

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 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 its Membership and to ensure that the financial stability of the organization is maintained over the long-term.

C. RESPONSIBILITIES

Executive:

1. Shall be responsible for oversight of and approving the actions of the Finance Committee.
2. Shall be responsible for reporting annually to the Membership detailing the financial activity.

Finance Committee:

1. Shall comprise of the Secretary/Treasurer and Executive Director.
2. Shall be responsible for the administration of this policy.
3. Shall be responsible for reporting annually to the Executive detailing the financial activity.

D. PROCEDURES

Operating Budget

1. The Finance Committee will prepare a monthly bank reconciliation for the Executive.
2. The Finance Committee will be responsible for drafting a proposed annual operating budget for ultimate approval by membership. This proposed budget must be presented for approved by the Executive at least four weeks prior to the Annual General Meeting.
3. 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.

4. 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, as long as over expenditures does not lead to an overall operating budget deficit.

Revenue

1. The Finance Committee will ensure that fees are deducted accurately from Members and remitted to the correct organization(s), in accordance with Bylaw 4.
2. ULFA's mil rate shall be established or amended by Membership at a general meeting.
3. Fee rates & schedule shall be reported annually to Membership 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), the Canadian Association of University Teachers (CAUT), and the CAUT Defence Fund, and all members are responsible for dues incurred.

Investment

1. This clause was endorsed by Executive on October 6, 2006, by ULFA Council on November 14, 2006, and by ULFA membership 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

1. The Finance Committee suspends authority and operation in the event of job action, during which time, authority shall be given to the Job Action Committee.

E. FINANCIAL ACCOUNTS

The following reserve funds are established:

1. Surplus Fund
 - a. This fund was approved by the Membership on October 27, 2008 at a Fall General Meeting.

- b. 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.
 - c. In a given year, when the surplus exceeds the desired minimum, the amount above the minimum may be used to balance the annual budget, if necessary.
 - d. Should the surplus fund drop below its recommended minimum it may not be used until such time as the minimum amount has again been reached.
 - i. In the meantime, in any given year, if the anticipated budget expenditures surpass the revenues, the mil rate will be increased to balance the budget for that year.
2. Legal – Arbitration & Litigation
- a. This fund was approved by the Membership 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 Faculty Handbook.
 - b. As of 1998, the membership established \$120,000 as the minimum amount held in reserve. Each year, unspent money from the Routine Legal Costs from the annual budget and the interest incurred from investments will contribute to the growth of the fund each year.
3. ULFA Lockout/Strike Preparedness Fund
- a. This fund was approved in principle by the Membership at an Annual General Meeting on April 22, 2016, thereafter approved by Executive on October 26, 2017.
 - b. A local Fund is hereby established for the purpose of participating in a lockout/strike and associated costs for health benefits and supplementary costs incurred during periods of labour disruption affecting Members.
 - c. The Fund shall be used to pay the health care premiums for Members on behalf of the Board of Governors, as well as to pay for supplementary costs of office relocation, staff overtime during periods of labour dispute, rental of additional equipment and services, purchase of job action related supplies, and other relevant expenses.
 - d. This Fund is intended to work in relation with the CAUT Defence Fund of which ULFA is already a member.
 - e. The target 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 of up to 30 days.

- iv. The Fund will cover the Board's costs for health care premiums for Members up to \$100,000.
- v. An additional \$50,000 will be included for supplementary costs associated with a job action.
- f. In the beginning of each bargaining year, this Fund policy shall be reviewed by the Finance Committee, who shall make recommendations to the Executive regarding this Fund.
- g. There may be a reduction in provisions for job action pay in the event of a lockout/strike prior to the Fund achieving its target value.
- h. The Finance Committee shall report annually to the Membership the financial standing of this Fund.

4. Stabilization Fund

- a. The fund is established in accordance with Faculty Handbook Article 4.07, and held in trust by the University.
- b. As established through a Memorandum of Agreement March/April 1996, ULFA has sole signing authority on the fund.
- c. Within the fund the following accounts exist:
 - i. Equipment & Office
 - ii. Convocation Regalia
 - iii. Study Leave Relocation
 - a. Established in accordance with Faculty Handbook Schedule B.08.
 - b. Study Leave Relocation Surplus Fund
This fund was approved by the Executive at meeting number 28 on May 10, 2000.
Each year study leave relocation funds that have been allocated but are not used will be put into the Study Leave Relocation Surplus Fund. In a year when applications exceed the fund's \$35,000 maximum, money may be used from the Surplus Fund. However, normally only one-third of the total amount held in the Study Leave Relocation Surplus Fund may be used in any given year.

F. REFERENCES

- Bylaws of the University of Lethbridge Faculty Association
- ULFA Financial Support of Conference Attendance
- ULFA Financial Support for Education Event Production
- Policy Re. Course Relief for Voting Members of the ULFA Executive
- Job Action Policy
- CAUT Defence Fund – Bylaws
- CAUT Defence Fund – Standing Rules & Regulations
- ULFA Investment Policy [Rescinded November 9, 2017]
- ULFA Policy Re. Surplus Fund [Rescinded November 9, 2017]
- ULFA Policy Re. Study Leave Relocation Surplus Fund

- ULFA Policy Lockout/Strike Preparedness Fund [Rescinded November 9, 2017]

G. REVISION HISTORY

- November 9, 2017: New Policy