

BRIEFING NOTE

TO: Board of Directors

FROM: Governance Committee

DATE: December 7, 2020

SUBJECT: 15.2 Content Review of the Financial Condition Policy 2-03

☒ For Decision

☐ For Information

☐ Monitoring Report

Purpose:

To carry out a scheduled review of the Financial Condition Policy 2-03 for the purpose of determining whether any amendments are necessary.

Background:

It is the responsibility of the Board to develop, approve, update and evaluate implementation of its governance policies. Appendix 2 to the COO's Policy Governance Manual sets out a review schedule for all policies in the manual. The purpose of reviewing the policies on a regular basis is to ensure that they continue to be relevant and serve the function that they were implemented for.

For Consideration:

The Financial Condition Policy 2-02 was first approved by the Board on September 20, 2011. It was last revised October 2, 2017. This policy falls within the Operational Boundaries category. Policies in this category set out the Board's risk boundaries for COO operations. The purpose of this policy is to ensure that the Registrar, CEO maintains the financial health and condition of the COO.

On review, the Governance Committee was of the view that the policy could benefit from minor revisions in order to ensure that the language is clear and consistent with terminology adopted by the COO as it has developed its governance manual over the course of the last three years. The Committee also proposed revisions to ensure that the policy gives the Registrar, CEO sufficient flexibility in order to respond to crises or other unforeseen circumstances.

The Financial Condition Policy 2-03 with the proposed revisions is redlined in **Appendix A** below and a clean version, **Appendix B** is attached.

Public Interest Considerations:

The Board has recognized the importance of strong governance in order to carry out its object of regulating the profession in the public interest and has invested significant time and resources into updating its governance policies and processes. Reviewing the content of these policies ensures that

policies are consistent and effective, and that the College is up to date with regulations, technology, and regulatory best practices.

Diversity, Equity and Inclusion Considerations:

The Committee did not identify any deficiencies in the policy that would preclude the Registrar, CEO from building the Board and the COO's capacity to promote diversity, equity and inclusion.

Recommendation:

To approve the updates to the Financial Condition Policy 2-03 as recommended by the Governance Committee.

POLICY TYPE: OPERATIONAL BOUNDARIES

2-03 Financial Condition Policy

With respect to the ~~actual~~, ongoing financial health and condition of the COO, the Registrar, CEO shall not cause or allow the development of unnecessary financial risk, such that there would not be sufficient cash flow to meet obligations in the normal course of business. Further, the Registrar, CEO shall not cause or allow material deviation of expenditures from the Board priorities established in the Strategic Outcomes Policies.

Accordingly, the Registrar, CEO shall not:

Financial position

1. Finish the fiscal year in an annual operating deficit with expenditures that exceed revenues without prior approval of the Board.-

Expenditure

8. End the fiscal year without sufficient liquidity to operate in the next year.
9. Make a single unbudgeted purchase or commitment of greater than ~~the Board designated level~~ \$30,000 without prior Board approval. Splitting orders to avoid this limit is not acceptable.
10. Deviate from the overall budget in any ~~one~~ quarter by more than twenty-five percent (25%) without prior Board approval unless the financial plan for the remainder of the year is adjusted to address the deviation by year-end.
11. Receive, process, or disburse funds under controls which are insufficient to meet the Board-appointed auditor's standards.

Debt

12. Borrow from a financial institution without prior Board approval.-
13. Without prior Board approval, indebt the organization ~~in by~~ an amount greater than can be repaid by ~~certain, otherwise~~ unencumbered revenues within 90 days ~~and or~~ by the end of the fiscal year (whichever comes first).
14. Loan COO funds to any party.

Reserve Funds

15. Use internally restricted ~~allocations-funds~~ for purposes other than those designated in the budget, e.g. ~~investigations, hearings,~~ funding for sexual abuse therapy may not be allocated to other budget line items, such as investigations,-etc. (See Reserves Policy, 2-07).
16. Fail to ensure that reserves are maintained as per the Reserves Policy.

Payables and Receivables

17. Allow payroll, source deductions, or other government payments ~~and short-term debt payments~~ to be overdue.
18. Fail to pay other accounts payable in a timely manner and according to the terms of any contractual agreement.
19. Fail to employ reasonable measures to pursue receivables after a reasonable grace period.

Reporting

~~20.~~ Fail to report on the financial condition of the College to the Board on a quarterly basis.

POLICY TYPE: OPERATIONAL BOUNDARIES**2-03 Financial Condition Policy**

With respect to the ongoing financial health and condition of the COO, the Registrar, CEO shall not cause or allow the development of unnecessary financial risk, such that there would not be sufficient cash flow to meet obligations in the normal course of business. Further, the Registrar, CEO shall not cause or allow material deviation of expenditures from the Board priorities established in the Strategic Outcomes Policies.

Accordingly, the Registrar, CEO shall not:

Financial position

1. Finish the fiscal year in an annual operating deficit with expenditures that exceed revenues without prior approval of the Board.

Expenditure

2. End the fiscal year without sufficient liquidity to operate in the next year.
3. Make a single unbudgeted purchase or commitment of greater than \$30,000 without prior Board approval. Splitting orders to avoid this limit is not acceptable.
4. Deviate from the overall budget in any quarter by more than twenty-five percent (25%) without prior Board approval unless the financial plan for the remainder of the year is adjusted to address the deviation by year-end.
5. Receive, process, or disburse funds under controls which are insufficient to meet the Board-appointed auditor's standards.

Debt

6. Borrow from a financial institution without prior Board approval.
7. Without prior Board approval, indebted the organization by an amount greater than can be repaid by unencumbered revenues within 90 days or by the end of the fiscal year (whichever comes first).
8. Loan COO funds to any party.

Reserve Funds

9. Use internally restricted funds for purposes other than those designated in the budget, e.g. funding for sexual abuse therapy may not be allocated to other budget line items, such as investigations. (See Reserves Policy, 2-07).
10. Fail to ensure that reserves are maintained as per the Reserves Policy.

Payables and Receivables

11. Allow payroll, source deductions or other government payments to be overdue.
12. Fail to pay other accounts payable in a timely manner and according to the terms of any contractual agreement.
13. Fail to employ reasonable measures to pursue receivables after a reasonable grace period.

Reporting

Fail to report on the financial condition of the College to the Board on a quarterly basis.