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For the Record:

Comprehensive Record-Keeping in the Digital Age

When you think about it, the amount of documentation accumulated throughout the lifetime of a condominium may likely reach the height of the Niagara escarpment. Each condominium requires extensive documentation of processes, minutes, purchase orders, and corporation records, which are often required for reference purposes years into the future.

For many boards of directors, the act of record-keeping is a presumptive inclusion as part of their corporation's property management agreement, and the actual physical application of its role often goes unseen. However, boards need to consider being held responsible regarding their record-keeping processes. Communication with their management company is important to ensure details regarding record retention within the management contract are specific and reviewed regularly.

Appropriate, accurate, and complete record-keeping is an essential tool throughout the creation and duration of a condominium property's physical lifetime, and indeed, a requirement under the *Condominium Management Services Act, 2015 (CMSA)*. At any point of turnover between two property management companies, a complete record of all aspects of the corporation is required. While a checklist of items to be included in the turnover is often specified, we still find incomplete items.

Keeping accurate records is essential to the operation of a condominium, from unit owner specifics to time-line tracking of contractors, finances and minute books; there are multiple layers of documentation to record—and legal and ethical obligations in keeping them.

For records request purposes, records are now divided into 'Core'

and 'Non-Core' records. Core records included the governing documents such as the Declaration, By-Laws and Rules, minutes from the last 12 months, the current budget and financial statements, reserve fund studies, and mutual agreements. Non-core records include older sets of minutes (outside of the last 12 months), previous year's budgets, and older financial statements.

Property management companies must ensure that they create and maintain records according to the legal and ethical obligations outlined under the CMSA and sections 34 and 35 of the General Regulation (O. Reg 123/17).

Accurate and thorough records provide extensive background information on the condo corporation, which can prove valuable for future owners, boards, and management companies, ensuring an accurate corporation history.

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Paper or Digital?

Now that the digital age has taken over, many management companies are turning towards digital archiving to cut down on bulky storage requirements and make files quick and easy to access online. Now that we are working from home more often, accessing digital documents is extremely helpful and allows for smooth out-of-office working. It should be noted that management companies are currently under no obligation to store records electronically. Still, given the ease of transferring digital records from one party to another, it is a common-sense approach to records management.

As per the CAO, paper records must be kept:

- On the condominium corporation's property;
- At another appropriate location; or,
- At the office of the condominium manager or condominium management services provider, provided that the location is reasonably close to the condominium corporation.

Electronic records must be kept:

- In a system that is capable of reproducing the records or the information contained in the records in a reasonable time;
- Includes a password or other method of protecting against unauthorized access; and,
- In a way that automatically backs up files and allows the recovery of those files, or which otherwise protects against loss, damage, or inaccessibility of the records.

The decision on how records are stored is ultimately that of the board in discussion with their management

company. Still, paramount to their decision should be the ease of obtaining future access to records.

Why is Record-Keeping Important?

Many property managers have been questioned on past decision-making. Keeping documentation in order can raise the board's confidence in a manager and save time wasted trying to dig up the past. Suppose a property is experiencing lots of roof leaks, for example. In that case, a review of a proper roofing file will include details of the last major roofing project and information related to individual unit leaks. Purchase orders, reserve fund studies, and email correspondence become relevant to this. Additionally, proof of workmanship and product warranty are all items to be saved carefully if a dispute arises.

What Happens When it Goes Wrong?

Boards are free to choose whomever they wish to look after their buildings, and every piece of information relative to that corporation must be transferred over when a property has changed to new management. It is frustrating to take over a property and find incomplete monthly financial statements, missing reserve fund studies, and spotty minute records. The frustration is exacerbated when reviewing unit files for status certificates and finding little or no information—specifically relevant when looking for Section 98 documentation. Perhaps the most frustrating of all is receiving inaccurate owners' lists and amounts in arrears outside of the 90-day notice of lien period. There is really no surprise that the directors

were looking for a change in management in these scenarios.

We now have many government forms for reporting on the corporation's financial position or updates to board members and insurance deduction amounts. Would it make sense to incorporate a standardized Turnover form for all property management companies to use when transferring a corporation from one company to another? Perhaps a standard, mandatory form to be used and signed off on by all parties in the transfer process would highlight the legal and ethical obligations of doing so.

Historical background on communications with owners, contractors, and board members can all be retained in email form. Still, important emails detailing board decisions should not be stored solely within an email inbox. Saving emails within the corporation's communication folders provide an extensive background of information, but decisions on corporation matters should also be ratified in the minutes to ensure a clear and comprehensive record of the decision. With the ability to store information digitally, we can provide extensive records. If saved carefully and accessibly, they are easy to find, and easy to provide upon request to offer everyone peace of mind. It certainly beats shuffling through a mountain of papers! ■

Sarah Petrie, RCM, began managing geared-to-income properties in Toronto in 2006 and brought her building management skills to the condo industry in 2014. She joined The Enfield Group in 2017, shortly after earning her RCM designation and is now a Senior Property Manager. enfield.net



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