



Special Levy Policy

Policy Section: Governance Process	Policy Number: GP-14	Approved By: Council
Regular Council Policy Review Frequency: Every three years	Date Approved: December 6, 2019	Date Reviewed/Revised:

Purpose:

The College of Registered Nurses of Manitoba (College) developed a Financial Sustainability Plan to address both the operating deficits and the longer-term investment needs through two special levies:

- The Capital Reserve
- The Legal and Sustainability Fund

The purpose of the policy is to:

- Establish the purpose of the special levies.
- Explain how the funds in the levies may be accessed.

Policy:

The Purpose of the Special Levies

The Capital Reserve

The Capital Reserve has been established for two purposes:

- 1) Fund unrestricted net negative assets (cumulative deficit) at the time of the development of the Financial Sustainability Plan
- 2) To build a reserve for purchase, replacement or enhancement of strategic large capital items. Capital items are expenditures that are made with the expectation of receiving benefits for longer than a single year. Strategic capital items are significant capital purchases that support a college wide strategic plan or initiative. Examples include, but are not limited to, an investment in a new location or replacement of the registrant database. It may also include a significant strategic upgrade to the current database.

The Financial Sustainability Plan includes an annual allocation for the replacement of equipment and enhancement of software applications. These are smaller items that are required to maintain the operations of the College. They are not the larger strategic initiatives contemplated in the Capital Fund.

The intent of the Capital fund is to fund large strategic multi-year investments. In the event that the best option is sold under a licensing model, the appropriate present value of the required cash flow should be designated from the Capital fund.

The Legal and Sustainability Fund

The Legal and Sustainability fund has been established to cover one time, unforeseen expenditures not within budget. These are expenditures that do not provide benefit over more than one year. These would result primarily from legal costs stemming from complex discipline cases. These cases are sporadic and unpredictable. The purpose of the fund is to reduce the risk of operating deficits going forward.

Accessing the Funds

Accessing the funds should be done after the appropriate analysis is prepared and with the consent of Council.

The Capital Reserve

The need for capital items is determined through strategic planning. The timing of these purchases is recognized through the budgeting process. The requests will be approved by Council, in advance of the expenditure through the budgeting process. Presentation and approval would be planned for the Council meeting where the upcoming year's budget is presented.

The request to access funds from the Reserve will include:

- a description of the capital item
- the need for the capital item
- a link to the strategic plan
- an assessment of the alternatives available and supported recommendation
- the cost/benefit or return on investment calculation
- a high-level summary of the implementation plan

In the event a need for a large capital investment arises mid-year, a request will be submitted to Council with the same information that is required through budgeting process.

All Capital purchases must be made in accordance with the College's Vendor Relations and Procurement Management Policy EE-4.

The Legal and Sustainability fund

The nature of unforeseen one-time expenditures is that they cannot be budgeted. As a result, requests for access to the Legal and Sustainability fund will most likely happen after the expense has been incurred. Identification of the

expenses and the impact that they will have on the financial results will be identified quarterly and addressed through the quarterly forecasts to year-end.

If the College does not have the cash flow available in the operating fund to cover the unexpected expenses, the management team will request funds from Council mid-year. Supporting documentation will be:

- an explanation of the expense
- forecasted year-end results for net-income, and
- a current cash flow calculation.

If the cash flow is available to cover the unexpected expenses, any resulting year-end deficit will be covered during the year-end process. Management's recommendation will be submitted for review and approval at the March Council meeting along with the prior year's financial statements.

Annual activity and balances in the Special Levy funds will be presented at the AGM as part of the College's annual reporting process.

References:

College of Registered Nurses of Manitoba, *Financial Sustainability Plan 2018*