



Audit/Finance/Risk (AFR) Committee Report

Reporting date: June 18, 2021

Chair: Dr. Linda Chan

Tasks Completed Since Last Council Meeting:

- The audit for the fiscal year ending December 31, 2020, is nearing conclusion and the auditors are scheduled to present the draft financial statements to the Committee for review on June 14, 2021. The auditors will present to Council for approval at its meeting on June 18, 2021.
- Staff have consulted with BDO Canada regarding the question of charging HST on membership fees and a briefing note will be prepared for the committee to review at its next meeting on June 14, 2021, and a report will then be provided to Council.
- The College's Investments Policy has been revised and will be presented to Council for approval at its meeting on June 18, 2021.
- The committee reviewed the reserves set aside for the Building Acquisition Fund as set out in the approved Audited Financial Statements for the fiscal year ending December 31, 2019, and a briefing note has been prepared for Council's review. The AFR Committee recommends to Council the reallocation of funds currently held as the "Building Acquisition Fund" to fund the objectives and amounts as set out in Table 1.
- Cybersecurity training for Council members was completed on April 9, 2021.

Key Priorities

- Ongoing review/awareness of risks: IT, operational, organizational, financial, and strategic.

Information Items

- The committee has completed some revisions to the Finance – Honoraria and Expenses Policy to clarify the terminology regarding meetings and the calculation of honoraria. The revised policy is included in this report as information for Council (please see the highlighted updates).
- A summary of the current long-term investments as of December 31, 2020, has been prepared and a copy is included in this report as information for Council.

Discussion Items

1. Review of the draft Investments Policy and committee recommendations regarding financial instruments utilized for the College's reserve funds.

Decision Items

2. Approval of the draft audited financial statements for the fiscal year ending December 31, 2020.
3. Approval of the draft Investments Policy.
4. Approval of the reallocation of the reserve funds currently held as the "Building Acquisition Fund" to fund the objectives and amounts as set out in Table 1 of the AFR Committee Briefing Note dated May 13, 2021.

Attachments

- Finance – Honoraria and Expenses Policy revised May 13, 2021.
- Summary of current long-term investments as of December 31, 2020.
- Summary of current long-term investments as of March 31, 2021.

Policy

Type:	Finance		
Name:	Honoraria & Expenses		
Status:	Draft	Version:	2.1
Date Approved:	December 4, 2020	Date Revised:	November 6, 2020 v 2.0 May 13, 2021 v 2.1

Purpose

The purpose of this policy is to outline the honoraria and expense coverage provided to professional Council and Committee members¹ for College work.

Overview

Honoraria are paid to professional (optometrist) members of Council and committees (statutory, standing, ad-hoc) for participating in activities related to College business.

Such activities include:

- attending scheduled meetings/hearings (in-person, online or via teleconference);
- decision-writing;
- attending College-related education and training sessions; and
- participating in any other approved College event/activity.

Honoraria are also paid for time spent preparing for meetings. The College recognizes that professional members of Council and committees, may spend time preparing for some Committee meetings that exceeds two hours. These Committee members will be compensated for that time according to this policy.

Eligible expenses are reimbursed to professional members of Council committees and staff members when they are incurred while conducting College business.

Payments are made to the rates outlined under Schedule 1 in this policy.

Procedure

¹ Council members who are appointed by the Lieutenant Governor (i.e. public appointees) are paid by the government and as such the rules for their compensation and expenses are established and monitored by the Ministry of Health.

1. Claim(s) for honoraria and expenses are to be submitted to the College, on a completed honoraria and expense form (Appendix 1) within 30 calendar days of the claimed activity.
2. Claims should be submitted to the College's Manager, Finance and Office Administration.
3. Manager will confirm the claim with the related staff support that assists with oversight for the activity that resulted in the claim(s).
4. Once approved, the College will endeavor to pay claims within one (1) month of receiving them.
5. Any discrepancies between what this policy permits, and claims will be addressed with the individual by the Manager, Finance and Office Administration and if not available, the Registrar.

NOTE: Claims for honoraria are considered taxable income by the Canada Revenue Agency and as such are processed through the College's payroll system. In keeping with Canada Revenue Agency Rules, the College will annually prepare and provide T4s/T4As to those who claim honoraria from the College.

Interpretation

1. *Honoraria/Honorarium*: An honorarium is a payment for time spent on College-related business. Honoraria are composed of per diems and preparation time.
2. *Per Diem*: A per diem is a payment to someone for time spent working or attending meetings, training, and events for the College. Per diems are paid on an hourly or daily basis, consistent with Schedule 1 of this policy.
3. *Preparation Time*: Preparation time is a payment for time spent getting prepared for College-related business. Preparation time is paid on an hourly basis, consistent with Schedule 1 of this policy.

Honoraria

General Principles

- a. A daily claim for honoraria may include any or all per diems and/or preparation time in keeping with the rules and rates outlined in this policy.
- b. Honoraria will be paid to people who are requested by the College to attend a function for representation or education purposes.
- c. Honoraria rates are to be reviewed annually at the beginning of each fiscal year; any update will be communicated via email once new rates are established.

Per Diem

- a. Honoraria will be paid for the scheduled time of the meeting.
- b. For Council and committee meetings² held in-person or virtually³, the full day per diem rate may be claimed.
- c. The following formulas apply to all College meetings³ irrespective of whether the meetings are held by telephone, in-person, or virtually:
 - i. For meetings with a duration of less than one (1) hour, a total amount of \$187.50 may be claimed.
 - ii. For meetings with a duration of one (1) to three (3) hours, the total honorarium paid will be at the half-day rate of \$375.00.

² This includes meeting of Committee panels, College working groups or task forces and any meeting that a member attends as a College representative.

³ This also applies to members who attend a College in-person meeting virtually.

- iii. For meetings with a duration greater than three (3) hours, the full day rate of \$750.00 will apply.
- d. As a guideline, meetings that extend beyond the scheduled time should be noted in the minutes of the meeting and include a reason.
- e. Committee chairs⁴ are paid a higher per diem rate when they are acting in the capacity of the chair at a meeting/event/activity.
- f. Per diem is paid in accordance with the rate section laid out in Schedule 1 of this policy.

Preparation Time

- a. The amount payable for preparation time per meeting is based on a fixed and an hourly rate as follows:
 - i. The first two hours will be non-billable time.
 - ii. Any additional hour or part thereof will be paid at the rate of \$150.00 per hour.
- b. This policy provides for an average of two (2) hours of preparation time that is non-billable. For any additional hours, the Chair of the committee will seek consensus from the committee members as to the average number of hours more than two (2) hours and everyone submits the same claim for preparation time, at the discretion and approval of the Chair. The discussion and consensus among committee members should take place and be confirmed at the end of every meeting. It is expected that the preparation time will be the same for everyone but is at the discretion of the Chair. .
- c. Preparation time is paid in accordance with the rate section laid out in Schedule 1 of this policy.

Expenses⁵

General Principles

- i. The College expects Council and Committee members to make their hotel and travel arrangements as soon as possible after a meeting date has been confirmed to obtain the best price.
- ii. Expenses submitted that are more than these guidelines because of last-minute booking of travel and hotel arrangements may not be reimbursed.
- iii. Detailed itemized invoices or receipts are required for all expense claims.⁶
- iv. Barring exceptional circumstances, reimbursement for claimed amounts exceeding these guidelines may be denied.

Travel

- a. For trip durations (air, train) of under three hours, Economy-level fare selections are reimbursed. For trip durations over three hours, Premium Economy-level fare selections are reimbursed.
- b. In extenuating circumstances (i.e. poor weather) where travel plan adjustments may be necessary and incur additional costs, compensation will be considered for alternative travel arrangements.
- c. For travel within major urban centres, while it is preferred that public transportation be used, reasonable cab fare will be reimbursed for these trips. The College encourages the use of the Union Pearson Express train when travelling to and from the Toronto Pearson

⁴ This also applies to the College President when acting in their capacity.

⁵ Where applicable, the expense guidelines may also be applicable to College staff members.

⁶ Credit card receipts or statements do not provide sufficient detail to process expense claims.

Airport.

- d. For travel by car, the College will reimburse \$0.485 per kilometer plus parking expenses for lots near the College, at the hotel or other such event/activity location.⁷
- e. Parking and traffic violations are the sole responsibility of the individual and will not be reimbursed by the College.

Lodging

- a. The College will pay for a standard room at a hotel to a maximum of \$275 (excluding HST) per night.
- b. Exceptions may be allowed for periods of time where lodging availability is limited, or where travel plan adjustments are necessary due to weather related or other unexpected circumstances.

Meals

Breakfast
(Lunch)⁸
Dinner

**Coverage guideline
(excluding HST)**
up to \$30.00/meal
up to \$30.00/meal
up to \$60.00/meal

Please note that expenses for alcoholic beverages or spirits will not be reimbursed.

Gratuities

- a. Gratuities for lodging and transportation (i.e. taxis) should be included in the cost claimed along with the accompanying receipt.
- b. Gratuities for meals at a maximum of 18% may be claimed over and above the allowable coverage under such guidelines.

Additional Expenses

- a. For expenses not explicitly covered in this policy, the Audit/Finance/Risk Committee shall determine whether such an expense is compensable.

Cancellation

If a planned/scheduled College activity is cancelled and insufficient notice is provided, the College may pay some or all the honoraria and will pay all non-refundable expenses.

If the activity is cancelled within 5 business days, the College will pay 50% of the honoraria and cover any expenses incurred. If the activity is cancelled within 3 business days, the College will pay 100% of the honoraria and cover any expenses incurred.

The per diem amount will be paid based on the time scheduled for the activity. Preparation time may also be payable given the circumstances and at the discretion of the Registrar.

Review

⁷ A document (i.e. Google Maps, MapQuest, etc.) outlining the route and kilometers travelled must be submitted in conjunction with this claim.

⁸ Generally, lunch is included at College meetings and will only be reimbursed if not provided by the College.

To ensure and maintain currency, the Honoraria and Expense Guidelines for Professional Council and Committee Members policy will be reviewed annually by the College’s Audit/Finance/Risk Committee.

Schedule 1

Honoraria (per diem & preparation time) for professional Council and Committee members:

All College Meetings		
<i>Honoraria will be paid for the scheduled time of the meeting.</i>		
<i>Duration/Scheduled</i>	<i>Member Rates</i>	<i>Chair Rates</i>
Less than one (1) hour	\$187.50	\$262.50
One (1) hour to three (3) hours – half day rate	\$375.00	\$525.00
Greater than three (3) hours – full day rate	\$750.00	\$1,050.00
Preparation Time		
<i>Duration</i>	<i>Member Rate</i>	<i>Chair Rate</i>
First two (2) hours	Non-billable	Non-billable
Additional time paid by the hour or part thereof – flat hourly rate	\$150.00	\$150.00

College of Optometrists of Ontario
Investment Returns: Consolidated Portfolio

For the period January 1 - December 31, 2020, updated March 31, 2021

	Cash and Equivalents	Fixed Income Securities & Fixed Income Funds**	Equities & Equity Funds*	Total Fixed Income and Equities	Total Portfolio	Calculation of Unrealized Loss	Notes
Portfolio Manager #1							
Opening Balance - Jan 1	50,769.49	1,586,403.74	1,497,768.55	3,083,937.29	3,134,941.78		3,134,941.78
Income**					81,890.86		Market Value per portfolio stmts Dec 31 2019, net of fees
Realized Capital Gains (Losses)					(36,001.60)		
Unrealized change in market value					173,095.70		
Contributions / (Withdrawals)					664.06		
Fees					(31,632.09)		
Ending Balance	415,060.52	1,406,179.59	1,501,718.60	2,907,898.19	3,322,958.71	188,016.93	Unrealized Gain - Portfolio #1
Return (Net of Fees)					5.97	0.059974616	
Benchmark					9.43		
Portfolio Manager #2							
Opening Balance - Jan 1	30,110.40	379,371.02	434,593.60	813,964.62	844,075.02		844,075.02
Income**					3,013.53		Market Value per portfolio stmts Dec 31 2019, net of fees
Realized Capital Gains (Losses)					(11,250.37)		
Unrealized change in market value					52,387.09		
Contributions / (Withdrawals)							
Fees					(11,580.91)		
Ending Balance	44,209.64	383,435.31	448,999.41	832,434.72	876,644.36	32,569.34	Unrealized Gain - Portfolio #2
Return (Net of Fees)					4.19	0.038585836	
Benchmark					8.93		
Consolidated Portfolio							
Opening Balance - Jan 1	80,879.89	1,965,774.76	1,932,362.15	3,897,901.91	3,979,016.80		
Income**					84,904.39		
Realized Capital Gains (Losses)					(47,251.97)		
Unrealized change in market value					225,482.79		
Contributions / (Withdrawals)					664.06		
Fees					(43,213.00)		
Ending Balance	459,270.16	1,789,614.90	1,950,718.01	3,740,332.91	4,199,603.07	220,586.27	Unrealized Gain - Combined
Return (Net of Fee)					5.08	0.055437381	
Benchmark					9.18		

*US/CAD Exchange Rate Used = 1.2758 as at December 31, 2020.

**Income includes interest, dividends, fund distributions, accruals net of account changes

Note: All values as presented are derived from final Q4 statements from both portfolio managers.

Confidential

Investment Portfolio - YE December 31, 2020
January 1 - December 31, 2020

6/13/2021

College of Optometrists of Ontario
Investment Summaries: Consolidated Portfolio

For the period January 1, 2021 to March 31, 2021 - updated June 15 2021

	Cash and Equivalents	Fixed Income Securities & Fixed Income Funds**	Equities & Equity Funds*	Total Fixed Income and Equities	Total Portfolio	Calculation of Unrealized Loss	Notes
Portfolio Manager #1							
Opening Balance - Jan 1	415,060.52	1,406,179.59	1,501,718.60	2,907,898.19	3,322,958.71		3,322,958.71
Adj to Opening Balance - Jan 1					(109.59)		Market Value per portfolio manager #1 stmts Dec 31 2020, net of fees
Income**					16,541.32		
Realized Capital Gains (Losses)					24,094.15		
Unrealized change in market value					43,121.94		
Contributions / (Withdrawals)					90.69		
Fees					(8,498.71)		
Ending Balance	206,416.71	1,537,215.66	1,654,566.14	3,191,781.80	3,398,198.51	75,239.80	Unrealized Gain - Portfolio #1
Return (Net of Fees)					2.26	0.022642412	
Benchmark					-0.10		
Portfolio Manager #2							
Opening Balance - Jan 1	44,209.64	383,435.31	448,999.41	832,434.72	876,644.36		876,644.36
Income**							Market Value per portfolio manager #2 stmts Dec 31 2020, net of fees
Realized Capital Gains (Losses)							
Unrealized change in market value							
Contributions / (Withdrawals)							
Fees							
Ending Balance	45,007.50	426,867.52	429,951.38	856,818.90	901,826.40	25,182.04	Unrealized Gain - Portfolio #2
Return (Net of Fees)					2.96	0.028725491	
Benchmark					0.37		
Consolidated Portfolio							
Opening Balance - Jan 1	459,270.16	1,789,614.90	1,950,718.01	3,740,332.91	4,199,603.07		
Income**					16,541.32		
Realized Capital Gains (Losses)					24,094.15		
Unrealized change in market value					43,121.94		
Contributions / (Withdrawals)					90.69		
Fees					(8,498.71)		
Ending Balance	251,424.21	1,964,083.18	2,084,517.52	4,048,600.70	4,300,024.91	100,421.84	Unrealized Gain - Combined
Return (Net of Fee)					2.61	0.023912222	
Benchmark					0.14		

*US/CAD Exchange Rate Used = 1.2577 as at March 31, 2021.

**Income includes interest, dividends, fund distributions, accruals net of account changes

Note: All values as presented are derived from final Q1 statements from both portfolio managers.

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Investment Portfolio - Q1
January 1, 2021 - March 31, 2021

6/15/2021