

TITLE: STRATEGIC PROVISIONS POLICY

EFFECTIVE DATE: April 1, 2004

AUTHORITY: Vice President Finance & Administration

Purpose

The purpose of this policy is to clearly establish the principles, process and procedures that support the administration of Strategic Provisions within Internally Restricted Net Assets in the University's financial statements and to describe the process for ensuring compliance with those principles.

Scope

This policy applies to all transfers from unrestricted net assets to Internally Restricted Net Assets, all expenditures (either capital or operating) which are part of or relate to strategic provisions that are outlined in the University's Audited Financial Statements.

Responsibility

The overall responsibility for the administration of this policy lies with the Vice-President (Finance and Administration). The Executive Director, Financial Services will be responsible for ensuring that approved procedures are followed when operating decisions are made that affect the value of the Strategic Provisions.

Legal Authority:

By-law No. 1/2000, Sections 10 and 11, of The University of Winnipeg Act details the methods for development and approval of Board Policies.

Related Policies:

Capital Construction and Renovations Projects
Capital Expenditures/Leases/Service Contracts
Purchasing Policy

Definitions

- Internally restricted net assets: Internally restricted net assets are net assets that are created through a Board decision to restrict the use of the funds for a specific purpose
- Strategic Provisions: Strategic Provisions are a component of internally restricted funds. Additions are made annually through an adjustment to the audited financial statements at each

fiscal year end and are created through the transfer (appropriation) of a portion of the annual operating surplus from unrestricted net assets to internally restricted net assets in the University's Financial Statements. The appropriation is approved by the Board within the process for the approval of the University's annual audited financial statements.

- **Fiscal Stabilization**: Fiscal stabilization funds are part of Strategic Provisions and reflect an internal restriction on those net assets set aside for future use in providing for continuing financial stability and sustainability of the University.
- **Infrastructure**: Infrastructure funds are part of Strategic Provisions and reflect an internal restriction on those net assets set aside for future use in support of infrastructure initiatives, including deferred maintenance, academic (scientific and classroom) and administrative equipment.
- **Strategic Development**: Strategic Development funds are part of Strategic Provisions and reflect an internal restriction on those net assets set aside for future use in support of strategic initiatives that arise from the University's Strategic Plan and Academic Plan approved by the Board. The use of these funds could be for academic and administrative initiatives, including internal research grants, library endowments, new academic programs or courses, and technology systems.

POLICY

Purposes and uses

- Strategic Provisions provide support for fiscal stabilization.
- They contribute to the University's sustainability into the future.
- They provide funding for future initiatives involving the replacement, improvement, and maintenance of capital assets and operations projects.
- Strategic Provisions also provide support to the development of Strategic Plan and Academic Plan initiatives, including development funds for new approved academic programs, program support and enhancement, and advancement initiatives.

Criteria for Strategic Provisions Expenditures

- All funds that are set aside and internally restricted within Strategic Provisions will be used for the purpose of funding initiatives that are not provided for in the University's annual budget and are specifically related to the University's Strategic Plan and Academic Plan.
- All additions must be made through transfers from the University's unrestricted net assets as provided for in the University's audited financial statements for the previous fiscal year.
- All expenditures must be made pursuant to University Policies (related policies referenced above) and be made within the amounts allocated to specific components of the Strategic Provisions as outlined in the note to the audited financial statements for Strategic Provisions.

Responsibility

It is the responsibility of the Board to approve the amount of Strategic Provisions at the end of each fiscal year at the same time the University's audited financial statements are approved. The approval

will cover both the aggregate amount of the Strategic Provisions as well as the individual allocation of amounts to the specific components, including fiscal stabilization, infrastructure, and strategic development. All of this information is contained in a note to the financial statements.

It is the responsibility of the Senior Executive to administer and manage the initiatives and expenditures within approved Strategic Provisions in accordance with University policies that relate to operating and capital expenditures as well as reporting to the Board on the status of such expenditures periodically throughout the year.

Approval of Strategic Provisions

The Senior Executive will recommend the amount of funds to be transferred from the annual operating surplus (Unrestricted Net Assets) to Strategic Provisions within Internally Restricted Net Assets. The addition to Strategic Provisions will be approved by the Board as part of the process of approving the annual audited financial statements of the University. Expenditures, both operating and capital, will be approved by the Senior Executive within University Policy and guidelines and reported on periodically through the year.

Accounting and Reporting of Strategic Provisions

Strategic provisions will be accounted for apart from the annual approved budget approved expenditures and will be governed by the approved specific provisions noted within the University's audited financial Statements for the prior fiscal year. The Senior Executive will account for such expenditures distinct from the operating budget and will report to the Board on a quarterly basis as to the status of expenditures in comparison to approved amounts for Strategic Provisions. Reporting and accountability for Strategic Provisions will form part of the University's internal, monthly consolidated financial statements.

Accountability

As project initiatives are identified and approved by the Senior Executive within policy guidelines, responsibility for each project will be assigned to the President, or Vice-President as delegated by the President, who will be responsible for completion of the project within approved strategic provision amounts and applicable policy guidelines.

Review

This policy will be reviewed at least once every five years.