

BRIEFING NOTE

TO: Board of Directors

FROM: Fazal Khan, Registrar

DATE: December 7, 2020

SUBJECT: 8.1 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 monitoring report covers the period from January 2020 to December 2020. The next Reserves Policy Monitoring Report is due in December 2021.

Policy Requirement	Interpretation and Evidence
Reserve Fund	A reserve fund valued at \$3,493,820.00 CAD remained segregated from the general operating fund at the end of the fiscal year.
Required Reserve	The fiscal year ended with sufficient amounts in the fund to cover 6 months of operations (\$1,100,000) as a contingency fund 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.
Discretionary Reserve	At the presentation of the 2020 Budget, the Board approved that the discretionary reserve amounts were sufficient.
Intended Uses	Contingency funds are to be used as a means of mitigating operational and financial risks, as approved by the Board. 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.
Use of Reserves	The Reserve Fund has not been drawn upon during the fiscal year.

Investment	Funds have been invested in accordance with the COO's Investment Policy in GIC funds. 2% to Concentra Bank at 0.75%, 22% to BMO at 0.7%, 22% to BMO Trust at 0.7%, 20% to BMO Mortgage at 0.7%, and 34% to HISA at 0.25% to be reinvested in Q1.
Reporting	No reserve funds were drawn upon in the fiscal year, and accordingly the 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.

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 this policy, as reasonably interpreted?

POLICY TYPE: OPERATIONAL BOUNDARIES

2-07 Reserves Policy

BACKGROUND

The College of Opticians of Ontario (COO) Board recognizes that the COO requires reasonable financial reserves in order to mitigate the impact of potential operating and financial risks to the organization in the future. The reserve funds serve as one of the means for mitigating these risks. The establishment of reserve funds also meets financial planning best practices.

POLICY

The Registrar, CEO may not:

1. Operate without establishing and maintaining a reserve fund with assets which are segregated from the general operating fund (the “Reserve Fund”);
2. Fail to maintain the following minimum amounts in the Reserve Fund (the “Required Reserve”):
(a) An amount equal to 6 months operating expenses, which shall be re-calculated annually based on the previous 12 months operating expenses (the “Contingency Fund”); and (b) An amount equal to 4 times the maximum award which can be made under the *Regulated Health Professions Act* by the COO to a person in connection with allegations of sexual abuse by registrants (the “Funding for Therapy and Counselling for Sexual Abuse Fund”);
3. Fail to establish a minimum amount that must be maintained in a discretionary reserve, which shall be determined on an annual basis and reported to the Board in the annual budget (the “Discretionary Reserve”).
4. Fail to specify the intended uses for the Reserve Fund, which uses shall be approved by the Board (the “Intended Uses”);
5. Utilize any of the Reserve Fund for reasons other than the Intended Uses without Board approval;
6. Fail to make annual reports to the Board regarding Reserve Fund balances, projected contributions and planned expenditure withdrawals;
7. Fail to report to the Board by no later than the next Board meeting where the amount in the Required Reserve has reached the following levels:
 - a. Contingency Fund: 10% or more below the minimum amount set out in section 2(a), above; and/or
 - b. Funding for Therapy and Counselling for Sexual Abuse Fund: 25% or more below the minimum amount set out in section 2(b), above;
8. Fail to invest monies in the Reserve Fund in accordance with the COO’s Investment Policy; or
9. Without prior Board approval, use any investment income accrued in the Reserve Fund in any manner other than re-allocating it to the Reserve Fund.