

## BRIEFING NOTE

**TO:** Board of Directors

**FROM:** Fazal Khan, Registrar

**DATE:** May 11, 2020

**SUBJECT:** 5.1 Financial Condition Policy (2-03) Monitoring Report

☐ For Decision ☐ For Information ☒ Monitoring Report

### Purpose:

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

### CEO Interpretation and Evidence:

The Financial Condition Policy (**APPENDIX A**) 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 2019 to December 2019.

The next Financial Condition Policy Monitoring Report is due in May-June 2021.

Policy Requirement	Interpretation and Evidence
Financial Position	The fiscal year ended with a surplus of revenues over expenditures in the amount of \$260,345
Expenditure	The fiscal year ended with sufficient liquidity to operate in 2020, as noted in the 2019 audited financial statements. There was no major unbudgeted spending in 2019, and overall total expenditures in 2019 only deviated from the budget by 5%. Budget line variances were presented and explained to the Executive (Finance) Committee and the board each quarter
Debt	No funds were borrowed or loaned
Reserve Funds	Reserve funds were not accessed, including internally restricted allocations
Payables and Receivables	Payroll, source deductions and government payments were remitted on the due dates and accounts payable were paid in a timely manner, which cheques issued every 2-3 weeks.
Reporting	Financial condition of the College was reported to the Executive (Finance) Committee and the board in each quarter. The reporting was enhanced with a presentation of graphs and additional information on the reporting documentation (Actuals in current

	and previous year, \$ difference from current to previous year and variance percentage)
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**Recommendations/Action Required:**

To provide feedback to the Registrar on achievement of the policy as demonstrated by the monitoring report.

## POLICY TYPE: OPERATIONAL BOUNDARIES

### 2-03 Financial Condition Policy

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With respect to the actual, ongoing financial health and condition 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 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 Board designated level \$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 Board-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 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, 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

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