Date: September 26, 2014
Last Updated: March 28, 2014

To: Board of Governors
From: President

Subject **MONITORING REPORT – EL-2d Financial Condition and Activities (at Aug. 31/14)**

The President shall not place the organization in fiscal jeopardy or allow the development of a material deviation of actual expenditures from Board priorities established in Ends policies.

I hereby present the first in-year monitoring report on our Executive Limitations policy "Financial Condition and Activities" according to the schedule set out. I certify that the information contained in this report is true and represents compliance with all aspects of the policy unless specifically stated otherwise for the fiscal year 2014-2015.

The President shall not:

1. **Materially expense more funds than have been received in a fiscal year.**

I interpret "expense more funds than have been received in a fiscal year" to mean that the organization will comply with the Board-approved budget.

I interpret "fiscal jeopardy" as insolvency, the inability to finance operations, risking an in-year deficit not approved by the Board or making short-term adjustments with negative long-term impact.

Evidence:

The forecast is for an operating deficit of $2,549, which is considered immaterial. Based on the conservative estimates used in the forecast along with other possible mitigation strategies, the college fully expects to comply with our original approved budget. See Appendix A and B for further details.

I therefore report compliance

2. **Use any long-term reserves.**

I interpret this to mean that I will not use any long-term reserves without Board of Governors' approval.

Evidence:

The College is forecasting compliance with the board approved budget surplus, through further mitigation measures, and therefore will not be using any long term reserves without Board approval.

The original budgeted operating surplus of $176,951 is still the intended target for year-end in order to build reserves.

I therefore report compliance.

3. **Allow payroll, accounts payable, accounts receivable, or debts to be handled in an untimely manner.**

I submit this is clear and requires no further interpretation.

Evidence:

Payroll

Payroll and payroll source deductions are paid via electronic funds transfer by due dates. The President reviewed the transaction listings for the RBC CAAT Pension Plan payments, RBC online payroll source deduction payments, Ontario Health Tax payments, and Harmonized Sales Tax monthly reporting of payments (see certification below). The President reviewed the documentation to verify that internal controls and checks exist with the Payroll Officer, Controller, and General Ledger Clerk, and that payment has occurred on an accurate and timely basis. Our auditors test these accounting areas as well, on an annual basis.

Certification:

I have reviewed the payment of payroll and other regulatory payments as noted above, and attest that payments are in compliance with regulatory requirements.

Accounts Payable

The College practice is to pay trade accounts within the terms of purchase, which are generally "net 30 days." We process Accounts Payable weekly to ensure that payment of accounts payable is not greater than net 30 days. See attached Appendix G report on random samples of accounts payables and payments from June 2014 to August 2014.

Accounts Receivable

As of August 31, 2014, the Accounts Receivable balance was $6.0 million versus $6.1 million at March 31, 2014 for students, corporations, and sponsors per the comparative Exhibit below. March 31 balances are higher due to year-end billing (i.e. Contract Training).

The college changed to semester billing in 2013-2014 to simplify transactions with the students. Accounts receivable balances continue to be closely monitored by accounting staff.

Historical Balances	**Accounts Receivable**	**Accounts Payable**
August 31, 2014	6,034,646	5,017,655
March 31, 2014	6,082,524	6,457,410
August 31, 2013	5,875,186	3,521,946
March 31, 2013	7,488,342	2,904,979
March 31, 2012	6,293,158	3,541,524
March 31, 2011	5,033,365	6,201,936
March 31, 2010	3,916,950	2,462,882
March 31, 2009	6,643,985	2,406,329
March 31, 2008	7,374,380	1,435,690

Note: A significant part of the work of the Acting VP Finance has been a review of accounting procedures, including accounts receivable and accounts payable. He is making changes and remediation to strengthen processes.

Debts

All operating loans are paid automatically by direct debits to our bank account. Four loans were paid off during the previous fiscal year. The previously reported 2013 Residence retrofit loan from the Ontario Finance Authority is the major loan outstanding.

I therefore report compliance.