

## BRIEFING NOTE

**TO:** Board of Directors

**FROM:** Governance Committee

**DATE:** December 1, 2025

**SUBJECT:** Financial Condition Policy

☒ For Decision

☐ For Information

☐ Monitoring Report

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### **Purpose:**

To review the Financial Condition Policy (2-03) at the request of the Governance Committee and determine whether to approve the proposed amendment.

### **Background:**

This policy requires the Registrar, CEO to ensure the ongoing financial health of the COO by avoiding unnecessary financial risks, maintaining sufficient cash flow to meet obligations, and preventing material deviations in expenditures from board priorities outlined in the Strategic Outcomes Policies. The policy was last reviewed in June 2023.

At its Q3 meeting, the Governance Committee discussed the level of detail provided in quarterly financial variance reports and requested a review of potential policy changes that could promote greater transparency in terms of variances from budgeted amounts. This prompted a request to include a review of the Financial Condition Policy on its Q4 agenda.

### **For Consideration:**

At its Q4 meeting the committee reviewed the policy and recommended an amendment to include a new provision that would require the Registrar, CEO to identify to the board any amounts that were expected to deviate from the budget by more than 10% by the end of the year.

It was noted that this is already consistent with current practice, but codifying this requirement in policy will provide the board with greater assurance that budget deviations will get flagged at an early stage. The proposed wording also takes into account that not all expenses are incurred evenly throughout the year. For example, the majority of expenses incurred in the form of credit card processing fees occurs during the annual renewal period. By contrast, certain expense lines such as salary trend tend to be incurred more evenly throughout the year.

**Public Interest Considerations:**

Proposed amendments to the Financial Condition Policy enhance transparency by ensuring that the board is informed of deviations from the approved budget. This helps to protect public resources and reinforces confidence in the College's financial oversight.

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

It is incumbent on the committee to consider whether the proposed policy is consistent with the COO's organizational values relating to diversity, equity and inclusion.

**Risk Management Considerations:**

Proposed amendments to this policy will support the early identification of financial issues and will allow the board to address potential risks before they escalate.

**Recommendations/Action Required:**

The Governance Committee recommends that the board approve the proposed amendment to the **Financial Condition Policy (2-03)**.

## POLICY TYPE: OPERATIONAL BOUNDARIES

### 2-03 Financial Condition Policy

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With respect to the ongoing financial health and condition of the COO, the Registrar, CEO shall not cause or allow the development of unnecessary financial risk, such that there would not be sufficient cash flow to meet obligations in the normal course of business. Further, the Registrar, CEO shall not cause or allow material deviation of expenditures from the Board priorities established in the Strategic Outcomes Policies.

Accordingly, the Registrar, CEO shall not:

#### Financial position

1. Finish the fiscal year in an annual operating deficit with expenditures that exceed revenues without prior approval of the Board.

#### Expenditure

2. End the fiscal year without sufficient liquidity to operate in the next year.
3. Make a single unbudgeted purchase or commitment of greater than \$30,000 without prior Board approval. Splitting orders to avoid this limit is not acceptable.
4. Deviate from the overall budget in any quarter by more than twenty-five percent (25%) without prior Board approval unless the financial plan for the remainder of the year is adjusted to address the deviation by year-end.
5. Receive, process, or disburse funds under controls which are insufficient to meet the Board-appointed auditor's standards.

#### Debt

6. Borrow from a financial institution without prior Board approval.
7. Without prior Board approval, indebt the organization by an amount greater than can be repaid by unencumbered revenues within 90 days or by the end of the fiscal year (whichever comes first).
8. Loan COO funds to any party.

#### Reserve Funds

9. Use internally restricted funds for purposes other than those designated in the budget, e.g. funding for sexual abuse therapy may not be allocated to other budget line items, such as investigations. (See Reserves Policy, 2-07).
10. Fail to ensure that reserves are maintained as per the Reserves Policy.

#### Payables and Receivables

11. Allow payroll, source deductions or other government payments to be overdue.
12. Fail to pay other accounts payable in a timely manner and according to the terms of any contractual agreement.
13. Fail to employ reasonable measures to pursue receivables after a reasonable grace period.

#### Reporting

14. Fail to report on the financial condition of the College to the Board on a quarterly basis.
15. [Fail to identify, on a quarterly basis, individual line items that are expected to deviate from the amount budgeted by more than 10% before the end of the year.](#)