



BORROWING POLICY

Policy Area:	Board		
Policy Number:	BORPL_2309N_BG/VPC		
Policy Sponsor:	CFO & Vice President, Corporate Services		
Policy Contact:	CFO & Vice President, Corporate Services		
Stakeholders:	Board of Governors, Employees		
Authority:	<i>College and Institute Act</i>		
Approval Authority:	Board of Governors		
Approval Date:	September 26, 2023		
Effective Date:	September 27, 2023		
Replaces or New:	New		
Last reviewed:	September 2023	Scheduled review date:	September 2028

Procedures:	<i>None.</i>
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1. Policy Statement

Okanagan College (the "College") requires funds to be available to meet the expenditures of the institution. The College manages its financial borrowing to minimize risk and exposure, and in accordance with the Public Sector Accounting Standards.

2. Purpose

The purpose of this policy is to establish under which circumstances the College may borrow funds, the guidelines governing these funds, and the authority required to borrow these funds.

3. Scope and Application

This policy applies to any operational funds that are borrowed by the College.

4. Definitions

Line of Credit	Means a loan from a financial institution that has a pre-set amount and pre-set terms and is available to be borrowed and re-paid at any time.
Short-Term Borrowing	Means any debt borrowed for up to a one-year term or within the fiscal year, whichever is sooner.
Long-Term Borrowing	Means any debt that extends over a fiscal year or longer than one year.
Payroll Run	Means the act of disbursing wages to individual employees on a specific date. The College has a payroll run on bi-weekly Fridays.

5. Short-Term Borrowing of Funds

- 5.1 The College will hold a short-term Line of Credit for operational needs in the amount required to cover a Payroll Run.
- 5.2 The Line of Credit will be authorized annually by the Board of Governors by way of consent agenda at a Board meeting.
- 5.3 The Board Chair and the Finance, Audit and Risk Committee Chair must be notified when a Line of Credit is used, and a report will be prepared for the following Board meeting. The report will include why the funds were required and the repayment plan.
- 5.4 A Line of Credit including accrued interest must be paid back out of current revenues and may not extend over the fiscal year.

6. Long-Term Borrowing of Funds (land or buildings)

- 6.1 Long-Term borrowing is restricted only to the purposes outlined in *Section 34* of the *College and Institute Act* as follows:
 - a) purchasing or the acquisition of land for institutional use, or;
 - b) erecting, repairing, adding to, furnishing or equipping a building or structure for the use of the institution.
- 6.2 Long-term Borrowing is not otherwise permitted under the *College and Institute Act* without the prior approval of the Minister of Post Secondary Education and Future Skills and the Minister of Finance.
- 6.3 Prior to entering into a Long-Term Borrowing agreement, the Board of Governors will be asked to approve a business plan including details of loan repayment prior to seeking permission from the Minister of Post Secondary Education and Future Skills and the Minister of Finance.

7. Related Acts and Regulations

College and Institute Act
Financial Administration Act
Public Sector Accounting Standards

8. Supporting References, Policies, Procedures and Forms

None.

History / Revisions

Date	Action
2023-09-26	Approved by Board of Governors: <i>Borrowing Policy</i>