

## Financial Planning/Execution/Condition

<b>Policy Section:</b> Executive Expectations	<b>Policy Number:</b> EE-3	<b>Approved By:</b> Council
<b>Regular Council Policy Review Frequency:</b> Every three years	<b>Date Approved:</b> December 7, 2001	<b>Date Reviewed/Revised:</b> December 4, 2020

### Purpose:

To outline the Council's expectations of and related risk boundaries for the CEO/Registrar with regard to financial planning, financial management, and the financial condition of the College.

### Policy:

- 1) Financial Planning
  - a) Financial planning for any fiscal year or forecasting for the remaining part of any fiscal year shall support the achievement of Council-stated strategic directions, and:
    - i) demonstrate the fiscal prudence and reasonable foresight,
    - ii) not place the long-term financial health of the College in jeopardy,
    - iii) ensure sufficient funds to implement strategic initiatives
- 2) Budget
  - a) Accordingly, the CEO/Registrar will present to the Council a recommended budget for the next fiscal year which includes:
    - i) Major budget assumptions,
    - ii) Budgeted Statement of Operations and Statement of Financial Position (Financial Condition),
    - iii) Budgeted Statement of Cash Flows,
    - iv) Budgeted capital expenditures (including a transparent listing of all budgeted capital items over \$150,000),
    - v) A forecast of anticipated financial operating results to the end of the current fiscal year, and
    - vi) Commentary on significant next year budget variances compared to forecasted current operating year-end results.
  - b) The operations budget, which does not include fees collected from levies, should project a positive annual Cash Flow. A proposal for a deficit operations budget (negative Cash Flow) in any one fiscal year, must be approved by the Council.
  - c) The overall budget proposed should be in a high-level summary format by expenditure categories such that the Council can readily assess "the big picture" implications of the budget on the CRNM financial condition.
  - d) The CEO/Registrar will annually provide, to the Finance Committee and the Council of Directors, a budget for the next fiscal year by no later than the fourth quarter meetings.
- 3) Governance Budget



- a) Based on Council input, the CEO/Registrar will present to the Council for approval a separate, identifiable governance budget which includes reasonable budget for:
  - i) Audit and periodic external third party monitoring of CEO/Registrar/organizational performance,
  - ii) Council meeting and committee costs,
  - iii) Linkage surveys, focus groups, and opinion analyses related to CRNM's broader communities,
  - iv) Periodic strategic directions planning,
  - v) Ongoing Council education, governance coaching and Council support, including Council Member attendance at appropriate conferences and/or workshops,
  - vi) Council obligations and memberships, and
  - vii) Council legal costs.
  
- 4) Financial Management and Budget Execution
  - a) With respect to financial management and execution of the budget, the CEO/Registrar may not allow a material deviation from the overall annual budget or budget policy.
  - b) Accordingly, the CEO/Registrar shall:
    - i) Not project negative Cash Flow (as defined Appendix A) for the year unless authorized by the Council,
    - ii) Explain a year-to-date operating surplus that deviates in any one quarter by more than two (2) percent of budgeted revenue on a year-to-date basis. If a negative deviation of more than 2% is forecasted to year end, management must provide an action plan to the Finance Committee to address the deviation within 60 days of the financial statement date.
    - iii) Settle payroll obligations in a timely manner and vendor debts in accordance with negotiated or established payment criteria,
    - iv) Ensure the collection of accounts receivable is settled in a timely manner,
    - v) Not make a single unbudgeted purchase or commitment (e.g. lease) of greater than one hundred and fifty thousand (\$150,000) dollars without Council approval. Splitting orders solely for the purpose of avoiding this limit is not permitted,
    - vi) Ensure reports or filings required by regulations are submitted accurately and on time,
    - vii) Support the work of the Council-appointed auditors in their conduct of the annual audit of the College's financial statements,
    - viii) Keep complete and accurate financial records in accordance with Canadian Accounting Standards for Not-for-profit Corporations, and
    - ix) Publish annual audited financial statements as part of the College's annual reporting to the public.
  
- 5) Financial Condition
  - a) With regard to the ongoing financial health and condition of the College, the CEO/Registrar shall promote the fiscal well-being of the College within the parameters established by the Council Strategic Directions policies, other Council policies, and not-for-profit requirements.
  - b) Accordingly, the CEO/Registrar will:
    - i) Not borrow from a financial institution or enter into any vendor credit facility in excess of an aggregate amount of \$100,000 (excluding trade payables) without Council approval.
  
- 6) Reporting
  - a) In order to ensure transparent accountability to the Council, the CEO/Registrar will:



- i) Present a report of the budget versus the actual year-to-date revenue and expenditures comparison at the quarterly Finance Committee and Council meetings, by expenditure categories included in the budget. Material (significant) variances should be noted and an explanation provided.

#### Appendix A

Cash Flow for the purpose of budgeting is defined here as:

- Excess or deficiency of revenue over expenditures for the year, as defined in the Statement of Budgeted Operations
- Add: Amortization of capital and intangible assets
- Add: Budgeted actuarial adjustment to pre-retirement leave liability
- Less: Capital and intangible asset acquisitions