

**Governance Process**

**Board Policy No. 7 – The President & CEO Plans and Reports on the College’s Financial Activities**

This document is the parent policy for any college or divisional procedures. Questions regarding this policy are to be directed to the identified Policy Administrator.

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| <b>Functional Category:</b>                    | Board   |
| <b>Approval:</b>                               | NorQuest College’s Board of Governors has approved and is accountable for this policy. The President & CEO is accountable to the Board for carrying out this policy.  |
| <b>Responsible:</b>                            | The Chair and the college President & CEO will ensure that the Board and President & CEO conduct themselves within the limits and for the purposes of this policy.  |
| <b>Who is Affected by the Policy:</b>          | This policy applies to all Board members in the conduct of the business of the Board and their conduct as Board members.  |
| <b>Why We have This Policy:</b>                | The Board delegates the financial management of NorQuest College to the President & CEO, within clear limits and with clear expectations that the President & CEO will take all necessary measures to mitigate risk and maintain control over the financial plans and activities of the college.  |
| <b>What We Want This Policy to Accomplish:</b> | <p>Under the President &amp; CEO’s guidance, college employees follow policies and procedures that ensure prudent and responsible management of the college’s financial resources and its assets.</p> <p>The President &amp; CEO and college staff set and report on budgets and expenditures that are consistent with the college’s Strategic Plan and with generally accepted principles for planning and reporting on financial activity.</p> <p>To fulfil our mandate of stewardship of the college’s resources, the Board delegates its responsibility for the college’s financial planning and activities to the President &amp; CEO and holds the President &amp; CEO accountable for the college’s use of its financial resources.</p>  |
| <b>Framework for Board Policies:</b>           | All Board policies are subject to the Post-Secondary Learning Act and other legislation that applies to the activities of the Board.  |
| <b>Guiding Principles:</b>                     | <p>The Board, including the President &amp; CEO, fulfils its financial responsibilities and accountabilities within guiding principles that include:</p> <ul style="list-style-type: none"> <li>• providing the public with accountability and value for money</li> <li>• providing the public and college employees with financial transparency</li> <li>• aligning financial plans with our Strategic Plan</li> <li>• following financial and reporting practices based on public sector accounting standards</li> <li>• maintaining appropriate and effective systems of internal control over data integrity and clearly defined roles and accountabilities</li> <li>• making the best use of available resources and assets</li> <li>• making timely decisions based on accurate, well-researched information</li> </ul> |

**Financial Planning:**

- mitigating risk

The Board is responsible to approve the annual budget for the college.

The President & CEO ensures that:

- the college's financial plans, including annual budgets, are consistent with achieving our Strategic Plan
- the college has measures in place to mitigate the risk of financial losses
- college assets are secured, protected and adequately maintained
- college reserves are established and maintained

**Financial Policies and Procedures:**

The President & CEO ensures that:

- the college's senior management implements and monitors compliance with policies and procedures that safeguard the financial health and integrity of the college.

**Investments:**

**Investment Objective**

The President & CEO will invest financial assets in a manner that:

- preserves capital amounts
- avoids undue risk of loss
- obtains a reasonable rate of return
- provides growth and income that aligns with college obligations

**Investment Limitations**

The President & CEO ensures that:

- an investment policy is established that achieves the Board's investment objective and addresses Board specified investment limitations
- all funds available for investment are invested
- investment advisory is established through Finance and Audit Committee to oversee investment policy and management of the investments
- an external investment advisor is retained by the college
- portfolio investment allocation mix:
  - Endowment Fund – 35% target Fixed Income, 65% target Equity, range for targets +/- 10%;
  - Operating Reserve – 60% target Fixed Income, 40% target Equity, range for targets +/- 10%;
  - Capital Fund – 25% target Money Market, 75% target Short Term Bonds (targets adjusted with updated cash flow analysis, range for targets 0% to 100%)
- ranges around each target allocation for fixed income and equity allow +/- 10 % whereas the maximum end of range for cash & short term funds under Endowment and Operating Reserve allows for 50% to enable cash balances from matured fixed income funds or sold equity funds to be held until appropriate timing to purchase new funds (i.e. to remain compliant with policy until future purchases). Investment manager to return asset allocation to align with target (0% and 5%, respectively) within a reasonable time period
- for compliance purposes, when the asset allocation of a particular fund reaches or exceeds the top of a range for greater than 90 days, management shall engage in discussion with the Finance and Audit Committee regarding (1) the appropriateness of the target range given the context of the financial environment, and (2) a plan forward

- all short-term cash is kept in a bank, treasury branch, credit union, loan corporation or trust corporation
- there is no acquisition of land as an investment without prior approval of the Board
- there is no investment where the liability is beyond the amount invested

### **Investment Limitations Compliance Reporting**

The President & CEO ensures that:

- confirmation is provided annually to the Board regarding compliance with the investment limitations

#### **Financial Reporting to the Board:**

The President & CEO ensures that the Board receives:

- the college's current financial statements, including fund development results, for the Board's review
- an annual report of the college's performance, including its audited financial results, for the Board's review and approval
- immediate knowledge of any breach of operational policy or process that has a fundamental impact on the financial position of the college

#### **Departing from Policy:**

Any departure from a Board policy requires the approval of the Board of Governors.

#### **Related Legislation:**

- Post-Secondary Learning Act 2003, Sections 70-77, 78-80

#### **Related Policies and Procedures:**

- all Board policies
- Board policy definitions
- Investment Policy

#### **Monitoring and Frequency:**

- Regular review of financial results, through the Board's Finance and Audit Committee
- Annual confirmation to the Board on compliance with investment limitations
- Report of the Office of the Auditor General

#### **Next Review Date:**

February 2021

#### **Revision History:**

June 2010 – New Policy Established  
 October 2012  
 March 2013  
 March 2015  
 February 2018