

BY-LAW 3 CONCERNING THE FINANCIAL MANAGEMENT OF THE COLLEGE

This By-law was adopted for the first time by Resolution Number 236-09 on April 12, 1994 and subsequently amended by Resolution:

- 290-05 December 10, 2002
- 294-09 September 9, 2003
- 366-09 April 7, 2015
- 369-09 October 28, 2015
- 404-04 November 24, 2020

BY-LAW 3 – CONCERNING THE FINANCIAL MANAGEMENT OF THE COLLEGE

Table of Contents

ARTICLE 1 - GENERAL PROVISIONS.....	1
1.1 DEFINITIONS.....	1
1.2 DESIGNATION.....	2
1.3 BUDGET APPROVAL.....	2
1.4 COMMUNICATION AND CONTROL.....	2
1.5 ROUTINE BUDGETARY CONTROL.....	2
1.6 PERSONAL LIABILITY.....	2
1.7 LIST OF PERSONS WITH SIGNING AUTHORITY.....	2
1.8 FINANCIAL AUDIT.....	3
1.9 FINANCIAL STATEMENTS.....	3
ARTICLE 2 - OPERATIONAL BUDGET.....	3
2.1 GENERAL PROVISIONS.....	3
2.2 GENERAL RULE.....	3
2.3 AUTHORIZATION.....	3
ARTICLE 3 - SURPLUS FUND.....	4
3.1 CREATION OF A SURPLUS FUND.....	4
3.2 COMPOSITION OF THE SURPLUS FUND.....	4
3.3 APPROPRIATION/UNAPPROPRIATION OF THE SURPLUS FUND.....	4
3.4 UTILIZATION OF THE FUND.....	4
ARTICLE 4 - CAPITAL BUDGET.....	4
4.1 GENERAL PROVISIONS.....	4
4.2 GENERAL RULE.....	5
4.3 APPLICATION.....	5
ARTICLE 5 - APPROVAL OF FINANCIAL TRANSACTIONS.....	5
5.1 GENERAL PROVISIONS.....	5
5.2 AUDIT AND CONTROL.....	5
5.3 HIRING OF REGULAR EMPLOYEES (NON-TEACHING).....	6
5.4 PAYROLL.....	6
5.5 GOODS AND SERVICES.....	6
5.6 SALE OF TRAINING SERVICES.....	7
5.7 TRANSACTIONS CARRIED OUT AS TRUSTEE.....	7
5.8 TRANSACTIONS RELATED TO SPECIAL PROJECTS.....	7
ARTICLE 6 - BANKING TRANSACTIONS.....	8
6.1 CHOICE OF INSTITUTION.....	8
6.2 BANKERS ACCEPTANCE.....	8

ARTICLE 7 - SIGNATORIES FOR SPECIFIC PURPOSES..... 8
7.1 SIGNATORIES OF NEGOTIABLE INSTRUMENTS 8

ARTICLE 8 - PROVISIONS IN THE EVENT OF ABSENCE 8
8.1 IN THE EVENT OF ABSENCE (OTHER THAN VACATION) 8

ARTICLE 9 - RESPONSIBILITY..... 9

ARTICLE 10 - EFFECTIVE DATE 9

BY-LAW 3 – CONCERNING THE FINANCIAL MANAGEMENT OF THE COLLEGE

ARTICLE 1 - GENERAL PROVISIONS

1.1 Definitions

In this By-law, the following expressions mean:

- 1.1.1 *"Act"* the *General and Vocational Colleges Act* (CQLR, chapter C-29) and amendments;
- 1.1.2 *"Board"* the Board of Governors of the College, composed pursuant to Section 8 of the Act;
- 1.1.3 *"budget"* refers to a planning document which includes both anticipated revenues and expenses. The operational budget and the capital budget shall be separate;
- 1.1.4 *"capital budget"* covers capital expenditures as defined by the Ministry. This fund is called "normalized" if the revenues come from statutory allocations and "specific" if the revenues come from allocations earmarked for specific purposes defined by the Ministry;
- 1.1.5 *"College"* John Abbott College of General and Vocational Education which may be abbreviated to CEGEP John Abbott College, as deemed necessary or expedient;
- 1.1.6 *"financial year"* within the meaning of this By-law is the period beginning on July 1 of a calendar year and ending on June 30 of the following year;
- 1.1.7 *"management personnel"* any person hired by the College as a member of management staff to fulfil duties within the meaning of the Regulation determining certain conditions of employment of general and vocational college management staff;
- 1.1.8 *"Ministry"* the Ministry of Higher Education;
- 1.1.9 *"operational budget"* covers operations expected to be completed within one year and shall be prepared on the basis of a provisional basic allocation from the Ministry. Such budget may be revised if the Ministry readjusts its parameters within a revised allocation;
- 1.1.10 *"surplus fund"* is a fund created from the operational accumulated surplus and is appropriated by the College for specific purposes.

1.2 Designation

The present By-law, designated as Number 3, establishes the rules concerning the financial management of the College.

1.3 Budget Approval

The Board adopts the operational budget and capital budget for each financial year and submits them to the Ministry for approval pursuant to Section 25 of the Act.

1.4 Communication and Control

On a periodic basis, by means of the College financial management system, the Department of Finance makes financial data available to each of the Directors of the College concerning the operational and capital budgets granted to each department they are responsible for.

1.5 Routine Budgetary Control

Control and coordination of the College's overall budget operations are the responsibility of the Director General and the Director of Finance & Legal Affairs, as laid down in By-law 1 of the College.

Nonetheless, subject to the preceding paragraph, the routine budgetary control of the College's departments is assumed by the Directors of the College or by the individual delegated to that end as responsible for a department.

1.6 Personal Liability

Any expenditure or commitment not specified in the budgets or not specifically authorized under this By-law can entail the personal liability of the person who made or allowed it and is not binding on the College. Any expenditure must comply with budget restrictions and the purposes for which the budget was granted.

1.7 List of Persons with Signing Authority

Each Director shall ensure that the list of individuals with signing authority for budget purposes provided by Information Technology Services ("ITS") is in conformity with Article 5 hereof. The list of signing authorities shall specify the list of names of the employees and accounts for which they have signing authority. This list is verified yearly by the Directors of the College and is updated as needed by ITS.

1.8 Financial Audit

The College's accounts and annual financial report are reviewed by an external auditor hired in conformity to College Policy No. 3 "Audit Committee and the Evaluation of Financial Information and External Auditor".

The mandate given to the external auditor must comply with the provisions of the government regulation concerning audit of financial statements of general and vocational colleges.

1.9 Financial Statements

At the end of each financial year, the financial statements and external auditor's report are submitted to the Board for consideration and, if deemed appropriate, approval and subsequently submitted in their entirety to the Ministry.

ARTICLE 2 - OPERATIONAL BUDGET

2.1 General Provisions

Within the operational budget, transfers shall be allowed under certain items as established annually by the Ministry in the budgeting policy applicable to colleges.

Subject to the foregoing, transfers within the operational budget must respect the following rules:

2.2 General Rule

Provided the overall operational budget envelope approved by the Board is respected, budget transfers may be made during a financial year for allocations for various types of expenditures.

2.3 Authorization

Where permitted by the Ministry, budgetary transfers shall be authorized:

2.3.1 within the budgets of an area of responsibility, by the Director of the said area of responsibility, or, under the authority of such Director, by a member of management personnel designated by the Director, or by a Chair/Co-Chair of an Academic Department, or by a researcher or grant holder;

2.3.2 in the case of transfers between areas of responsibility, by the Director General;

2.3.3 budgetary transfers within an area shall be subject to approval by the Department of

Finance.

ARTICLE 3 - SURPLUS FUND

3.1 Creation of a Surplus Fund

A special fund, called the surplus fund, may be created from operating accumulated surplus. Each year, the Director of Finance & Legal Affairs shall present to the Board the proposed allocation of the surplus fund. After considering such allocation, the Board's approval is necessary to appropriate the funds.

3.2 Composition of the Surplus Fund

The surplus fund shall be composed of sums set aside annually by the Board.

The surplus fund may also include sums received by the College or the College Foundation as a gift, legacy or other type of donation as well as revenues received by the College from other sources.

3.3 Appropriation/Unappropriation of the Surplus Fund

At the end of the financial year, the Director of Finance & Legal Affairs shall present to the Board a schedule of the appropriations/unappropriations and utilization of the surplus fund. Any unutilized fund should be unappropriated. The Board's approval is necessary to appropriate as well as to unappropriate funds.

3.4 Utilization of the Fund

Funds should be utilized as affected. Expenditures financed by this fund shall be in accordance with all College Policies & By-laws.

Expenditures from the unappropriated surplus fund utilized for emergencies shall be presented at the next Board meeting for ratification.

ARTICLE 4 - CAPITAL BUDGET

4.1 General Provisions

Capital Budget may not be used for operational acquisitions.

However, the operational budget may be used for capital acquisitions. These transactions must comply with the directives, regulations and Budgetary Regime of the Ministry.

Within the capital budget, transfers are not possible between expenses related to movables and those for immovables without explicit authorization from the Ministry.

4.2 General Rule

Provided the overall normalized capital budget envelope approved by the Board is respected, and taking into account the regulations and directives in effect, transfers affecting the normalized budget may be made during the financial year.

4.3 Application

The Director General, Academic Dean, Director of Facilities Management & Information Technology Services and Director of Finance & Legal Affairs are responsible for deciding on any transfers affecting the normalized capital budgets.

ARTICLE 5 - APPROVAL OF FINANCIAL TRANSACTIONS

5.1 General Provisions

The approval of financial transactions must be carried out on designated forms or via the College financial management system clearly identifying the individuals with signing authority under this article.

When a financial transaction requires the approval of the Board or the Executive Committee, the supporting documentation and the signature or approval of the Director General and of either the Director of Finance & Legal Affairs or Comptroller, or the individuals empowered to replace them within the meaning of this By-law, must demonstrate that the transaction complies with the stipulations of the applicable government regulations, the Ministry's budget policy and this By-law concerning financial management.

5.2 Audit and Control

The Comptroller must conduct appropriate control concerning compliance with, and the status of, the College's budgets.

The Comptroller will advise the Director of Finance & Legal Affairs to stop or cancel any transaction approval which does not demonstrate *prima facie* compliance with the stipulations of this By-law.

5.3 Hiring of Regular Employees (Non-Teaching)

Hiring of persons who carry out duties governed by the policies of the College concerning management personnel or any collective agreements to which the College is a party, must be authorized in accordance with the provisions of College By-law 7 "Concerning Human Resources Management".

Persons other than those referred to in the preceding paragraph shall be engaged only in accordance with the provisions of Article 5.5 of this By-law and the authorization of the Director of the hiring department.

5.4 Payroll

Cheque, electronic funds transfer ("EFT") or other instrument of payment of salaries shall be authorized by the Comptroller or the Director of Finance & Legal Affairs.

5.5 Goods and Services

Any transaction relative to the purchase, sale, rental to a third party or rental from a third party of goods or services or reimbursement of expenses, as well as any transaction relative to the improvement and maintenance of immovable property or maintenance and repair of moveable property:

5..5.1 must be negotiated in compliance with the overall budget envelopes determined on the basis of Article 1.3;

5..5.2 must be documented and negotiated in compliance with the stipulations of the College's procedures and purchasing policy as stipulated in College By-law 9 "Concerning the Management of Procurement, Service and Construction Work Contracts";

5..5.3 must respect that for all acquisitions and expenses (other than hiring and service contracts above \$10,000 for an individual and above \$25,000 for an enterprise) for which an operational or capital budget has been approved in a financial year, the signing authorities and their limits are as follows:

a)	Department head (Chair/Co-Chair), Project/Grant holder or other employees as delegated by the Manager, the Coordinator or the Director	up to	\$750
b)	Coordinators, Deans or Managers	up to	\$5,000
c)	Coordinator of International program and Manager of Campus Store	up to	\$10,000
d)	Directors	up to	\$25,000

- | | | | |
|----|---|-------|-----------------|
| e) | The Director General, the Academic Dean,
the Director of Facilities Management &
Information Technology Services,
the Director of Finance & Legal Affairs or the Comptroller | up to | \$50,000 |
| f) | The Director General and either the Comptroller
or the Director of Finance & Legal Affairs
or the Director of Facilities Management & Information
Technology Services or the Academic Dean | above | \$50,000 |

5.5.4 Service Contracts

In accordance with the “*Act respecting workforce management and control within government departments, public sector bodies and networks and state-owned enterprises (CQLR c. G-1.011)*”, any service contracts with an individual for an amount of \$10,000 and above as well as any service contracts with an enterprise for an amount of \$25,000 and above must be approved by the Director General, the whole as per Board resolution # 365-07.

5.6 Sale of Training Services

5.6.1 Any contract for sale of training services to outside bodies must, prior to signing:

5.6.1.1 be approved by the Director of the sector of responsibility when the financial considerations of the offer are \$50,000 or less;

5.6.1.2 be approved by the Director General and the Director of the sector concerned when the financial considerations of the offer are more than \$50,000.

5.7 Transactions Carried Out as Trustee

Notwithstanding the stipulations of Articles 5.1 through 5.6 of this By-law, the Director General is empowered to authorize any financial transaction which the College may be led to carry out when acting formally, on a given issue, as trustee of a Ministry, agency or government body.

5.8 Transactions Related to Special Projects

When the College is responsible for a special project financed by a granting institution, such as a research project or based on a service agreement with a third party, the Director or Dean for the area of responsibility designates one project holder. This project holder is responsible for the financial management of the project, authorization of budgetary transfer requests, and has signing authority in compliance with Article 5.5.3.

ARTICLE 6 - BANKING TRANSACTIONS

6.1 Choice of Institution

The Board authorizes by resolution the banking institutions with which the College can deal in the context of its financial operations.

6.2 Bankers Acceptance

Bankers acceptance made on the lines of credit granted to the College by the Ministry are authorized by any of the following Directors of the College: the Director General, the Academic Dean, the Director of Finance & Legal Affairs and the Comptroller.

Subject to the stipulations of any legislation, authorization from the Board is required for contracting any other type of loan.

ARTICLE 7 - SIGNATORIES FOR SPECIFIC PURPOSES

7.1 Signatories of Negotiable Instruments

Any note, cheque, electronic funds transfer or other payment authorization requiring the signature of the College is signed either by hand, mechanically or electronically, and, in either case, in compliance with Article 5.5, the joint signature of two of the following Directors of the College is required: the Director General, Academic Dean, Director of Finance & Legal Affairs, Director of Facilities Management & Information Technology Services, Comptroller. Amounts greater than \$50,000 require a handwritten signature.

ARTICLE 8 - PROVISIONS IN THE EVENT OF ABSENCE

8.1 In the Event of Absence (other than Vacation)

In the event of the absence or inability to act of any of the Directors designated in this By-law, except the Director General, their superior is empowered to carry out, for them and on their behalf, the budget transfers, approvals of financial transactions, payments of financial transactions and banking transactions which the said Director had the authority to carry out.

In the case of the Director General's absence or inability to act, and only if it is an emergency situation where they cannot be reached, the Academic Dean, Director of Finance & Legal Affairs or Director of Facilities Management & Information Technology Services, acting alone, is empowered to carry out, for the Director General and on their behalf, the budget transfers, approvals of agreements, undertakings and financial transactions, payments of financial

transactions and banking transactions which the Director General had the authority to carry out. Upon their return or ability to act, the Director General shall retroactively sign said transfers, approvals, payments or transactions, as the case may be.

The Director General may designate a replacement for a Director who is temporarily absent. The Executive Committee or Board may designate a replacement for the Director General should they be temporarily absent.

In the case of vacation, a substitute can be designated in the College financial management system for the period of absence.

ARTICLE 9 - RESPONSIBILITY

The Director of Finance & Legal Affairs is responsible for this By-law and all Directors are responsible for the application of this By-law in their respective area.

ARTICLE 10 - EFFECTIVE DATE

This By-law comes into effect when enacted.