

## BRIEFING REPORT

**REPORT TOPIC:** Reserves Policy (OB II-15)

**REPORT TO:** COO Council

**REPORT FROM:** COO Governance Committee

**DATE:** May 28, 2018

### REPORT PURPOSE:

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> <b>Policy Development/Enhancement/Regular Review/Approval</b></li> <li><input type="checkbox"/> Ends Policy</li> <li><input checked="" type="checkbox"/> <b>Operational Boundaries Policy</b></li> <li><input type="checkbox"/> Council-Staff Relationship Policy</li> <li><input type="checkbox"/> Governance Process Policy</li> <li><input type="checkbox"/> Council Implementation of Policy</li> <li><input type="checkbox"/> Council-Staff Relationship Policy</li> <li><input type="checkbox"/> Governance Process Policy</li> </ul> | <ul style="list-style-type: none"> <li><input type="checkbox"/> Monitoring Report</li> <li><input type="checkbox"/> Ends</li> <li><input type="checkbox"/> Operational Boundaries</li> <li><input type="checkbox"/> Ownership Linkage Report</li> <li><input type="checkbox"/> Incidental Report</li> <li><input type="checkbox"/> Registrar, CEO</li> <li><input type="checkbox"/> Council President</li> <li><input type="checkbox"/> Other: Briefing Report</li> </ul> |
|--|---|

### BACKGROUND

The COO Council does not currently have a policy regarding governing the risks related to funds held by the COO as reserves. The purpose of such 'planned and designated' reserves is to ensure that COO is able to maintain continuous operations in the event of unforeseen circumstances.

A proposed draft of the new policy is outlined in Figure 1 below. The Governance Committee has prepared this policy and believes that it does address the primary risk areas related to COO reserves funds.

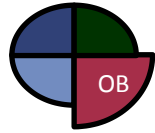
Council Members are asked to review this policy draft prior to the Council June meeting and bring any related questions or suggestions to that meeting.

### GOVERNANCE COMMITTEE RECOMMENDED MOTION

That the COO Council moves to approve the new Council Operational Boundaries Policy (OB II-15) on COO Reserves.

**FIGURE 1  
PROPOSED NEW POLICY**

**DRAFT FOR DISCUSSION**

<b>POLICY TITLE:</b> RESERVES POLICY	<b>POLICY SECTION:</b> OPERATIONAL BOUNDARIES	<b>POLICY NO:</b> OB II-15	
<b>APPROVED BY:</b> COUNCIL	<b>REGULAR COUNCIL POLICY REVIEW FREQUENCY:</b> EVERY 3 YEARS	<b>MONITORING OF REGISTRAR, CEO FREQUENCY:</b> ANNUALLY	<b>MONITORING METHOD:</b> INTERNAL REPORT
<b>DATE APPROVED:</b>	<b>PRESIDENT'S SIGNATURE:</b>		
<b>DATE REVIEWED / REVISED:</b>			

**BACKGROUND**

The College of Opticians of Ontario (COO) Council 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 members (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 Council in the annual budget (the "Discretionary Reserve").
4. Fail to specify the intended uses for the Reserve Fund, which uses shall be approved by Council (the "Intended Uses");

5. Utilize any of the Reserve Fund for reasons other than the Intended Uses without Council approval;
6. Fail to make annual reports to Council regarding Reserve Fund balances, projected contributions and planned expenditure withdrawals;
7. Fail to report to Council by no later than the next Council 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 Council approval, use any investment income accrued in the Reserve Fund in any manner other than re-allocating it to the Reserve Fund.