

D – Executive Limitations

Financial Matters

Background

As colleges are Crown agencies, the Government of Ontario is ultimately responsible and accountable for the management of the colleges' funds and therefore places certain limitations on the management of these funds.

Board of Governors of colleges of applied arts and technology are responsible and accountable to the Minister and to the public for ensuring that colleges provide high quality service and excellence in management and for exercising prudent use of funds. As public institutions, colleges are held to high standards and are subject to public scrutiny in the safeguarding of funds entrusted to them. Funds are to be utilized consistent with the purpose for which they were provided.

The Board of Governors is responsible for the overall financial integrity of the College, consistent with the College's Vision, Mission and Strategic Plan. In addition, the Board of Governors is responsible for all College assets. Reporting requirements for financial management of the College and limitations regarding acquisition or disposition of real property have been established by the Ministry and guide the Board and President in handling of finances and assets.

This policy outlines the Board directives regarding the acceptable financial management of the College and establishes specific limitations on the President's authority in these matters, as well as establishing limitations regarding College assets. It also outlines appropriate measures to mitigate risk.

Policy

The President will not allow the College to be in financial risk by ensuring measures are in place to guide the financial management of the institution.

The following limitations are intended to provide the President with some guidelines to set financial plans.

1. Financial Planning

- 1.1 Financial Planning for any fiscal period shall not deviate materially from Board Ends Policies, risk fiscal jeopardy or fail to show a generally acceptable level of foresight.
- 1.2. The President shall not fail to develop an annual Business Plan that includes specific operational outcomes for the coming year within the context of the Board's Ends Policies, the Strategic Plan and the resources allocated for the year (budget).
- 1.3. The Business Plan shall be submitted to the Board for approval no later than June 30th of each fiscal year.
- 1.4. The annual budget shall:
 - 1.4.1. not fail to be in compliance with applicable regulations and policy directives issued under the OCAAT Act;
 - 1.4.2. not have expenditures greater than revenues; unless the Board has specifically directed otherwise;
 - 1.4.3. not have ancillary expenditures greater than ancillary revenue;
 - 1.4.4 not fail to be constructed to provide the Board with a consolidated presentation of expected revenues and expenditures for the year;
 - 1.4.5 not be materially amended in-year without Board approval, except where in-year initiatives generate new revenue.
- 1.5. The President shall not fail to submit the approved Business Plan to the Ministry by June 30th of each year, in accordance with policy directives issued under the OCAAT Act.

2. Financial Reporting

- 2.1 The President shall not fail to prepare at the end of each fiscal year and submit to the Board for approval, an Annual Report, including Audited Financial Statements, to report on achievement of the operational outcomes established in the Business Plan.
- 2.2. The President shall not fail to submit the approved Annual Report to the Ministry by July 31st of each year, in accordance with policy directives issued under the OCAAT Act.

3. Financial Management

The President through the Vice President Corporate Services shall report at each meeting of the Board on year-to-date revenues and expenditures and on any material variances to revenues and expenditures approved in the annual budget.

The benchmark for materiality will be any variance between the approved budget and the current year-end forecast in any line item of \$100,000 or greater. Generally, this would represent a variance of approximately .20% of the total operating budget.

Over the course of each fiscal year, and unless otherwise directed by the Board, the President shall:

3.1 Ensure the College's financial plans (budget) and position (Audited Financial Statements) is compliant with all legislation, regulations or policy directives governing Colleges;

3.1.2 Shall strive to balance the budget every year. If it appears the College will not balance its budget and an accumulated deficit will occur the Board shall seek the Minister's approval (Ontario Reg. 34/03, Section 9(2))

4. Asset Management and Real Property Transactions

The President shall not fail to ensure:

4.1 that College assets are secured, protected and adequately maintained
4.1.1 the College has appropriate financial controls and procedures
4.1.2 that purchases, including services, are made in accordance with sound purchasing practices and provincial policies;
4.1.3 that funds not required for immediate use are invested in a manner which complies with Regulations and Policy Directives issued under the OCAAT Act 2002; and minimizes the College's investment risk exposure and provides a reasonable rate of return for the College.

4.2 The President shall not permit:

4.2.1 the purchase, sale or encumbrance of any College property or facility in excess of \$100,000 without Board approval;
4.2.2. the proceeds from the sale or encumbrance of College property acquired with provincial support, to be utilized in a manner inconsistent with policy directives issued under the OCAAT Act;
4.2.3 the use of restricted funds in a manner than otherwise ensures compliance with their stated purpose, and applicable statutes and regulatory requirements;

4.2.4. the use of reserve funds without obtaining prior formal approval of the Board by resolution.

Monitoring System

The Vice President, Corporate Services shall annually confirm that the College is in compliance with relevant legislative requirements in force; and in compliance with Minister's Binding Policy Directive 2.0 + MBPD 2.0 Finance and Administration: Proceeds from Sale or Encumbrance of College Property.

The President shall annually provide a monitoring report which confirms compliance with this policy on financial matters.