

Signatures: _____
SATCC Commission Board Chair

SATCC Commission Board Vice Chair

Board Category Financial – F2
and Policy Name: Financial Assets – Surplus Policy

Approved: January 31, 2024

Supersedes: Sept. 20, 2001; May 15, 2003; November 30, 2010;
May 14, 2014; June 10, 2015, June 21, 2018; April 14, 2021

**Next Scheduled
Review** January 2027

Policy The SATCC shall maintain financial assets designated for a minimum surplus. In the fiscal year of the review of this policy, the Minimum Surplus shall be calculated based on the three-pay period month for SATCC staff with the largest dollar amount rounded up to the nearest one-hundred thousand dollars. The amount calculated using this method will remain as the Minimum Surplus until the next review of this policy.

In 2023-24, the largest dollar value for a three-pay period month for SATCC staff is approximately \$627K (March 2024). The Minimum Surplus will be \$700K for 2024-25, 2025-26 and 2026-27. A new value for the Minimum Surplus will be calculated in 2026-27 for the next three-year period starting in 2027-28.

The SATCC may hold restricted funds in any amount.

The SATCC may designate funds to be set aside for a specified purpose in any amount. The specified purpose may or may not be time limited.

Definitions

“Designated financial assets” are set aside by the SATCC for a specified purpose which may require more than one year to complete.

“Restricted financial assets” are those provided by external parties for specified purposes. These funds are to be maintained and used for the stipulated purposes unless approval or permission is received from the external party to permit usage of the funds for other purposes.

“Undesignated financial assets” are surplus financial assets (financial assets less financial liabilities) which are neither “Restricted” nor “Designated”.

Procedures

A Statement of Operations and Accumulated Surplus shall be included in the Annual Business Plan presented to the Commission Board for approval and subsequently to the Minister responsible for the Commission.

Forecasted Accumulated Surplus information will be provided with forecast Revenue and Expenditure information to the Board during the fiscal year.

In the event the projected accumulated surplus for the end of the fiscal year is expected to fall below the minimum surplus designated financial assets, the Commission Board may direct management to take corrective action which will result in a projected surplus that will be within the range set out by this policy. Corrective actions may include (but are not restricted to):

- deficit/surplus budgeting in subsequent years;
- accelerating/canceling multi-year financial commitments, such as computer upgrades;
- undertaking/canceling new initiatives; and/or
- Increasing/decreasing service/training delivery.

The minimum surplus designated financial assets may be reduced by resolution of the Commission Board for a temporary or single occurrence without the necessity of changing the policy.

The amount of funds deemed for a designated fund may be adjusted by Board resolution as required. The Commission Board may also direct funds from undesignated financial assets for usage by the project/purpose of a designated fund. The Commission Board may also direct management to have an amount in the Minimum Surplus designated financial assets which is less than equivalent to one month of the previous year's operating expenses (excluding amortization and training costs) in order to support the project/purpose of a designated fund. Further, the Commission Board may also direct this to occur across fiscal years before re-establishing the full amount of the minimum surplus designated financial assets.

Background

The Saskatchewan Apprenticeship and Trade Certification Commission (SATCC) faces numerous uncertainties, from one fiscal year to the next, which cannot always be anticipated in the budgeting process. Funding levels from the provincial government, revenue generated from fees, wage increases resulting from collective bargaining and unexpected increases in operating expenses are among these uncertainties. Additionally, the SATCC is committed to being as responsive to client needs as possible.

Due to this commitment, there may be occasions when funds will be required to accommodate client needs that were not anticipated, such as the delivery of additional training. The SATCC should maintain an undesignated financial assets in order to recognize that circumstances may arise which will require the use of funds that are not available in a single fiscal year.

Multi-year planning and budgeting is an essential tool for managing an organization's resources, particularly through periods of growth and change. There may be instances when the Board of Directors will need to set aside funds from one fiscal year for a specific use in a subsequent fiscal year.

For example, the SATCC may receive funding for a multi-year project from the Government of Saskatchewan and/or the federal government. The Commission Board can direct the establishment of a designated fund to set aside this funding for the purposes of using it for the project only and not for general operations.

Additionally, it is important to establish an appropriate level of working capital to meet contingencies and unforeseen circumstances. Overdrafts are not permitted for the SATCC and payments cannot exceed the cash available. If such a situation were to occur, the cheques would be returned NSF and the SATCC would not be able to meet its obligations.

