCUS:** *The cooperative must maintain a listing of all the property owned by the cooperative.*

**PROCESS:** The cooperative should maintain an ongoing ledger that lists all of the tools, equipment and other property that the cooperative owns. The ledger should include the date the item was acquired, the cost, and who is responsible for maintaining the item. In some cases, it will be useful to also delineate the recurring or preventative maintenance schedule that should be associated with the asset.



**FOCUS:** *The cooperative must have a person or committee charged with monitoring the cooperative's legal affairs.*

**PROCESS:** Based on the individual cooperative, the cooperative may have a person, perhaps even an attorney, who will coordinate the legal affairs of the cooperative. This is particularly important with the fast developing and frequent changes in laws, regulations and taxing that applies to cooperatives in Kazakstan. An association of cooperatives may also be able to assist the individual cooperatives by having an attorney or multiple attorneys on the association staff who are familiar in dealing with legal matters that affect cooperatives

**#29**

**MUNICIPALITY LIAISON** - *how the cooperative influences governmental decisions.*

A. Is there a committee to handle governmental affairs?

B. Does the cooperative employ an attorney for this purpose?

C. Who is responsible?

## #29

**FOCUS:** *Similarly to the legal liaison, a cooperative must be prepared to deal with municipal and national laws that affect it.*

**PROCESS:** The cooperative needs to belong to an association or have an individual or a committee that is responsible for monitoring changes in local and republic laws that affect the cooperative. This includes taxing, building codes, and any other issues. Not only does the cooperative need to be prepared to comply with these laws or regulations, but the cooperative should also take a proactive role in helping to shape these laws and regulations in the its best interest. This is a task that is undoubtedly best served by a national or regional association of cooperatives. The national or regional association can hire or appoint a lobbyist or lawyer to represent cooperatives with similar interests.

**#30**

**EMERGENCY ASSISTANCE** - *how after hour emergencies are resolved.*

A. How are emergencies handled?

B. Who do residents call?

C. Are plumbers and electricians able to do service at night or on weekends in case of urgent situations?

## #30

**FOCUS:** *All cooperatives must be prepared to deal with emergencies. If a pipe breaks, or the roof leaks in the middle of the night, the cooperative must have a plan in place to make sure that the problem gets handled with minimum inconvenience to the cooperative owner.*

**PROCESS:** The cooperative needs to either have a relationship with a contractor or an employee who is responsible and prepared to deal with any such emergency. The contractor or employee needs to maintain a reasonable stock of equipment and supplies to cope with an emergency. Many cooperatives will find a contractor or an employee who might work for several different cooperatives to be an efficient means to prepare for an emergency. In some cases, the chairman or regular employees of the cooperative will have the expertise and ability to deal with such problems. In any case, there must be some method in place to deal with an unexpected emergency.

**#31**

**RULES AND REGULATIONS ENFORCEMENT** - *a system to effectively enforce the Association's rules and regulations. This will also reduce or eliminate the need for neighbors to confront neighbors about the rules.*

A. What is the system to enforce rules?

B. What are the steps to be taken?

C. Who coordinates enforcement?

## #31

**FOCUS:** *In order for a cooperative to efficiently and effectively enforce rules and regulations, it must have a uniform and consistent policy and procedure in place regarding the rules and their enforcement.*

**PROCESS:** The most important step to enforcing any rule or regulation is building consensus among those who will have to comply with them. It is suggested that a public meeting be held to explain and discuss any new proposed rule or regulation with all of the cooperative members before enacting it. At such a time, the reason for the rule and the rationalization should be carefully explained to all members. This same explanation should be contained in the handbook, standard operating procedures manual and periodically in the newsletter. Enforcement of a rule must begin long before the infraction. Similarly to the collection of fees, rule enforcement should be a predefined process agreed to by the cooperative and the cooperative executive board.

For example, when a violation first occurs, a letter will be mailed to the violator. The second step would be for the chairperson to telephone the violator to discuss the violation. The third step might be to propose a fine against the offending party. If the cooperative proposes fining a cooperative owner, and if it is permitted under the bylaws and the local laws, a hearing should be held to determine the validity of the accused violation. A person being fined should always have the right of appeal to either the executive board or a committee for that purpose. Finally, the cooperative might file a legal or court action against the offending party.

The cooperative needs to develop a series of steps of how they will enforce the rules before there is an actual need to do so. There are many appropriate means to enforce rules. In some cases, the cooperative may actually want to go in and fix the violation itself. Great care should be taken to protect the legal rights of all parties when enforcing rules.

#32

**HIRING/FIRING/MANAGING OF PERSONNEL** - *locating, interviewing, recommending to the Board, hiring, managing and, when necessary, firing of any on-site personnel.*

A. How are people hired?

B. How are their skills verified?

C. How are employees trained to improve performance?

## #32

**FOCUS:** *The management of personnel is very important to a cooperative. A well-trained and efficient staff begins with the hiring process and ends with the termination of an employee.*

**PROCESS:** As with many items a cooperative undertakes, it is important to have a uniform plan in dealing with personnel matters. The cooperative should have a standard policy for hiring cooperative employees. By having a predefined process, the cooperative can use good judgment to make sure that all employees are treated fairly and they are given the opportunity to perform to their highest level. The cooperative should think about ways that employees can receive training and acquire additional expertise so that they can best serve it. When a termination of an employee is necessary, it is again important to have a standard policy for how that will be handled. For example, many firms believe that an employee should be given two warnings before being fired for most violations of company policy. If an employee is not performing the work satisfactorily, it may be a good idea to counsel that employee on how he/she can do a better job before terminating the employee. This benefits the employee because he/she does not lose a job, and it benefits the cooperative because the it does not need to spend money to hire and train a new employee to fill the vacancy.

#33

**POLICIES AND PROCEDURES** - *policies and procedures examples include: rules enforcement, record inspection, meeting procedures, and collections.*

A. Is there a listing of policies and procedures to follow?

B. Who wrote the procedures?

C. How often are they updated?

## #33

**FOCUS:** *Policies and Procedures.* As discussed in #26, the cooperative must form a set of policies and procedures. The policies and procedures should outline for the executive board, employees and members of the cooperative, how and when the cooperative will take certain actions. The procedures should give everyone an understanding of the way things are done.

**PROCESS:** It is important that a cooperative develop a formal policy and procedure. Usually the formal policies and procedures evolve out of informal policies, "just the way we do things," and are fine tuned for the best interest of the cooperative. Local and regional associations of cooperatives may help individual cooperatives develop standard operating procedures which can be adapted to meet their different needs. ICMA has developed several courses which could be adapted for use as the standard operating procedures for those different subject matters.

## PHYSICAL

#34

**ARCHITECTURAL REVIEW** - *A systems to control and monitor exterior changes desired by owners, usually handled by an committee*

- A. What procedures are used if the owner wants to make exterior changes?
  
- B. What approval is required by the cooperative and the City?
  
- C. Does the cooperative control which contractors can be used?
  
- D. How and who inspected the work?

## #34

**FOCUS:** *Architectural review is important to the cooperative to obtain a uniform and safe structure for all owners. It is often necessary to have modifications reviewed by municipal authorities as well as the executive board cooperative. The safety of the building, both structurally and mechanically, cannot be jeopardized by unauthorized modifications.*

**PROCESS:** For both safety and aesthetic reasons, the cooperative must carefully analyze any proposed changes to the building. For example, a modification to a 5th floor balcony, if improperly performed, could fall on residents living on the 4th floor. The cooperative should also develop a procedure detailing how modifications can be requested, and under what circumstances the cooperative will approve the said modifications. In many regions, it is also necessary for the municipal authorities to also approve construction or modification prior to it being undertaken and in some cases to inspect it again after the work has been completed. When a group of people share facilities in a cooperative, they must work together to ensure that a certain standard of quality and a certain visual aesthetics are maintained.

#35

**REPAIRS/MAINTENANCE** *-handled by independent contractors or on-staff personnel.*

- A. How are repairs reported?
  
  
  
  
  
  
  
  
  
  
- B. Who decides what will be repaired?
  
  
  
  
  
  
  
  
  
  
- C. How are expenses controlled?
  
  
  
  
  
  
  
  
  
  
- D. How is it determined if there are enough funds for the repair?
  
  
  
  
  
  
  
  
  
  
- E. How long do most repairs take?

## #35

**FOCUS:** *Repair and maintenance procedure. The cooperative must plan how it will make minor repairs and perform maintenance that cannot reasonably be envisioned or anticipated.*

**PROCESS:** Most cooperatives employ a plumber, electrician and/or general maintenance personnel and janitors to take care of maintenance tasks which are relatively small, but occur on a regular basis. The cooperative should keep track of how often these employees or contractors make various repairs to make certain that a larger repair is not required. Again, as with most items, planning is the key to a successful repair and maintenance program. A cooperative that does detailed planning and studies how they can best handle repair matters generally operate more effectively and efficiently than a cooperative that fails to plan ahead.

**#36**

**PAINTING** - *handled by independent contractors or on-staff personnel (at the client's option).*

A. Is there a plan of when to repaint different areas?

B. How often are stairways and other areas repainted?

C. Where is the paint purchased?

## #36

**FOCUS:** *Painting is an example of a recurring maintenance task that a cooperative can anticipate.*

**PROCESS:** The cooperative should make estimates and obtain bids regarding the cost of such painting and other maintenance substantially in advance of it actually being required. By doing so, the cooperative can amortize the cost over a long period of time and collect the money to make the necessary repair or repainting. In this case, the cooperative will have the money at the time the work is needed. For example, if painting is needed to be performed every five years, the cost can be collected over a 60 month period rather than in any one given month or year.



#37

**FOCUS:** *When work is performed, it is necessary for the cooperative to inspect the work to ensure that the work has been performed and is consistent with the bid specifications and the expectation of the cooperative.*

**PROCESS:** Depending on the type of work, the cooperative may need to hire an engineer, architect, or other person capable of evaluating the work. Payment for work should never be made prior to the cooperative inspecting the work and ascertaining that it was performed in accordance with the specifications.

**#38**

**LANDSCAPE** - *maintenance of the land parcel and common areas.*

A. Who keeps the area clean?

B. How often is it cleaned?

C. Do volunteers help with this task?

## #38

**FOCUS:** *While many cooperatives do not have much landscaping or vegetation, the areas that they do have should be properly cared for. Good maintenance of landscaping, grass or other vegetation beautifies the common areas of the cooperative.*

**PROCESS:** The cooperative executive board should consider in their yearly plan if any landscaping improvement or maintenance is necessary for the individual cooperative. Often for a very minor cost, the cooperative can add some grass or trees, bushes or flowers, that greatly enhance the appearance of the cooperative building. Prioritizing the necessary maintenance is important. Landscaping certainly would be done after major maintenance projects were properly funded. However, the cooperative should be aware of this item and strive to obtain a pleasant land plot area.

**#39**

**LIGHTING** - *safety dictates that lighting be properly maintained at all times.*

A. How often are they checked?

B. Who changes the lights?

C. What type of bulbs are used?

## #39

**FOCUS:** *The lighting of common areas is important for safety reasons as well as the proper aesthetics of the building. Persons interested in selling or buying cooperatives would want to purchase property in a well-maintained building. Part of a good maintenance program includes making sure that lights are properly functioning at all times.*

**PROCESS:** The cooperative should educate the members about the importance of not stealing the light bulbs and the executive board should investigate methods to keep the lights installed and various fixtures and other devices to reduce the possibility of theft. Some cooperatives have found that certain kinds of light bulbs such as fluorescent fixtures are less likely to be stolen than regular incandescent light bulbs that will work in most household lamps. The cooperative is, in theory, legally responsible if an elderly person, or any person for that matter, falls down the stairs because they were not properly lit. The cooperative should do regular inspections to make sure the contractor or employee responsible for maintaining the lighting is doing so properly. the cooperative.

**#40**

**REFUSE COLLECTION** - *disposal of garbage.*

A. Is there a schedule for refuse collection?

B. How is garbage disposed of?

C. How is this area kept clean?

D. Who has the job of cleaning up the refuse disposal area?

## #40

**FOCUS:** *In some areas, the cooperative is responsible for refuse disposal and in other areas they are responsible for collecting it in a common place so the municipality can pick it up. Performing this function properly is very important. If not performed properly, garbage will be strewn about and detract for the appearance and desirability of the cooperative.*

**PROCESS:** The cooperative, again, must educate it's members about the importance of complying with the cooperative's regulations regarding refuse disposal. The cooperative may appoint a committee of volunteers to help monitor the disposal of garbage and make sure that it is handled appropriately. Some cooperatives are paying children a nominal amount of money to help pick up scraps of paper and other refuse that has not been properly disposed of. Understandably, many Kazakstani cooperatives are facing very difficult and serious challenges which limit their human and financial resources from being able to concentrate on optional items such as picking up trash that has blown out of the container. However, this item is mentioned herewith because it is important that a cooperative consider and handle this kind of problem in order to be truly desirable and comfortable to the members of the cooperative.



## #41

**FOCUS:** *Every cooperative must form a preventative maintenance schedule whereby the cooperative has a plan to maintain equipment and systems on a regular basis.*

**PROCESS:** Many tradesmen and manufacturers of systems and equipment will know the proper steps for maintaining various equipment. The cooperative should have a checklist that is maintained by the chairperson or executive board that indicates when certain tasks need to be performed. Failure to perform preventative maintenance reduces the life and usefulness of equipment and systems. It is generally cheaper to maintain equipment on an ongoing basis than it is to wait until it breaks and then make an emergency repair. While the procedure and facilities for emergency repairs are important, they can often be avoided by a good, regular maintenance program.

#42

**GETTING READY FOR WINTER MONTHS** - *how does the cooperative prepare for the winter months to make sure proper heat and other services are delivered.*

A. Who is in charge of this project?

B. What are the tasks related to preparing for winter?

C. How well did you prepare last year?

#42

**FOCUS:** *Preparing for the winter months, particularly in the northern areas of Kazakstan, is very important. If the cooperative does not begin to prepare early enough, they may find themselves with systems that are broken and not able to be repaired until temperatures increase.*

**PROCESS:** The cooperative should develop a checklist which indicates what tasks need to be performed and when they should be done. The chairperson, executive board, and membership can then monitor that the items are being performed at the appropriate time and in advance of the winter months.