

# BRIEFING NOTE

**TO:** Board of Directors

**FROM:** Governance Committee

**DATE:** October 4, 2021

**SUBJECT:** 9.2 Content Review of Investment Policy 2-06

For Decision

For Information

Monitoring Report

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**Purpose:**

To carry out a scheduled review of the Investment Policy 2-06 for the purpose of determining whether any amendments are necessary.

**Background:**

It is the responsibility of the Board to develop, approve, update and evaluate implementation of its governance policies. Appendix 2 to the COO's Policy Governance Manual sets out a review schedule for all policies in the manual. The purpose of reviewing the policies on a regular basis is to ensure that they continue to be relevant and serve the function that they were implemented for.

**For Consideration:**

The Investment Policy 2-06 was approved by the Board on December 5, 2017 and falls within the Operational Boundaries Category. Policies in this category set out the Board's risk boundaries for the COO's operations.

The Investment Policy 2-06 with the proposed revisions is redlined in **Appendix A** and a clean version, **Appendix B**, is attached below.

On review the Governance Committee was of the view that the policy required additional language around the following:

1. Updating the types of instruments that are in the investment policy
2. Ensuring that any investments align with the College's organizational values
3. Increasing the reporting frequency to the Board to semi-annually

**Public Interest Consideration:**

The Board has recognized the importance of strong governance in order to carry out its object of regulating the profession in the public interest and has invested significant time and resources into updating its governance policies and processes. Reviewing the content of these policies ensures that

policies are consistent and effective, and that the College is up to date with regulations, technology, and regulatory best practices.

**Diversity, Equity and Inclusion Considerations:**

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

**Recommendation:**

To approve the proposed changes to the Investment Policy 2-06 as recommended by the Governance Committee.

## POLICY TYPE: OPERATIONAL BOUNDARIES

2-06 Investment Policy

**PURPOSE**

To outline the Board's operational boundaries and risk tolerances for the Registrar, CEO regarding the management of COO investments. [The Board's role with respect to this policy is one of oversight, as it has delegated responsibility for investing to the Registrar, CEO.](#)

**BACKGROUND**

The objective of this Investment Policy is to ensure the prudent management and stewardship of the financial resources of the College. This includes the reasonable safeguarding of the College's invested assets and reasonable expectations for growth. The capital reserves, held within COO's investments, exist to ensure COO's long-term operating stability and to provide a source of internal funds for organizational priorities such as capital improvements and strategic initiatives.

**Investment Objectives and Risk Tolerances Summarized**

The Board's objectives and risk tolerances include:

1. Preservation and protection of principal.
2. Maintenance of appropriate liquidity.
3. Reasonable growth of the value of the investments.

**POLICY****1. Investment Funds Management**

Accordingly, the Registrar, CEO will not:

- a. Manage the COO investments without the services of a financial advisor to provide expertise in the investment approach and investment portfolio.
- b. Develop and update the investment approach without addressing the responsibilities of various parties, the allowable and prohibited investments, risk controls and monitoring and evaluation procedures, [in accordance with Paragraph 2 of this policy.](#)

**2. Investment Parameters**

In determining what are allowable and prohibited investments, the Registrar, CEO will not:

- a. Operate without meeting the Board's expectations of reasonable liquidity, achieving regular income, and ensuring preservation and appreciation of capital (except where the Board has approved the use of invested capital to cover deficit budgets and/or capital investments).
- b. Increase the organization's risk profile by operating without diversifying the investment portfolio.
- c. Unreasonably delay investing funds that are not required to ease cash flow or operational transactions.
- ~~d.~~ [Invest capital in funds that do not have a demonstrated track record of achieving a reasonable return on investment.](#)
- ~~e.~~ [Invest or hold operating capital in insecure instruments, including uninsured chequing accounts and bonds of less than AA rating, or in non-interest bearing accounts except where necessary to facility ease in operational transactions.](#)
- ~~f.~~ Fail to assess the effect of inflation and deflation on the investment.

- f.g. Fail to assess the social responsibility of the investment being considered, including whether the investment is consistent with the COO's organizational values.
- h. Borrow solely for investment purposes.

### **3. Evaluation of Results**

Further, the Registrar, CEO will not operate without:

- a. Monitoring the financial advisor and the investments to ensure compliance with this Investment Policy and the investment approach.
- b. Assessing the adequacy of the performance of the financial advisor.

### **4. Reporting**

Further, the Registrar, CEO will not operate without:

- a. Reporting semi-annually to the Board on investment results and compliance with this Investment Policy.

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