

Board Governance Policy

BG II -02 FINANCIAL MANAGEMENT

Policy Type:	Board Directives		
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PURPOSE

The Board of Governors is responsible for overseeing the financial integrity of the College, consistent with the College's vision, mission, and strategic plan. This policy outlines the Board directives for the financial management of the College.

POLICY

The President is delegated the authority to maintain the financial integrity of the College and to protect College assets as stipulated below:

1. Financial Planning

- 1.1 An annual business plan shall be developed and submitted to the Ministry of Colleges and Universities in compliance with policy directives under the Ontario Colleges of Applied Arts and Technology (OCAAT) Act. The business plan shall include the operational outcomes for the coming fiscal year based on the College Strategic Plan aligned with the resources allocated for the year in the annual budget and submitted to the Board for approval.
- 1.2 The annual budget submitted for the approval of the Board shall:
 - 1.2.1 Comply with the regulations and policy directives issued under the *OCAAT Act*.
 - 1.2.2 Have expenditures not exceeding revenues unless the Board has approved a recommendation from the President to spend from reserve funds and plan for an in-year deficit budget.
 - 1.2.3 Have Campus Services expenditures not exceeding Campus Services revenues unless the Board has specifically directed otherwise.
 - 1.2.4 Maintain a contingency reserve within Internally Restricted Net Assets equal to 3% of total operating revenues to provide a safeguard against significant, unforeseen economic pressures.

- 1.2.5 Ensure the year-end budgeted balance of Unrestricted and Internally Restricted Net Assets maintains a positive balance and avoids an accumulated deficit position.

2. Financial Reporting

- 2.1 At the end of each fiscal year, the President shall present to the Board for approval a report on the achievements of the operational outcomes of that year's Business Plan and the audited financial statements.
- 2.2 The Board's annual report shall be submitted each year to the Ministry in compliance with policy directives under the *OCAAT Act*.
- 2.3 Quarterly projections of the annual budget shall be presented to the Board, ensuring the College's projected surplus or deficit are at least equal to or better than the Approved Budget.

3. Financial Management

- 3.1 The President shall not permit:
 - 3.1.1 The purchase, sale or encumbrance of any College real property or facility without prior Board approval;
 - 3.1.2 The development or renewal of any facility or physical infrastructure that results in enhanced service capacity, addresses environmental sustainability goals, or increases the College's usable physical space in excess of \$1,000,000 without prior Board approval;
 - 3.1.3 The implementation of any new software application, excluding upgrades or renewal to existing software, in excess of \$1,000,000 without prior Board approval;
 - 3.1.4 An expenditure for a Major Capital Project to exceed the approved budget by more than 2% or \$100,000, whichever is greater, without prior Board approval;
 - 3.1.5 The use of restricted funds that do not comply with their overall stated purpose, as well as applicable statutes and regulatory requirements;
 - 3.1.6 The use of reserve funds without prior Board approval.

4. Financial Controls

- 4.1 The President shall exercise care in accounting for and protecting the financial assets of the College. To this end, the President will incorporate internal controls in the financial systems used by the College.
- 4.2 The President may not approve an unbudgeted expenditure or commitment that will result in the College's fiscal year-end total balance of unrestricted net assets plus internally restricted net assets being lower than budgeted without the approval of the Board.

4.3 The President will present an exception report of single/sole source procurement transactions to the Audit and Risk Management Committee, at a minimum once per fiscal year, with the threshold amount to be determined by the Audit and Risk Management Committee.

5. Integrated College Development Plan

5.1 The College will maintain a long-term capital asset development planning framework that will serve to coordinate the planning of the physical and technological learning, working and social development needs of the College at all its campuses. The framework will incorporate a Five-Year Capital Investment Plan that is based on and enables the College's Strategic Plan. The Five-Year Capital Investment Plan will serve as a master plan to guide the annual physical and technological infrastructure development plans developed in conjunction with and complementary to the annual Business Plan referred to in Section 1, above.

6. Asset Protection

6.1 Assets shall be protected, adequately maintained, and not placed unnecessarily at risk. The College shall comply with all aspects of the Broad Public Sector procurement directive.

RELATED MATERIALS

MTCU (Ministry of Training, Colleges and Universities) Minister's Binding Policy Directive:
Governance and Accountability Framework

<https://www.tcu.gov.on.ca/pepg/documents/GovernanceandAccountabilityFramework2010.pdf>

Ontario Broad Public Sector Accountability Act

http://www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_10b25_e.htm

Ontario Colleges of Applied Arts and Technology Act, 2002 Ontario Regulation 34/03

http://www.e-laws.gov.on.ca/html/regs/english/elaws_regs_030034_e.htm

Financial Administration Act, R.S.O. 1990, c. F.12

<https://www.ontario.ca/laws/statute/90f12>