

BRIEFING NOTE

TO: Board of Directors

FROM: Fazal Khan, Registrar, CEO

DATE: March 6, 2023

SUBJECT: Financial Planning and Budgeting (2-02) Monitoring Report

For Decision For Information Monitoring Report

Purpose:

To provide the Board with a monitoring report on the Financial Planning and Budgeting Policy, in accordance with the monitoring report schedule approved by the Board.

CEO Interpretation and Evidence:

The Financial Planning and Budgeting Policy (2-02) was last updated by the Board in 2020.

The information contained in this monitoring report represents compliance with a reasonable interpretation of the policy. The monitoring report covers the period from **January 2022 to December 2022**.

The next Financial Planning and Budgeting Policy Monitoring Report is due in **February/March 2023**.

Policy Requirement	Interpretation and Evidence
Multi-year Strategic Plan	<p>The Registrar, CEO operates with a multi-year strategic plan which is consistent with the strategic outcomes set by the Board. Both the 2020-2022 strategic plan and the Strategic Outcomes Policy were approved by the board. The board received semi-annual monitoring reports on the strategic outcomes policy.</p> <p>The Registrar, CEO developed and reviewed the 2022 fiscal budget, ensuring that funds were allocated to specific expense accounts (including \$90,900 budgeted for strategic initiatives) to ensure that the Board, committees, and staff are provided with sufficient financial resources to achieve the strategic outcomes. This budget was approved by the Board in December 2021.</p>
Reasonable Fund Assignment	<p>In 2022, the Registrar, CEO assigned reasonable funds to operating expense accounts to allow the College to fulfill its regulatory responsibilities and strategic outcomes. Funds were allocated after an analysis of historical cost/trend data (from previous operating expense account transactions), budget variances (monitored</p>

	<p>through the quarterly variance report), and forecasted costs. Forecasted costs are calculated based on planned activity, vendor quotes, and trend data. Due the move to virtual meetings to ensure the safety of all stakeholders during the ongoing pandemic, there was a decline in Board/Committee expenses resulting in a -40% variance to the budget.</p> <p>The Finance Committee and Board were provided with opportunities to confirm this information via financial variance reports that were reviewed and approved on a quarterly basis.</p>
Funds Assigned for Board Use	<p>In 2022, the Registrar, CEO allocated reasonable funds to expense accounts pertaining to Board matters as outlined in the annual budget. A total of \$257,880 was allotted for Board and Committee expenses, as well as \$84,500 allocated to Board strategic initiatives. Other forecasted costs such as training/development, legal fees, fiscal audit, and other stakeholder engagement activities had been built into the College's operations and administration budget items as approved by the Board.</p>
Regular Analysis	<p>The Registrar, CEO conducts a regular analysis of strengths, weaknesses, opportunities, and threats (including external environmental issues) which may impact the College's budget. The Registrar, CEO consults with the College's external accounting firm (Grewal Guyatt) to obtain professional advice to support the Finance Committee's decisions. The Registrar, CEO with the Deputy Registrar, reviews quarterly financial variance reports to analyze whether operational activities are trending on target. Any significant unplanned financial activity is only approved after reviewing the budget parameters and/or presenting it to Board for consideration.</p>
Financial Projections	<p>The 2022 budget was developed using credible projections of revenues and expenses based on historical data, planned activities, and data trends. Notes outlining this information was provided to the Finance Committee and Board prior to the approval of the budget. The budget notes disclosed any planning assumptions or expense activity predictions with input from the College's management team. The Registrar, CEO ensured that all financial forecasting models presented 5-year historical values to ensure that revenue and expense trends capture pre- and post – pandemic impacts for more accurate projections.</p>
Reserve Fund Expenditure	<p>Despite the continued impact of COVID-19 on operations, the Registrar, CEO was able to maintain financial stability in order for</p>

	<p>the College to achieve strategic priorities. At the December 2021 meeting, the Board authorized the Registrar, CEO to use \$443,515 of the contingency reserve in 2022 to offset a possible decrease in Registrant renewals and costs relating to impacted operations. As of December 31, 2022 the College’s contingency reserve expenditure is \$0.</p>
Sound Financial Planning	<p>In 2022, the Registrar, CEO was committed to a financial plan that ensured the soundness of future years and continued to build the College’s organizational capability to achieve strategic outcomes in future years. In accordance with the Investments Policy, the College worked with a credible financial planner from a AA rated financial institution to develop long and short-term investment plans to secure the organization’s financial position for the future.</p>
Budget Development	<p>The Registrar, CEO developed the 2023 fiscal budget with input from the Board regarding key budget planning assumptions prior to the last Board meeting of the year in December 2022. The 2023-2025 Strategic Plan informed many of the key budget areas including the Board’s focus on Unauthorized Practice. A draft budget was presented to the Finance Committee before it was brought to the Board for final approval. There have been no changes made to the budget since its approval.</p>

Recommendations/Action Required:

- 1) Does the Board agree that the Registrar, CEO’s interpretation of the Financial Planning and Budgeting Policy was reasonable?
- 2) Does the Board agree that the Registrar, CEO complied with this policy as reasonably interpreted?

POLICY TYPE: OPERATIONAL BOUNDARIES

2-02 Financial Planning and Budgeting

The Registrar, CEO shall not permit financial planning that allocates resources in a way that deviates materially from the Board-stated strategic outcomes priorities, that risks fiscal security, or that is not derived from a multi-year plan.

Further, the Registrar, CEO shall not:

1. Operate without a multi-year strategic plan is reasonably consistent with the strategic outcomes set by the Board from time to time.
2. Permit financial planning that doesn't assign the funds reasonably necessary for the College to fulfil its regulatory responsibilities and strategic outcomes.
3. Permit financial planning that does not provide the amount determined annually by the Board for the Board's direct use during the year, such as costs of fiscal audit, Board ongoing development, Board and committee meetings, Board legal fees, and stakeholder engagement activities.
4. Permit financial planning that does not permit for the regular analysis of strengths, weaknesses, opportunities, and threats, including external environmental issues, which may impact the organization's short and long- term future and budget.
5. Permit financial planning that omits credible projection of revenues and expenses, separation of capital expenditures and operational expenses, cash flow projections, and disclosure of planning assumptions.
6. Plan the expenditure in any fiscal year of more funds than are conservatively projected to be received in that period unless the Board expressly authorizes the use of reserves for a specific purpose.
7. Permit planning that endangers the fiscal soundness of future years or ignores the building of organizational capability sufficient to achieve strategic outcomes in future years.
8. Develop a budget for each budget cycle without:
 - a. Seeking Board input on key budget planning assumptions prior to the last Board meeting of the year.
 - b. Rendering the first draft of the budget no later than the last Board meeting of the year.
 - c. Ensuring any significant changes made by the Board are reflected and sent to the Board for approval by the first Board meeting of the year.