



Bylaw 5

Financial Management of the Regional College



Resolution number CRC-2019-047 replaces all versions of Bylaw 5 in its entirety as of July 1, 2019, official date of the implementation of the new structure. Articles subsequently amended are indicated by the resolution number of the amendment appearing at the end of the article.

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Preamble

This Bylaw and the management procedures are prepared in accordance with the mission, the values, and guiding principles as stipulated in the Letters Patent and the Preamble of Bylaw 1.

The sound financial management of the Regional College and of its Colleges is an institutional commitment to ensure viable, successful financial operations, and a balanced budget throughout the institution, with the goal of benefitting the academic and global development of the students, the staff, and the communities the Colleges serve.

Article 1 General Provisions

1.1 Designation

The title of the present Bylaw is “Bylaw 5 - Financial Management of the Regional College.”

1.2 Purpose

The purpose of this bylaw is to establish a framework to ensure sound and transparent financial management, reporting, and accountability and for prudent stewardship of the public resources of the Regional College.

1.3 Definitions

The definitions set forth in the Glossary of Definitions apply to Bylaw 5.

Unless otherwise indicated, for the purpose of applying this present Bylaw, words, terms and expressions the meaning of which are defined hereafter, shall have the meaning and application respectively as follows:

- **Accountability:** Acceptance of responsibility for one’s actions and decisions and the resulting consequences.
- **Approval Authority:** Employees who, by their positions, are delegated the authority to approve purchases of goods and services on behalf of the Regional College, its Colleges or Administrative Services according to the limits stipulated in Appendix 1.
- **Budgetary Authority:** Employees who have been assigned responsibility for a specific budget, i.e. manager, dean, department coordinator or a delegate duly named.
- **Capital Budget:** Projected revenues and expenditures for a financial year to be used to maintain the immoveable assets and acquire the necessary equipment.
- **Cash Management:** Prudent and efficient handling of collections, disbursements, investments, and debt management of all College funds.
- **Consolidated Financial Statements:** Amalgamation of financial activities and overall position of the Regional College at specific dates produced to meet governmental and legal obligations.
- **Contingency Funds:** Created to address unforeseen financial and legal obligations, such as Collective Agreement costs, fringe benefits, working conditions, self-financed services such as residences, parking etc.
- **FABRES:** Ministerial Funding Model for Colleges. F stands for “*Fixe*” which is an amount equally distributed to all Colleges but adjusted if they have external campuses or constituent colleges; A stands for “*Activités*,” the subsidies allocated according to the number of students and the nature of the programs offered; B stands for “*Bâtiments*,” subsidies allocated to maintain the buildings; R is the allocation to colleges in remote regions and for research; E is the funding to cover the teacher’s payroll; and S concerns specific targeted allocations to fulfill governmental mandates.

- Internal Controls: Mechanisms established by the Regional College and its Colleges to prudently and efficiently manage and minimize financial risks.
- Ministerial Allocation: Yearly Government subsidy which is calculated in accordance with the *Régime budgétaire et financier des collèges d'enseignement général et professionnel* distributed to CEGEPS so that they can fulfill their mandate as Higher Education institutions.
- Operating Budget: Projected ministerial allocation, plus other revenues and expenses for a financial year to fulfill its mission towards the students and the communities.
- Reserve Funds: Established to address any major expense or project related to future development at Administrative Services or at a College.

1.4 Legislative and Regulatory Context

The present bylaw is subject to:

- *Colleges Act* (<http://legisquebec.gouv.qc.ca/en/showdoc/cs/C-29>)
- *Letters Patent (Board resolution 3166 et Arrêté en conseil 2019-04-03)*
- *Loi concernant les contrats avec les organismes publics*
<http://legisquebec.gouv.qc.ca/fr/ShowDoc/cs/C-65.1>
- *Régime budgétaire et financier des collèges d'enseignement général et professionnel*
<http://www.education.gouv.qc.ca/colleges/enseignants-et-personnel-de-college/regles-budgetaires-et-reddition-de-comptes/regime-budgetaire-des-cegeps/>
- *Collective Agreements*
- *Accounting Norms for Public Organizations*
- *Bylaw 1, other policies and Bylaws of the Regional College and policies of the Colleges.*

1.5 General Principles

The Regional College shall ensure the sound financial management of public funds, based on reliable information, transparency and accountability.

- 1.5.1 The Director General, the Directors of Constituent College, and the Director of Administrative Services are responsible for the application of the present Bylaw;
- 1.5.2 As per article 26.2 of the Act, the Regional College shall prepare balanced budgets;
- 1.5.3 While recognizing the legal obligation for ensuring a balanced college-wide consolidated budget, the need for mutual support and collaboration among locations, each location retains any surplus it has accumulated and is responsible for producing a recovery plan for any deficit it generates;
- 1.5.4 The distribution of the ABRES of the FABRES is done using the same parameters as the “*Régime budgétaire et financier*”;
- 1.5.5 As a public organization, all financial transactions shall be managed in accordance with the accounting standards for the public sector, through the college-wide financial information system, and with the Regional College’s financial procedures.
- 1.5.6 Members of the Board of Governors and of the Governing Boards shall be informed of any modifications to the overall budget of Administrative Services or a College;
- 1.5.7 Budgetary transfers from the Capital Budget to the Operating Budget are not permitted.
- 1.5.8 The Annual Capital Budget shall be prepared in accordance with long-term plans and specific needs of each location regarding movable and immovable assets;

Article 2 Responsibilities

- 2.1 The Board approves the Regional College's annual consolidated financial statements and the budgets;
- 2.2 The Governing Board of each College approves its annual budgets, recommends to the Board its part of the Regional College's annual consolidated financial statements and gives its opinion on Administrative Services' budgets;
- 2.3 The Audit Committee oversees the financial reporting process, the audit process, and the system of internal controls, in compliance with laws and regulations (Bylaw 1 article 5.2.5.1);
- 2.4 The Director General and the Directors of Constituent Colleges, in collaboration with the Director of Administrative Services, shall be responsible and accountable for the budget allocation, planning, management, control, coordination and financial results of the overall financial operations of the Regional College, in conformity with Articles 4.5 to 4.9 of Bylaw 1;
- 2.5 The Directors of Constituent Colleges and the Director of Administrative Services in the case of Administrative services, are responsible for the budget allocation, planning, management, control, coordination and financial results of their respective locations;
- 2.6 The Director of Administrative Services, in collaboration with the Directors of Constituent Colleges, is responsible for college-wide financial services, in accordance with Article 4.9 of Bylaw 1, and ensures that the Regional College meets all accountability and legal requirements in finances and is the liaison person with the Ministry;
- 2.7 The Director of Administrative Services, in collaboration with the Directors of Constituent Colleges, ensures that the Regional College meets all related accountability and legal requirements, in accordance with Article 4.9 b) of Bylaw 1 and is the liaison person with the Ministry.
- 2.8 The Director of Human Resources ensures that payroll transactions comply with collective agreements, Regional College policies and Government requirements, and is the liaison person with the Ministry;
- 2.9 All employees having approval authority must comply with this Bylaw, Regional College policies and bylaws, Colleges' policies and Government legislation.
- 2.10 Any expenditure involving funds not provided for in the budgets, nor specifically authorized in accordance with the present Bylaw, shall be the personal responsibility of any person who has incurred or allowed such a transaction. The Regional College and its Colleges shall not be obliged to honor any resulting expense or commitment, unless approved by a person duly authorized to do so by the Board of Governors or the Executive Committee.

Article 3 Budgets

3.1 Preparation

- 3.1.1 Prior to the ministerial allocation, the Senior Management Committee, taking into consideration the Strategic Plan and the needs of Colleges, prepares a calendar and updates the guiding principles to be used for the preparation of the budgets.
- 3.1.2 Preliminary draft budgets for Colleges and Administrative Services shall be prepared by each location, according to elements such as the expected student population, the staffing plan, and expected ministerial allocations as well as projected revenues from self-financed operations.

When the Ministry provides the budgetary allocations, the Director of Administrative

Services shall distribute them. The distribution of the ABRES of the FABRES is done using the same parameters as the *régime budgétaire et financier*. After providing for Administrative Services, the F shall be distributed in equal parts among the three Colleges.

3.1.3 The Director of Administrative Services shall prepare the proposed consolidated operating budget, based on the information entered in the financial information system by each College and Administrative Services.

3.1.4 Following the reception of the ministerial initial allocation, any corrections shall be made and entered in the financial information system by each location, to be integrated into the Regional College's budget by the Director of Administrative Services.

3.2 Adoption of Budgets

3.2.1 Each Governing Board shall adopt its College's budgets and provide an opinion on Administrative Services' budgets.

3.2.2 The consolidated budgets shall be presented to the Audit Committee.

3.2.3 Following a recommendation from the Audit Committee, the budgets of the Regional College shall be approved by the Board by a favorable vote of at least three quarters expressed by members of the Board of Governors¹ and submitted to the Minister as per Article 26.1 of the Colleges Act.

3.3 Communications Related to Budgets

3.3.1 Following the approval of the budgets or their revision by the Board, both official operating and capital budgets are transmitted to the Director General and Directors of Constituent College;

3.3.2 The Director of Administrative Services makes available at all times to the Director General and the Audit Committee, the Directors of Constituent College and the other Directors of the Regional College, all related data on the evolution of the overall positions of both revenues and expenses and, when applicable, all special funds for which they are responsible;

3.3.3 The Director of Constituent College shall inform the Director General and its Governing Board on the evolution of its College's revenues and expenses, at least semi-annually;

3.3.4 The Director of Administrative Services shall communicate to the Senior Management Committee information received from the Ministry about additional or modification to funding.

3.4 Operating Budget

3.4.1 Budgetary Transfers

a) Budgetary transfers may be made during a financial year provided they do not exceed the approved budget.

b) Budgetary transfers shall be authorized within the budget of a department or service by the individual designated as responsible for the budget.

c) Budgetary transfers between more than one service or department within a location shall be authorized by the Director of Constituent College and the Director of Administrative Services in the case of Administrative Services.

¹ Champlain Regional College Letters Patent, Article 7 a) : *le Cégep régional Champlain répartit entre les collèges constitutants ses ressources humaines, matérielles et financières, déduction faite des ressources qu'il détermine pour ses besoins, cette répartition et cette déduction étant soumises à un vote favorable d'au moins les trois quarts des voix exprimées par les membres du conseil d'administration.* May 1, 2020.

- d) Budgetary transfer agreements between Colleges or Administrative Services shall be authorized by the Directors of the concerned Colleges upon the approval of the Director General, in collaboration with the Director of Administrative Services.

3.4.2 Revision

- If within a financial year, following a significant reduction of allocations or major unexpected expenses, the budget needs to be revised, modifications based on established allocation principles, shall be adopted following the process of 3.2.1.
- The revised budget must be approved by the Board, following a recommendation of the Audit Committee.

3.5 Capital Budget

Budgetary Transfers

Budgetary transfers between locations shall be authorized by the Directors of the concerned Colleges, upon the approval of the Director General and in collaboration with the Director of Administrative Services.

Article 4 Approval of Financial Transactions

4.1 General Principles

- 4.1.1** All financial transactions at each College shall be administered under the supervision and responsibility of the Director of Constituent College, and the Director of Administrative Services for Administrative Services.
- 4.1.2** The Director of Constituent College and the Director of Administrative Services, in the case of Administrative Services, shall ensure that expenditures are incurred in accordance with Regional College bylaws and policies and Government regulations;
- 4.1.3** The Director of Administrative Services may suspend any transaction which is not in accordance with the present Bylaw. The reason for such a decision must be submitted and explained to the Director of Constituent College;
- 4.1.4** Financial transactions shall be carried out and approved on prescribed forms which clearly identify the amount of the transaction and the approval authority and which bear the signature of the persons authorized according to Appendix 1.

4.2 Expenditures

4.2.1 Approval Authority

- a) To ensure effective, efficient, and responsible stewardship of public resources, the Regional College has delegated authority to approve various levels of expenditures as prescribed in Appendix 1 of the present Bylaw, with the exception of Articles 4.2.3 and 4.2.4;
- b) The delegation of approval authority, updated every year, shall be submitted by the Director of Administrative Services, incorporating the information provided by the Directors of Constituent Colleges, to the Executive Committee for approval.
- c) The delegation list shall specify the area of responsibility in relation to the budget, as well as the names of those in charge of these areas of responsibility. During the year, the list may be modified and re-submitted to the Executive Committee for approval.
- d) When approving an expenditure, the individual with approval authority shall ensure that expenditures are made in conformity with Regional College policies and procedures and that

there are sufficient funds in the budget to cover the expense.

4.2.2 Goods and Services

Any transaction regarding the purchase, rental or lease of goods and services and regarding the sale, disposal, and alienation of moveable assets shall:

- a) be documented and negotiated in accordance with the Regional College's Policy Respecting Procurement Contracts for Goods, Services, and Construction;
- b) be approved in accordance with the approval authority (Appendix 1);
- c) be within the limits of the approval authority's allocated budget adopted by the Regional College. In exceptional circumstances, the Executive Committee may approve appropriate changes to permit a College to continue operations.

4.2.3 Travel Expenses and Representation

Travel Expenses and Representation shall be reimbursed in accordance with the Policy Concerning Travel Expenses and Representation.

4.2.4 Exemptions

Some financial transactions require only the approval of the Director of Administrative Services:

- Reimbursements of payroll deductions;
- Public services utilities.

4.3 Revenues

4.3.1 Offer for the Sale of Services

- All transactions regarding the sale of educational or other services must be in accordance with the budgetary regulations of the Ministry.
- Any offer prepared for the sale of educational services or other services shall be approved in accordance with the approval authority and comply with legislation and Regional College and Colleges' policies and bylaws (Appendix 1).

4.3.2 Invoicing and Collection of Revenues

- The Director of Constituent College is responsible for the invoicing and collection of revenues coming from students or any other sources.
- The Director of Administrative Services is responsible for the invoicing and collection of other Regional College revenues.
- The Director of Constituent College and the Director of Administrative Services for Administrative Services are responsible for collecting and depositing payments entirely, in a timely manner and ensuring proper recording through the college-wide financial system. Cash payments received must be deposited and cannot be used to pay for expenditures.
- All payments must be acknowledged by a receipt when received.

4.4 Transactions as a Trustee

Notwithstanding Articles 4.1 to 4.3 inclusive of this Bylaw, the Director General may authorize any financial transaction that the Regional College may be required to carry out in an official capacity as agent or trustee of a Ministry, agency or government body.

Article 5 Banking Transactions

5.1 Choice of Financial Institution

- The Board shall determine by resolution the financial institution at which the Regional College may carry out its financial transactions.

5.2 Bank Loans

- A temporary bank loan made within the line of credit granted by the Ministry shall be authorized by the Director General or the Director of Administrative Services;
- Pursuant to the Act, the authorization of the Board of Governors shall be required for any other type of loan.

5.3 Term Deposits

- The Director of Administrative Services may authorize term deposits for sixty (60) days or less and shall inform the Director General of any such investment;
- The Director General may authorize term deposits for more than sixty (60) days.

5.4 Petty Cash

- The request for a petty cash fund must be authorized by the Director of Administrative Services, on the recommendation of the Director of Constituent College and the Director General for Administrative Services. The use of petty cash must be done in conformity with Regional College policies.

Article 6 Audit Committee, Financial Statements and Annual Audit

6.1 Audit Committee

- The Board nominates annually an audit committee, whose composition, role and yearly mandates will be determined in accordance with Bylaw 1, Articles 5.2.1 to 5.2.6.

6.2 Financial Statements

6.2.1 In conformity with the Article 27 of the Colleges Act, the financial year shall end on June 30th;

6.2.2 Prior to the year-end, the Senior Management Committee prepares a schedule and procedure for the production of the financial statements;

6.2.3 According to the deadlines established by the Senior Management Committee, each Director of Constituent College shall present the financial statements of the College to its Governing Board for recommendation to the Board;

6.2.4 At the end of each financial year, and according to deadlines established by the Ministry, the audited consolidated financial statements and other related reports required by the Ministry, shall be reviewed by the Audit Committee for recommendation to the Board, presented to the Governing Board by the Director of each Constituent College and submitted to the Board for approval. Upon adoption, the audited consolidated financial statements shall be subsequently submitted to the Ministry in accordance with regulations and procedures in effect;

6.2.5 In addition to the annual financial statements, the Director of Administrative Services, in collaboration with the Directors of Constituent Colleges, shall produce consolidated quarterly financial statements, according to deadlines established by the Treasury Board.

6.3 Annual Audit

6.3.1 Annually, the financial transactions and the annual financial statements of the Regional

College shall be examined by an independent auditor who is appointed by the Board from among the eligible members of the professional order of accountants governed by the Professional Code;

- 6.3.2 The mandate given to the independent auditor shall comply with the provisions of the Government regulations relating to audits of financial statements of general and vocational colleges;
- 6.3.3 The Audit Committee shall advise the Board on the desirability of requesting the independent auditor to conduct a special audit or other specific work and shall inform the Board of the particular nature of such special mandate.

6.4 Appointment of External Auditors

At its first regular meeting following its approval of the financial statements, the Board shall, upon receipt of a favourable recommendation from the Audit Committee, appoint the external auditors by resolution.

Article 7 Management of Surpluses and Deficits

- 7.1 An annual surplus (or deficit) is transferred to the accumulated surplus of that College or Administrative Services, whichever generated it. Each Director of Constituent College, and in the case of Administrative Services, the Director of Administrative Services, shall be responsible for the management of their respective surpluses;
- 7.2 If a College or Administrative Services generates a deficit, a recovery plan shall be prepared by the Director of Constituent College or the Director of Administrative Services for Administrative Services. The recovery plan must produce a balanced financial status within two years. Such a plan will be presented to the local Governing Board and will be included in the annual budget of the College. Exceptionally, providing the Regional College is not at risk and that such a delay does not negatively impact another College, the delay may be extended by the Board following a recommendation from a Governing Board;
- 7.3 The surplus at each location may be used by that location to establish contingency or reserve funds.
- 7.4 Any creation of a reserve fund, contingency fund or recovery plan must be presented to the Audit Committee for review prior to being sent to the Board;
- 7.5 In general, the balance of accumulated surplus should be allocated to nonrecurring expenses such as capital investments and special projects, such as but not limited to, pedagogical projects and innovative projects;
- 7.6 A resolution shall be adopted by the Board to access a College's surplus following a recommendation from its Governing Board.

Article 8 Signing Authorities for Specific Purposes (Appendix 1)

8.1 Signature of Disbursements

- 8.1.1 Any disbursement shall be signed by the joint signatures of two (2) of the following: the Director General, the Directors of Constituent Colleges, the Director of Administrative Services or any one of the foregoing jointly with a Director;
- 8.1.2 Any requisition for a cheque or other form of payment issued to remit money collected on behalf of another entity, such as but not limited to student associations and foundations, shall be authorized by the Director of Administrative Services at the request of the Director of Constituent College when applicable;
- 8.1.3 Any requisition for a cheque or other form of payment issued for salaries and payroll

remittances must be authorized by the Director of Administrative Services on the recommendation of the Director of Human Resources, in collaboration with the Directors of Constituent Colleges;

- 8.1.4 All money orders or payment orders must be signed by two officers of the Regional College, one of whom must be the Director General or the Director of Administrative Services.

8.2 Signature of Contracts for the Purchase of Goods and Services

- 8.2.1 Only officers of the Regional College can sign financial contracts that create an obligation or undertaking on behalf of the Regional College (Bylaw 1, Article 4.1).
- 8.2.2 All contracts must be signed by two officers of the Regional College, the Director of the concerned Constituent College and, in their area of responsibilities, the Director of Administrative Services or the Director of Human Resources or, in case of their absence, the Director General, in accordance with Appendix 1.

8.3 Signature of Contracts for the Sale of Services

All sales of services by the Regional College must be done according to Article 4.3.1 and Appendix 1 of the present Bylaw.

8.4 Requests for Reimbursement and Other Government Financial Documents

Requests for reimbursement of fees for the issuance or closing of bonds, trustee fees, credit charges and interest on loans, as well as other government financial documents, shall be signed by the Director General or the Director of Administrative Services for and on behalf of the Regional College.

Article 9 Provisions in Case of Absence or Emergency

- 9.1 If any of the persons designated in Bylaw 5, except the Director General, is absent or unable to act, such person's immediate supervisor shall be mandated to carry out, for and on his or her behalf, budgetary transfers, approvals of financial transactions, settlements of financial transactions and banking transactions that the said person is authorized to carry out;
- 9.2 The Executive Committee, upon a recommendation from the Director General, may designate any other Officer to replace an Officer who is temporarily absent;
- 9.3 If an emergency arises and all of the persons designated in Bylaw 5, for the approval of a given transaction, are absent, any two officers of the Regional College acting jointly shall in such event be mandated to authorize such transaction and shall so advise the persons designated in writing as soon as possible.

Appendix 1: Approval and Signing Authority

a) For the Purchase of Goods and Services (except Capital Expenditures)

Approval Authority	Required Approval
Budgetary Authority	Up to \$2,499
Directors	From \$2,500 to \$49,999
Director General	From \$50,000 to \$99,999
Executive Committee	From \$100,000 to \$249,999
Board of Governors	Over \$250,000

b) For the Purchase of Capital Expenditures

Approval Authority	Required Value
Budgetary Authority	Up to \$9,999
Directors	From \$10,000 to \$99,999
Director General	From \$100,000 to \$199,999
Executive Committee	From \$200,000 to \$299,999
Board of Governors	Over \$300,000

c) For the Offer of Sale of Educational Services

Approval Authority	Required Approval
Budgetary Authority	Up to \$59,999
Directors	From \$60,000 to \$249,999
Director General	From \$250,000 to \$499,999
Executive Committee	Over \$500,000

d) For the Offer of Sale of Services Other than Educational Services

Approval Authority	Required Value
Budgetary Authority	Up to \$59,999
Directors	From \$60,000 to \$199,999
Director General	From \$200,000 to \$499,999
Executive Committee	Over \$500,000