

## **POLICY ON FINANCIAL REPORTING, RESERVES, AND BUDGETING**

### **A. PURPOSE**

The University of Lethbridge Faculty Association (ULFA) is a democratic, membership-based organization of academic staff whose overarching goals are to promote the collective interests of its Members, to protect and enhance the freedom and quality of teaching scholarship, debate, thought, and research within the University community, and to improve the overall quality of academic life at the University of Lethbridge. Policies are essential in providing substance to this mandate. The purpose of this policy is to provide clarity as to ULFA's current financial management and to provide a solid framework for which ULFA can grow while maintaining its financial stability.

### **B. POLICY STATEMENT**

It is the policy of the University of Lethbridge Faculty Association to responsibly use the Association's funds in the interest of the ULFA membership, herein referred to as Members, and to ensure that the financial stability of the organization is maintained over the long-term.

### **C. RESPONSIBILITIES**

Executive Committee:

1. Shall be responsible for overseeing and approving the general actions and directions of the Finance Committee.
2. Shall be responsible for reporting annually to Members detailing the financial activity.

Finance Committee:

1. Shall comprise of the President, Treasurer and at least two members of the ULFA staff.
2. Shall be responsible for the administration of this policy.
3. Shall be responsible for reporting monthly to the Executive detailing the financial activity.
4. Shall be responsible for overseeing the annual external audit.
5. President, Treasurer and Executive Officer or equivalent will have signing authority.
6. Treasurer and one staff member shall be members of the Job Action Committee's finance sub-committee.

### **D. PROCEDURES**

Operating Budget

1. The Finance Committee will prepare a monthly bank reconciliation for the Executive.
2. The Finance Committee is responsible for monitoring expenditures and must bring to the attention of the Executive in the event any operating budget item expenditures exceed either 10% of budget category or \$10,000, whichever is less.
3. The Finance Committee is responsible for monitoring expenditures and must bring to the attention of the Executive any operating budget item expenditure that becomes a deficit or in the event of an overall operating budget deficit.
4. The Finance Committee will be responsible for drafting a proposed

annual operating budget for ultimate approval by Members. This proposed budget must be presented for approved by the Executive at least four weeks prior to the Spring Annual General Meeting.

- a. When developing the budget, the Finance Committee will take into account the current and desired level of each of the reserve funds identified in *E. Financial Accounts* below and make recommendations to the Executive for replenishment of said funds as needed and in accordance with ULFA's by-laws.
- b. When developing the budget, the Finance Committee will review the current Mil rate and make a recommendation to the Executive to either raise, decrease, or maintain the Mil rate at its current value.

#### Revenue

1. All Members are responsible for dues incurred.
2. The Finance Committee will ensure that dues are deducted accurately from Members and remitted to the correct organization(s), in accordance with Bylaw 4.
3. ULFA's mil rate shall be established or amended by Members at a general meeting.
4. Dues rate and schedule shall be reported annually to Members for all mil rate and external organizations of which ULFA is a member.
  - a. ULFA is a member of the Confederation of Alberta Faculty Associations (CAFA), and the
  - b. Canadian Association of University Teachers (CAUT).
  - c. ULFA contributes to the CAUT Defence Fund.

#### Investment

1. This clause was endorsed by Executive on October 6, 2006, and by ULFA Members at a general meeting on November 14, 2006.
2. The Finance Committee will be responsible for the administration of ULFA's cash assets and investments with a view to:
  - a. Generating modest income through interest;
  - b. Meeting liquidity requirements;
  - c. Achieving stability by investing only in low volatility, low risk instruments thereby:
    - i. Maintaining the security of the principal and rates of return; and
    - ii. Maintaining sufficient cash on hand for the day-to-day operations of the Association.
3. Interest from all ULFA's investments shall be considered as revenue in the annual operating budget.
4. The Finance Committee will report annually to the Executive detailing the state and performance of investments.

#### Job Action

In the event of a lockout or strike:

1. The Finance Committee hands over control and authority of the ULFA Lockout/Strike Preparedness Fund to the Job Action Committee.
2. The Finance Committee will continue to control the remainder of ULFA's financial matters.

3. The Finance Committee will pay staff's regular time salary/wages as well as overtime from the Stabilization (restricted) Fund.

#### E. FINANCIAL ACCOUNTS

The following reserve funds are established:

1. Surplus Fund (unrestricted)
  - a. This fund is unrestricted and is used to balance the operating budget and daily expenses.
  - b. This fund will carry over from one year to the next if unspent.
  - c. Accounting practices recommend that an organization's surplus fund be anywhere from the equivalent of one-half to one full year's operating expenses. The Finance Committee recommends that a surplus fund minimum be established at  $\frac{3}{4}$  or 75% of the annual operating budget.
  - d. Should the surplus fund drop below its recommended minimum the finance committee will bring the issue to the attention of the executive.
    - i. In the meantime, in any given year, if the anticipated budget expenditures surpass the revenues and the surplus fund drops below the minimum, the mil rate will be increased to balance the budget for that year.
2. Legal Fund
  - a. This fund was approved by Members at a Special General Meeting on February 6, 1987 for the purpose of covering ULFA costs as may be associated with arbitrations, hearing committees, selection officers and related matters arising out of the administration of the Collective Agreement.
  - b. As of 1998, the Members established \$120,000 as the minimum amount held in reserve. Each year, unspent money from the Legal Costs within the annual budget will contribute to the growth of the fund each year. If the legal fees exceed the budget item, then funds from the legal fund shall be used.
3. ULFA Lockout/Strike Preparedness Fund
  - a. This fund has been established for the purpose of participating in Job Action to cover the costs of
    - i. Members pay for Job Action participation.
    - ii. Benefit premiums for Members on behalf of the Board of Governors.
    - iii. Supplementary costs of office relocation, rental of additional equipment and services, purchase of job action related supplies, and other relevant expenses.
  - b. This Fund is intended to work in relation with the CAUT Defence Fund of which ULFA is already a member.
  - c. The minimum value of the Fund is based on the following principles:
    - i. Job action pay will cover the first three (3) days of the strike or lockout at the rate of up to \$160 per Member per calendar day;
    - ii. Daily job action pay will supplement the CAUT Defence Fund pay up to a total of \$160 per Member per calendar day.
    - iii. The fund will be able to support a job action for a minimum duration of twice the length of the greater of either the average Canadian post-secondary strike/lockout or the average Alberta post-

- secondary strike/lockout.
- iv. The Fund will cover the Board's costs for Members' benefits during the lockout/strike.
  - v. An additional \$50,000 will be included for supplementary costs associated with a job action.
- d. However, there may be a reduction in provisions for job action pay in the event of a lockout/strike prior to the Fund achieving its minimum value.
  - e. In the beginning of each fiscal year, this Fund policy shall be reviewed by the Finance Committee, who shall make recommendations to the Executive regarding changes to this Fund.
  - f. This fund was approved in principle by the Members at an Annual General Meeting on April 22, 2016, thereafter, approved by Executive on October 26, 2017.
4. Conference Expense Fund
- a. Half of the inactive Member dues are placed into this fund according to the Collective Agreement.
  - b. This fund shall be used each year for the purpose of the ULFA staff and Members to attend conferences and meetings on association business.
  - c. In the event that item 4.b expenses exceed the fund then monies from the surplus fund shall cover the deficit.
5. Stabilization Fund (internally restricted)
- a. The fund is established in accordance with the Academic Staff Collective Agreement.
  - b. As established through a Memorandum of Agreement dated March/April 1996, ULFA has sole signing authority on the fund.
  - c. Half of the inactive Member dues are placed into this fund according to the Collective Agreement.
  - d. Accounting practices recommend that an organization's stabilization fund be anywhere from the equivalent of one-half to one full year's operating expenses. The Finance Committee recommends that a stabilization fund minimum be established at  $\frac{3}{4}$  or 75% of the annual operating budget.
  - e. The fund shall be allowed to grow in normal years.
  - f. It shall be used in emergencies such as but not limited to:
    - i. Staff salaries, benefits and overtime during a lockout or strike;
    - ii. Expenses that exceed the revenues and surplus fund.

#### F. REFERENCES

- [Bylaws of the University of Lethbridge Faculty Association](#)
- [ULFA Financial Support of Conference Attendance](#)
- [Academic Staff Collective Agreement](#)
- [Job Action Policy](#)
- [CAUT Defence Fund – Bylaws](#)
- [CAUT Defence Fund – Standing Rules & Regulations](#)

G. REVISION HISTORY

- November 9, 2017: New Policy
- November 1, 2020: New Policy to align with the 2018 Collective Agreement  
- Changes approved by Executive via e-motion on November 10, 2020

