

BRIEFING NOTE

TO: Board of Directors

FROM: Fazal Khan, Registrar, CEO

DATE: February 22, 2021

SUBJECT: Financial Planning and Budgeting (2-02) Monitoring Report

☐ For Decision ☐ For Information ☒ Monitoring Report

Purpose:

To provide the Board with a monitoring report on the Financial Planning and Budgeting Policy, in accordance with the monitoring report schedule approved by the Board.

CEO Interpretation and Evidence:

The Financial Planning and Budgeting Policy (2-02) was approved by the board in October 2017.

The information contained in this monitoring report represents compliance with a reasonable interpretation of the policy. The monitoring report covers the period from **January 2020 to December 2020**.

The next Financial Planning and Budgeting Policy Monitoring Report is due in **January-February 2022**.

Policy Requirement	Interpretation and Evidence
Multi-year Strategic Plan	The Registrar, CEO operates with a multi-year strategic plan which is consistent with the strategic outcomes set by the Board. The Registrar, CEO developed and reviewed the fiscal budget, ensuring that funds were allocated to specific expense accounts (including \$119,500 budgeted for strategic initiatives) to ensure that the Board, committees, and staff are provided with sufficient financial resources to achieve the strategic outcomes.
Reasonable Fund Assignment	The Registrar, CEO assigned reasonable funds to operating expense accounts to allow the College to fulfill its regulatory responsibilities and strategic outcomes. Funds were allocated after an analysis of historical cost/trend data (from previous operating expense account transactions), budget variances (monitored through the quarterly variance report), and forecasted costs. Forecasted costs are calculated based on planned activity, vendor quotes, and trend data. Due to COVID-19 and the resulting move to virtual meetings to ensure the safety of the Board, Staff, Registrants, and Public,

	there was a decline in certain expenses, leading to a combined variance of -12% (under budget) in expenses.
Funds Assigned for Board Use	The Registrar, CEO has allocated reasonable funds to expense accounts pertaining to Board matters as outlined in the annual budget. A total of \$220,500 had been allotted for Board and Committee expenses and Board Strategic Planning (\$119,500). Other forecasted costs such as training/development, legal fees, fiscal audit, and other stakeholder engagement activities had been built into the College's operations and administration budget items as approved by the Board. Since March 2020, Board /Committee meetings were held virtually, significantly decreasing total Board expenses to \$127,725, a -42% (under budget) variance.
Regular Analysis	The Registrar, CEO conducts a regular analysis of strengths, weaknesses, opportunities, and threats (including external environmental issues) which may impact the College's budget. With the unique situation presented by COVID-19, the Registrar, CEO enlisted the College's accounting firm (Grewal Guyatt) to review subsidies the College may have been eligible for, as well as prepare a sensitivity analysis to determine whether the College would be able to offer Registrants a reduced fee for 2021 and be able to maintain a sound financial position. The Registrar, CEO reviews quarterly financial variance reports to analyze whether operational activities are trending on target. Any significant unplanned financial activity is only approved after reviewing the budget parameters and/or presenting it to Board for consideration.
Financial Projections	The Registrar, CEO set a budget which shows a credible projection of revenues and expenses based on historical data, planned activities, and data trends, in notes that are disclosed to the Board prior to the approval of the budget. The budget notes disclose any planning assumptions or expense activity predictions with input from the College's management team. The CEO had enlisted the College's accounting firm (Grewal Guyatt) to complete a five-year forecast analysis of the statements of operations to Dec 31, 2025 to provide a credible projection of revenue.
Reserve Fund Expenditure	The Registrar, CEO did not plan for expenditures during the fiscal year in excess of what was conservatively projected to be received. Despite the impact of COVID-19 on operations, the Registrar, CEO was able to maintain financial stability (absorbing the impact of decreased exam revenue through lowered expense costs) in order for the College to achieve strategic priorities. At the December 2020 meeting, the Board expressly authorized the Registrar, CEO to

	use the College's General Reserve (contingency funds) (\$817,426) to offset the 30.83% decrease in revenue from student and optician fees due to adjusted rates for pandemic relief.
Sound Financial Planning	The Registrar, CEO is committed to a financial plan that ensures the soundness of future years and continues to build the College's organizational capability to achieve strategic outcomes in future years. In accordance with the Investments Policy, the College worked with a credible financial planner from a leading financial institution to develop long and short-term investment plans to secure the organization's financial position for the future.
Budget Development	The Registrar, CEO developed a fiscal budget with the input from the Board regarding key budget planning assumptions prior to the last Board meeting of the year on December 7, 2020. A draft budget was presented to the Executive Committee November 23, 2020 before it was brought to the Board for final approval. There have been no significant changes made to the budget since its approval.

Recommendations/Action Required:

- 1) Does the Board agree that the Registrar, CEO's interpretation of the Financial Planning and Budgeting Policy was reasonable?
- 2) Does the Board agree that the Registrar, CEO complied with this policy as reasonably interpreted?

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.