

## BRIEFING NOTE

**TO:** Board of Directors

**FROM:** Fazal Khan, Registrar

**DATE:** December 2, 2024

**SUBJECT:** Reserves Policy (2-07) Monitoring Report

☐ For Decision

☐ For Information

☒ Monitoring Report

### Purpose

To provide the Board with a monitoring report on the Reserves Policy, in accordance with the monitoring report schedule approved by the Board.

### CEO Interpretation and Evidence:

The Reserves Policy (2-07, previously 2-15) was approved by the board in May 2018.

The information contained in this monitoring report represents compliance with a reasonable interpretation of the policy. The monitoring report covers the period from January 2024 to December 2024. The next Reserves Policy Monitoring Report is due in December 2025.

Policy Requirement	Interpretation and Evidence
Reserve Fund	A reserve fund valued at \$5,209,158.00 CAD remained segregated from the general operating fund at the end of the beginning of the fiscal year. This amount was further split into restricted and unrestricted funds, and presented to the Board by the Auditor in June 2024.
Required Reserve	The 2024 fiscal year is trending to end with enough in the fund to cover 9 months of operations (\$2,700,000) as a contingency fund with the plan to build up to a year as suggested by the auditors, and an amount equal to 4 times the maximum award (\$96,360) which can be made under the <i>Regulated Health Professions Act</i> by the COO to a person in connection with allegations of sexual abuse by registrants. In June 2024, the Auditor recommended to the Board that the Operations Reserve be increased to cover 12 months of operations in line with other organizations of similar size/industry.
Discretionary Reserve	At the presentation of the 2023 Budget in December 2022, the Board approved that the discretionary reserve amounts were sufficient and there was no required change to the fund allocation at this time.
Intended Uses	Contingency funds are to be used as a means of mitigating operational and financial risks, as approved by the Board. No contingency funds have been used since the last monitoring report.

	Funding for Therapy and Counselling for Sexual Abuse funds are to be granted by the College to a person in connection with allegations of sexual abuse by registrants. No funds have been paid out from this reserve fund since the last monitoring report. In addition, funds previously drawn from the fund prior to 2024 have now been replenished.
Use of Reserves	The College is operating with a projected surplus for the 2024 year-end and will not require the use of additional reserve funds.
Investment	Funds have been invested in accordance with the COO's Investment Policy under the guidance of a Licensed Investment Advisor and with the approval of the Deputy Registrar and General Counsel, and the Registrar, CEO. The funds have been allocated over several institutions to balance yield vs capital preservation, with investments in CDIC insured institutions at rates ranging from 3.89%- 3.94%
Reporting	Reserve funds have not reached levels of 10% or more below the minimum amount set for Contingency, or 25% or more below the minimum amount set for Funding for Therapy and Counseling for Sexual Abuse during the fiscal year. As of November 2024, no funds from the General Reserve have been used.

#### **Public Interest Considerations:**

The Registrar, CEO's preservation of the appropriate reserve funds ensure the College is able to operate continuously to carry out its public interest mandate. The policy optimizes reserves placement, controls costs, and plans for long-term needs. It also involves ensuring fair distribution of benefits, complying with legal standards, and promoting sustainable resource management for future operations. These elements help align reserve management with broader societal goals and public welfare.

#### **Diversity, Equity, and Inclusion Considerations:**

The Registrar, CEO has ensured that the Funding for Therapy and Counselling reserve fund has been segregated from the general reserve and replenished in accordance with the policy.

#### **Risk Management Considerations:**

The Registrar, CEO has ensured the college's reserve funds are available and fully funded in order to support the Board's ability to manage risks by ensuring that it address market volatility, environmental and social impacts, operational challenges, and reserve replacement to ensure long-term sustainability. Regular reviews, updates, and scenario planning are essential for adapting to changing conditions and maintaining reliable, compliant, and economically viable reserves.

#### **Recommendations/Action Required:**

The Board is asked to provide comments and feedback on the following questions:

1. Was the Registrar, CEO's interpretation of the Reserves Policy reasonable?

2. Did the Registrar, CEO comply with the policy, as reasonably interpreted?