

Financial Planning/Execution/Condition

Policy Section: Executive Expectations	Policy Number: EE-3	Approved By: Council
Regular Council Policy Review Frequency: Every three years	Date Approved: December 7, 2001	Date Reviewed/Revised: December 8, 2022

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 in 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, disposition, encumbrment or commitment (e.g. lease) of greater than one hundred and fifty thousand (\$150,000) dollars without Council approval. Splitting transactions solely for the purpose of avoiding this limit is not permitted,
 - vi) Ensure that major contracts for goods and/or services with a cumulative total over \$150,000 are signed by both the Council Chair (or official delegate i.e. Chair-Elect) and the CEO/Registrar or official delegate.
 - vii) Ensure reports or filings required by regulations are submitted accurately and on time,
 - viii) Support the work of the Council-appointed auditors in their conduct of the annual audit of the College's financial statements,
 - ix) Keep complete and accurate financial records in accordance with Canadian Accounting Standards for Not-for-profit Corporations, and
 - x) 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
- Add: Transfers from the Capital Fund