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Finance & Audit	Financial Management	POL-FA-01
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Sections 27, 56		Sections 17.2, 19
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DEFINITIONS

“Eligible investment” means an investment made in cash, fixed income, preferred, and common equity to the extent recommend by the Finance & Audit Committee and approved by the Board.

PURPOSE

To establish the Board’s responsibility, delegated to the Finance & Audit Committee (the “Committee”) and the Registrar & CEO, for managing the system of financial administration for the College of Speech and Hearing Health Professionals of British Columbia (the “College”), including accounting practices and systems, audits, financial planning, budgetary control, assets, investments, revenues, and financial statements.

To outline the content and reporting requirements of the annual budget estimates, annual audited financial statements, as well as acceptable investment options for College funds.

SCOPE

Content and reporting requirement for the annual budget and audited financial statements.

Oversight of assets and investments.

POLICY

1. Annual Budget Estimates

The Committee and the Registrar & CEO will prepare an annual budget to be presented and approved by the Board at least one month prior to the College fiscal year end (March 31).

The budget estimates will be presented to the College Board by the Registrar & CEO.

The Board may reject the proposed budget in which case the Registrar & CEO must re-submit a revised budget within one week.

The annual budget must adhere to Board-approved priorities in its allocation among competing budgetary needs, and should include:

- Itemized accounting for revenues and expenses, contingency funds, investments, and comparisons to previous fiscal years;
 - Sufficient detail to enable reasonably accurate projections of revenues and expenses, capital and operational items, and cash flow;
 - Plans for revenue and expenditures in the coming fiscal year that adequately cover resource requirements and meet Board-approved goals, ideally without resulting in a deficit position;
 - Allowances for cash flow balances to cover monthly expenses with surplus cash invested in term investment vehicles approved by the Board.
- Reporting schedule: quarterly internal reports presented to the Committee by the Registrar & CEO; quarterly internal reports presented to the Board by the Registrar & CEO;
 - Reporting method: summarized financial statements, statements of operations, and balance sheets.

2. Annual Audited Financial Statements

The Committee will recommend the appointment of an auditor for Board approval to undertake a full, annual audit of the College's financial statement. Any individual appointed by the Board will comply with investment guidelines recommended by the Committee and approved by the Board.

The audited financial statements will be presented to the College Board by the Registrar & CEO.

3. Assets

To maintain proper stewardship of College assets, the Registrar & CEO, under the oversight of the Committee, may not risk losses beyond those necessary in the normal course of business.

The Committee and Registrar & CEO will ensure the College:

- Maintains insurance against theft, casualty losses to at least 80% replacement value, and against liability losses to Board members, staff, or the organization itself to beyond the minimally acceptable prudent level;
- Is not unnecessarily exposed (Board members, staff, or the organization itself) to claims of liability;
- Does not make any purchase of over \$25,000 without Committee approval;
- Safeguards the College's intellectual property, information, and files from loss or damage;
- Maintains sufficient contingency funds to cover unexpected obligations such as legal fees, technological imperatives, or public liability and property damage claims that are not covered by insurance.

4. Capital Assets

The accountant for the College will record capital assets so that the cost of the asset can be amortized over the asset's expected life.

To be considered for capitalization, the asset will have a life expectancy greater than one year and a dollar value in excess of \$500.

A log of all capitalized assets must be maintained. The Registrar & CEO will provide the accountant for the College with details of capitalized assets for their use in the preparation of financial statements.

The amortization of capital assets will be calculated on a declining balance basis:

Office furniture and equipment	15%
Telephone equipment	20%
Computer equipment	25%
Computer software	50%

- Reporting schedule: quarterly.
- Reporting method: quarterly financial statements, annual insurance renewal, Annual Report.

5. Investments

The Committee may recommend the appointment of an investment manager for Board approval to manage a College investment portfolio. Any individual appointed by the Board will comply with investment guidelines recommended by the Committee and approved by the Board. The overall objective of an investment portfolio will be to make a reasonable contribution to the College's current and long-term funding requirements, which includes working capital and reserve funds. Asset mix and security selection decisions in respect of any portfolio shall meet the College's objectives of investing funds in a diversified portfolio of high-quality, socially responsible securities.

The aims of the investment of funds should adhere to the following order of priority:

1. Preserve and protect capital;
2. Maintain liquidity necessary to meet cash requirements; and
3. Maximize the rate of return within acceptable risk levels.

The Board, through the Committee, provides clarity and guidance to the investment decision-making process. It will take account of the College's financial resources, needs, goals, risk tolerance, and preferences, and outlines roles, responsibilities, and expectations, to ensure the prudent management of funds according to agreed upon limitations, while allowing for flexibility to react appropriately to changing economic business and investment market conditions:

- Any portfolio will be managed to maximize current and long-term capital and income growth, with preservation of capital being the overriding objective;
- Investment recommendations will be made with a 2-to-5-year time horizon;
- The equity investments shall not exceed 40% of the portfolio with the remaining percentage in fixed income;

- The equity investments will be comprised exclusively of high-quality, well-established mutual funds or exchange traded funds (ETFs) with consistently good returns or Separately Managed Stock Accounts;
- The fixed income component will be rated 'investment quality' or better by a recognized rating agency;
- The fixed income maturities will be 'laddered' or 'staggered' to mature approximately six months apart, with terms not to exceed 10 years;
- Not more than 15% of the total portfolio value is to be allocated to any one investment, thus providing reasonable diversity.

Eligible investments (cash & fixed income):

- Government obligations (i.e., Treasury Bills Notes, strip coupons, debentures and/or bonds) issued directly or indirectly by the federal government or an agency (Canadian and U.S.) or any of the provinces with an appropriate credit rating;
- Canadian chartered bank securities, being bearer discount notes, deposit receipts, term notes, certificates of deposit, bankers acceptances, bonds and strip coupons with an appropriate credit rating;
- Securities of foreign banks or the Canadian affiliates of foreign banks provided that the obligations are guaranteed or carry separate appropriate ratings;
- Commercial paper, bonds, debentures and strip coupons issued by Canadian companies with an appropriate credit rating.

Eligible investments (preferred equity):

- Preferred shares issued by corporations listed on a recognized exchange;
- Managed funds that co-mingle all participant investments provided that the safety, liquidity, and yield characteristics of the fund are consistent with the parameters imposed by this investment policy statement.

Eligible investments (common equity):

- Common Shares;
- Managed funds that co-mingle all participant investments provided that the safety, liquidity, and yield characteristics of the fund are consistent with the parameters imposed by this investment policy statement.

CSHBC & OTHER RELATED DOCUMENTS

College of Speech and Hearing Health Professionals of British Columbia [Bylaws](#).

Government of British Columbia, [Health Professions Act](#), R.S.B.C. 1996, c.183, Victoria, BC: Queens Printer.

Chartered Professional Accountants Canada, [20 Questions Directors of Not-For-Profit Organizations Should Ask About Fiduciary Duty](#).



Chartered Professional Accountants Canada, [20 Questions Directors of Not-For-Profit Organizations Should Ask About Risk.](#)

[Financial Controls & Procurement \(POL-FA-02\)](#)

Reserve Fund (POL-FA-04)

[Risk Management \(General\) \(POL-G-06\)](#)

[Risk Management \(Insurance\) \(POL-FA-03\)](#)