

BRIEFING NOTE

TO: Board of Directors

FROM: Governance Committee

DATE: December 7, 2020

SUBJECT: 15.1 Content Review of the Financial Planning and Budgeting Policy 2-02

☒ For Decision

☐ For Information

☐ Monitoring Report

Purpose:

To carry out a scheduled review of the Financial Planning and Budgeting policy 2-02 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 Planning and Budgeting Policy 2-02 was first approved by the Board on October 7, 2017 and 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 financial planning practices are carried out in a manner that align with the Board's strategic outcomes.

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 the terminology adopted by the COO as it has developed its governance manual over the course of the last three years.

The Financial Planning and Budgeting Policy 2-02 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 Planning and Budgeting Policy 2-02 as recommended by the Governance Committee.

POLICY TYPE: OPERATIONAL BOUNDARIES

2-02 Financial Planning and Budgeting

The Registrar, CEO shall not permit financial planning that allocates resources in a way that deviates materially from the Board-stated ~~s~~Strategic ~~o~~Outcomes priorities, that risks fiscal security, or that is not derived from a multi-year plan.

Further, the Registrar, CEO shall not:

1. Operate without a multi-year strategic plan ~~that can be expected to achieve a reasonable interpretation is reasonably consistent with the of the s~~Strategic ~~o~~Outcomes ~~set by the Board from time to time.-~~
2. Permit financial planning that doesn't assign the funds reasonably necessary for the College to fulfil its regulatory responsibilities and strategic outcomes.
3. Permit financial planning that does not provide the amount determined annually by the Board for the Board's direct use during the year, such as costs of fiscal audit, Board ongoing development, Board and committee meetings, Board legal fees, and ~~ownership linkage~~stakeholder engagement activities.
4. Permit financial planning ~~to omit that does not permit for the~~ regular analysis of strengths, weaknesses, opportunities, and threats, including external environmental issues, which may impact the organization's short and long- term future and budget.
5. Permit financial planning that omits credible projection of revenues and expenses, separation of capital expenditures and operational expenses, cash flow projections, and disclosure of planning assumptions.
6. Plan the expenditure in any fiscal year of more funds than are conservatively projected to be received in that period, unless the Board expressly authorizes the use of reserves for a specific purpose.
7. Permit planning that endangers the fiscal soundness of future years or ignores the building of organizational capability sufficient to achieve ~~Strategic Outcomes~~ (strategic outcomes) in future years.
8. ~~With regard to the budget cycle, the Registrar, CEO will not b~~Develop~~uild the a~~ budget for each budget cycle without:
 - a. Seeking Board input on key budget planning assumptions prior to the last Board meeting of the year.
 - b. Rendering the first draft of the budget no later than the last Board meeting of the year.
 - c. Ensuring any significant changes made by the Board are reflected and sent to the Board for approval by the first Board meeting of the year.

POLICY TYPE: OPERATIONAL BOUNDARIES

2-02 Financial Planning and Budgeting

The Registrar, CEO shall not permit financial planning that allocates resources in a way that deviates materially from the Board-stated strategic outcomes priorities, that risks fiscal security, or that is not derived from a multi-year plan.

Further, the Registrar, CEO shall not:

1. Operate without a multi-year strategic plan is reasonably consistent with the strategic outcomes set by the Board from time to time.
2. Permit financial planning that doesn't assign the funds reasonably necessary for the College to fulfil its regulatory responsibilities and strategic outcomes.
3. Permit financial planning that does not provide the amount determined annually by the Board for the Board's direct use during the year, such as costs of fiscal audit, Board ongoing development, Board and committee meetings, Board legal fees, and stakeholder engagement activities.
4. Permit financial planning that does not permit for the regular analysis of strengths, weaknesses, opportunities, and threats, including external environmental issues, which may impact the organization's short and long- term future and budget.
5. Permit financial planning that omits credible projection of revenues and expenses, separation of capital expenditures and operational expenses, cash flow projections, and disclosure of planning assumptions.
6. Plan the expenditure in any fiscal year of more funds than are conservatively projected to be received in that period, unless the Board expressly authorizes the use of reserves for a specific purpose.
7. Permit planning that endangers the fiscal soundness of future years or ignores the building of organizational capability sufficient to achieve strategic outcomes in future years.
8. Develop a budget for each budget cycle without:
 - a. Seeking Board input on key budget planning assumptions prior to the last Board meeting of the year.
 - b. Rendering the first draft of the budget no later than the last Board meeting of the year.
 - c. Ensuring any significant changes made by the Board are reflected and sent to the Board for approval by the first Board meeting of the year.