

BRIEFING REPORT

REPORT TOPIC: Financial Condition Policy (II-06)

REPORT TO: COO Council

REPORT FROM: COO Governance Committee

DATE: October 2, 2017

REPORT PURPOSE:

☒ Policy Development/Enhancement/Regular Review/Approval

☐ Ends Policy

☒ Executive Limitations Policy

☐ Council-Staff Relationship Policy

☐ Governance Process Policy

☐ Council Implementation of Policy

☐ Council-Staff Relationship Policy

☐ Governance Process

☐ Monitoring Report

☐ Ends

☐ Executive Limitations

☐ Ownership Linkage Report

☐ Incidental Report

☐ CEO & Registrar

☐ Council President

☐ Other: Briefing Report

BACKGROUND

The policy topic “Financial Condition” (II-06) falls under the Executive Limitations policy quadrant. The policy addresses the executive boundaries related to the ongoing financial condition of the COO. It aims to avoid a situation where the COO is not looking at long-term financial stability.

This Executive Limitations Policy was first approved on September 20, 2011 and has not been reviewed since it was initially implemented.

Governance Committee Members reviewed the current policy, outlined in Figure 1 below, from the following perspectives:

- Is the policy still relevant?
- Are there any areas of the policy that upon review appear unclear?
- Do any additional policy criteria need to be added?
- Are there any new or emerging risk areas for which the Committee believes an executive boundary is required?

Governance Committee Members fine-tuned the draft policy which is now ready for full Council review, revision, and approval. If you have any recommendations regarding revisions to the policy, please be prepared to present your ideas at the October Council meeting.

RECOMMENDED MOTION:

That the COO Council approve the revised “Financial Condition” (II-06) Executive Limitations policy to be current and relevant.

**FIGURE 1
CURRENT POLICY**

POLICY TYPE:	GOVERNANCE PROCESS
POLICY TITLE:	Financial Condition and Activity
Approval Date:	September 20, 2011

Financial Condition and Activity

With respect to the actual, ongoing financial condition and activities of the College, the Registrar shall not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures from Council priorities and objectives and annual budget.

Accordingly, he or she shall not:

1. Expend more funds than have been earned in the fiscal year to date unless the debt guideline (below) is met;
2. Fail to settle payroll and debts in a timely manner;
3. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed;
4. Receive, process, or disburse funds under controls which are insufficient to meet the Council-appointed auditor's standards.
5. Fail to report on the financial condition of the College to Council on a quarterly basis;
6. Fail to employ reasonable measures to pursue receivables after a reasonable grace period;
7. Exceed the annual budget without prior approval of the Council;
8. Exceed budget allocations in any category by more than 10%, without prior approval of the Executive Committee;
9. Use internally restricted allocations for purposes other than those designated in the budget e.g. investigations, hearings, funding for sexual abuse therapy, etc.

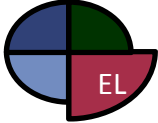
The Registrar shall report to Council quarterly

The Auditor shall report to Council annually

Figure 2 outlines proposed updates to the current policy. The updates include:

- A proposed change to the policy template header that is aligned with the principles of the policy governance approach and Council's job products.
- Clarification of some of the policy criteria.
- Additional policy criteria are added to cover additional risk areas.

FIGURE 2
PROPOSED UPDATES TO CURRENT POLICY

POLICY TITLE: FINANCIAL CONDITION	POLICY SECTION: EXECUTIVE LIMITATIONS	POLICY NO: II-06	
APPROVED BY: COUNCIL	REGULAR COUNCIL POLICY REVIEW FREQUENCY: EVERY 2 YEARS	MONITORING OF CEO & REGISTRAR FREQUENCY: ANNUAL	MONITORING METHOD: INTERNAL REPORT
DATE APPROVED: For discussion at September Governance Committee to go COO October Council meeting	PRESIDENT'S SIGNATURE:		
DATE REVIEWED / REVISED:			

With respect to the actual, ongoing financial health and condition of the COO, the CEO & Registrar 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 CEO & Registrar shall not cause or allow material deviation of expenditures from the Council priorities established in the Ends Policies.

Accordingly, he or she shall not, without Council's express approval:

FINANCIAL POSITION

1. Finish the year in an annual operating deficit with expenditures that exceed revenues.

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 the Council designated level of \$30,000. Splitting orders to avoid this limit is not acceptable.
4. Deviate from the overall budget in any one quarter by more than twenty-five percent (25%) 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 Council-appointed auditor's standards.

DEBT

6. Borrow from a financial institution.

7. Indebt the organization in an amount greater than can be repaid by certain, otherwise unencumbered revenues within 90 days and by the end of the fiscal year.
8. Loan COO funds to any party.

RESERVE FUNDS

9. Use internally restricted allocations for purposes other than those designated in the budget e.g. investigations, hearings, funding for sexual abuse therapy, etc. (See Council Reserves Policy).
10. Fail to ensure that reserves are maintained as per Council's Reserves Policy.

PAYABLES AND RECEIVABLES

11. Allow payroll, source deductions, other government payments and short-term debt 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

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