



Learn more about the Real Estate Branch (REB) of the Department of Commerce and Consumer Affairs

Check out the REB website
www.hawaii.gov/hirec for more information and some frequently asked questions.

- What services does the REB provide to the condominium community?
- Where can I get help with association disputes?
- What laws apply to my condominium association?
- How do I get a copy of my association documents?

Real Estate Branch

About Us

The Real Estate Branch, as part of the Professional and Vocational Licensing Division, assists the Real Estate Commission in carrying out its responsibility for the education, licensure and discipline of real estate licensees; registration of condominium projects, condominium associations, condominium managing agents, and condominium hotel operators; and intervening in court cases involving the real estate recovery fund.

Subscribe

Receive emails on relevant condominium educational materials. Sign up now at <http://cca.hawaii.gov/reb/subscribe/>

Contact Us

Condominium Hotline: 1-844-808-DCCA (3222), Ext #1 then #8
Hours: 9:00 AM – 3:00 PM
Email: hirec@cca.hawaii.gov
Web: www.hawaii.gov/hirec

This brochure is for informational purposes only and not intended for the purpose of providing legal advice. Information provided is



**CONDOMINIUM:
FINANCIAL AND
MANAGEMENT CONTROLS
FOR ASSOCIATIONS**
Real Estate Branch
335 Merchant Street #333
Honolulu, HI 96813

CONDOMINIUM: FINANCIAL AND MANAGEMENT CONTROLS FOR ASSOCIATIONS

*Real Estate Branch
Department of Commerce and
Consumer Affairs*

December 2016



Financial and Management Controls for Associations

Whether your association is big or small, money is often a key, if not the key aspect to running a stable, solid association.

In the news, there have been recent stories of significant thefts from associations.

Associations can protect themselves in a variety of ways to reduce the possibility of theft and the amounts lost.

Working With Your Bank

Associations should grant signing authority and access to bank accounts to a few officers. No one person should be granted sole signing authority and access to bank accounts.



Requiring that all expenditures paid by check or wire transfer over a certain amount to be approved and signed by at least two people can reduce the possibility of a single signing authority figure abusing their power.

Associations can request that the bank issue electronic alerts, either via email or text message, when transactions above a certain limit occur. Being alerted immediately to transfers can help prevent theft.

Management Company

Review what responsibilities and authority the management contract gives to the managing company.

A managing company who has signing authority and access should be supervised by board members periodically accessing the online account to check transactions. The managing company should also grant access to the bank records and report monthly on transactions in and out of the accounts.

Self-managing associations should also provide monthly bank account updates and access to books and records to the board.

Association Management

Hold open competitive bidding for repairs and improvements and require all checks to include brief summaries of the reason for the payment. Having clear documentation procedures for who authorized payment for what can deter theft.



Annually conduct audits by independent auditors of the association's finances and make the audit reports open to all members on a timely basis. Having additional eyes, especially owners who are finance and accounting professionals, can help detect and prevent financial loss.

Dividing authority over the collection of monies, recording, and paying between different members, managing agents, association employees, and accountants prevents any single person from being able to steal and conceal their theft.

Regularly review the insurance and fidelity bond policies to ensure that the association is covered in the event of a theft. Be aware that "employee dishonesty" coverage may not apply if a management company employee engages in theft. Check with your managing company if they have their own coverage.

Owner Involvement

Remove and replace board members who refuse to share financial information, audits, and other relevant documents with owners. This can be done at either a special meeting or a regular association meeting. See §514B-106(f) and §514B-121(b), HRS.



Get involved with committees about future repairs, management hiring, and contractor selection to ensure that bidding and hiring are competitive, honest, and open.