

Primary responsibility for the financial reporting, accounting systems, management plans and budgets, internal controls and treasury of TRU is vested in Administration and overseen by the Board of Governors.

### **1. Purpose**

The purpose of the Finance Committee is to advise the Board in fulfilling its obligations and oversight responsibilities relating to financial planning and property affairs of the University.

### **2. Composition and Quorum**

The Finance Committee is composed of five Governors, plus the President.<sup>1</sup> The Board, on the recommendation of the Board Chair, appoints the Committee members and Chair.

A majority of members of the Committee shall constitute a quorum.<sup>2</sup>

### **3. Accountability to the Board**

The Committee has no authority to direct Administration or to commit TRU unless specifically authorized by the Board through the Committee Terms of Reference or otherwise.

### **4. Duties and Responsibilities**

Subject to the powers and duties of the Board, the Finance Committee will perform the following duties.

- i. To review and provide recommendations to the Board regarding annual budgets developed by Administration including recommendations with respect to tuition and other fees.
- ii. To review quarterly budget-to-actual reports provided by Administration.

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<sup>1</sup> The Vice-President, Administration and Finance, the Provost & Vice-President, Academic, the General Counsel and Corporate Secretary, and other University staff will attend committee meetings as required.

<sup>2</sup> Bylaws, Section III, Paragraph 4(a).

- iii. To review and make recommendations to the Board regarding the approval of authorized signing officers in respect of all banking and make recommendations to the Board in respect of banking services.
- iv. To review the investment management activities of the University.
- v. To review compliance with applicable tax requirements.
- vi. To review and make recommendations to the Board regarding policy issues relating to operating budgets and capital expenditures.
- vii. To review and make recommendations to the Board in respect of all proposed transactions regarding the leasing or disposal of real property.
- viii. To review and make recommendations to the Board in respect of Operating Reserves including thresholds and usage<sup>3</sup>.

## **5. Meetings**

The Committee meets at least four times per year. Additional meetings may be held as deemed necessary by the Committee Chair or as requested by any Committee member or the External Auditor.

## **6. Reporting**

The Committee will report its activities to the Board at the next Board meeting.

## **7. Staff Support**

The Corporate Secretary provides staff support to the Committee, and the Corporate Secretary or his/her delegate is secretary to the Committee.

## **8. External Advisors**

The Committee may engage independent advisors at the expense of TRU when it deems necessary, subject to the approval of the Board Chair.

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<sup>3</sup> See attached “Appendix I – Operating Reserve Fund Restriction, Use, and Approval”

## 9. Responsibility for Policy Review

The Committee has responsibility to review at least every two years, and more frequently if necessary (e.g., based on legislative or regulatory changes, or a development in governance best practices) the following Board and organizational policies.

Board Policies:

- Finance Committee Terms of Reference (must be reviewed annually)
- [Advisory Committee on Investments Terms of Reference](#)
- Governor Indemnity and Liability Insurance

## 10. Committee Timetable

The timetable for the Committee's activities is reflected in the Committee's calendar set out below.

<b>FINANCE COMMITTEE CALENDAR</b>						
	SEPT	OCT	DEC	FEB	MARCH	MAY
<b>FINANCIAL PLANNING</b>						
1. Review operating budget development		X	X	X	X	X
2. Review budget to actual reports		X		X		
3. Review internal restriction of funds			X			
4. Financial Information Act Report	X					
5. Report on Quarterly Financial Performance		X		X		
<b>OTHER</b>						
6. Review banking services and bank signing officers						
7. Review investment management activities				X		
8. Review compliance with applicable tax requirements	<b>As Required</b>					

FINANCE COMMITTEE CALENDAR						
	SEPT	OCT	DEC	FEB	MARCH	MAY
9. Material financial commitments outside of approved budget	As Required					
10. Review and make recommendations to Board regarding policy issues relating to budgets and capital expenditures	As Required					
11. Review proposed property transactions	As Required					

## **Appendix I: Operating Reserve Fund Restriction, Use, and Approval**

### **1. Purpose**

This guideline establishes the framework for the restriction, maintenance, use, and approval of the Operating Reserve Fund to ensure financial stability and sustainability in the event of unexpected financial challenges or emergencies.

### **2. Scope**

This guideline applies to all financial activities related to the Operating Reserve Fund of Thompson Rivers University, including governance oversight, financial administration, and approval processes.

### **3. Definitions**

*Operating Reserve Fund:* A designated fund set aside to protect the university from unexpected financial disruptions.

*Fund Restriction:* The formal designation of funds for specific purposes, limiting their use to approved circumstances.

*Board of Governors (BoG):* The governing body responsible for oversight and approval of the university's financial policies.

*Senior Administration:* Includes the President, Provost, Vice-President (Finance & Administration), and other senior leadership involved in financial decision-making.

### **4. Fund Restriction Guideline**

#### **4.1 Establishment and Purpose**

The university shall maintain an Operating Reserve Fund to mitigate financial risks and ensure operational continuity.

The reserve serves as a safeguard against unexpected revenue shortfalls, economic downturns, or emergencies such as government funding reductions, enrolment declines, or urgent infrastructure needs.

#### *4.2 Minimum and Target Reserve Levels*

The university shall maintain a minimum Operating Reserve Fund balance equivalent to three months of operating expenses (approximately 25% of annual operating expenditures).

The target reserve balance shall be built up, starting in fiscal year 2024/25, through the following means:

- \$15.9M in current reserves has been reallocated to an Operating Reserve.
- Fiscal 2024/25 surplus, after Ministry approved restriction, be allocated to Operating Reserve.
- Annual allotment of 1.5% of annual operating revenues, until the cumulative target is reached.

The target reserve balance shall be reviewed periodically and adjusted based on financial risk assessments and university needs.

#### *4.3 Restrictions and Use Limitations*

The Operating Reserve Fund is restricted and cannot be used for ongoing operational expenses, budget shortfalls due to mismanagement, or funding new programs without Board approval.

Permitted uses include:

- Emergency funding (natural disasters, significant economic downturns) that may create revenue shortfalls (or expenditure increases) impacting essential university operations.
- One-time strategic initiatives that align with the university's mission and long-term sustainability.

## **5. Approval Process for Use of the Operating Reserve**

### **5.1 Request for Use**

The President, in consultation with the Provost and Vice-President (Finance & Administration), may submit a formal request to the Board of Governors outlining:

- The specific need for reserve funds.
- Amount requested.
- Impact assessment on financial sustainability.
- Proposed repayment or replenishment plan (if applicable).

### **5.2 Review and Approval**

The Finance Committee shall review the request and make a recommendation to the Board of Governors.

The Board of Governors must approve any use of the Operating Reserve Fund through a majority vote.

### **5.3 Replenishment Strategy**

If funds are used, a plan must be presented to restore the reserve to its target level within a reasonable timeframe as determined by the Board, using replenishment strategies such as budget surpluses, targeted revenue increases, or cost-saving measures.

## **6. Governance and Oversight**

### **6.1 Annual Review and Reporting**

The Vice-President (Finance & Administration) shall report annually to the Board of Governors on the status of the Operating Reserve Fund.

The Finance Committee will review fund balances, compliance with this guideline, and recommend adjustments as needed.

## **6.2 Guideline Review**

This guideline shall be reviewed every 5 years to ensure alignment with best practices, financial conditions, and institutional priorities.

## **7. Compliance and Exceptions**

Any deviation from this guideline requires explicit Board of Governors approval.