

Perley Rideau

The Perley and
Rideau Veterans' Health Centre

Le Centre de santé
Perley et Rideau pour
anciens combattants

1750 Russell Ottawa Ontario K1G 5Z6

POLICY AND PROCEDURE

CLASSIFICATION:	GENERAL	NUMBER:	GEN-BOARD-3006
CATEGORY:	ADMINISTRATIVE (FINANCE)	DATE:	2007.10.04 – O
ISSUED BY:	CHAIR OF THE BOARD		
AUTHORIZED BY:	BOARD OF DIRECTORS		
SUBJECT:		CASH MANAGEMENT AND INVESTMENT POLICY	
SCOPE			
All cash held in bank accounts and investment accounts.			
PURPOSE			
To ensure sufficient cash available to the Perley and Rideau Veterans' Health Centre (PRVHC) (or easily convertible short-term investments) to meet expected short-term obligations.			
TERMINOLOGY			
Available cash is deemed to be cash that is not held in Trust for:			
<ul style="list-style-type: none"> ○ Residents Accounts ○ Deferred Services where the receipt of payment is pre-paid ○ Restricted Surpluses as per Board policy. ○ Loan repayment 			
Cash deemed not available to PRVHC for operations will include:			
<ul style="list-style-type: none"> ○ Resident Accounts Held in Trust ○ Deferred Revenues that will not be utilized during the upcoming year ○ Restricted Surpluses that will not be utilized during the upcoming year ○ Amounts identified as due to the Ontario Ministry of Health and Long Term Care, and Veterans' Affairs Canada as a result of overpayment of cash advances ○ Amounts due to employees for unsettled contract negotiations that are not expected to be paid out during the upcoming year. 			
POLICY			
1. Any available cash in excess of short-term obligations shall be used first to eliminate long-term debts where it is reasonable to do so. Any additional cash shall be invested in higher yield, conservative investments.			
2. From the amount of available cash, sufficient short-term investments shall be retained to satisfy the following additional requirements:			

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	<ul style="list-style-type: none"> • Estimated net reimbursements to Veterans Affairs Canada (VAC) and the Ministry of Health and Long-Term Care (MOHLTC) for payments received in excess of revenue earned; • Salary accruals for anticipated union contract settlements; • Amounts needed for current obligations related to capital projects. <p>3. From the amount of cash available to PRVHC, sufficient cash shall be retained in the facility's bank account(s) to meet monthly obligations.</p> <p>4. Should cash available not be sufficient to meet monthly obligations, the Health Centre's Line-of-Credit may be used for periods of up to 10 days maximum, at Management's discretion, where there is a good expectation of cash receipts to cover the amount drawn on the Line-of-Credit.</p> <p>5. Sufficient cash for operations is deemed to be an amount no greater than twice the value of an approximate payroll including pays to employees and government remittances.</p> <p>6. The facility will maintain a Line of Credit in the amount of \$1 million. This line of credit will cover short-term operating expenses only. The Line of Credit will not cover capital or restructuring ventures.</p> <p>7. The objectives of investments shall be: (a) preservation of capital, (b) sufficient liquidity to meet obligations, and (c) optimization of returns within the constraints of (a.) & (b).</p> <p>8. The identification and investment of cash in accordance with this policy is the responsibility of the Executive Director/CEO.</p> <p>9. Authorized investments include: Canada Treasury Bills, Provincial Treasury Bills, Canadian Banker's Acceptances, Canadian Bank Term Deposits and High-Quality Bonds.</p> <p>10. Investment transactions are limited to Canadian Chartered Banks and associated investment dealers.</p> <p>11. Financial institutions and dealers with which the Health Centre conducts investment business will be provided with:</p> <ul style="list-style-type: none"> • A list of individuals who are authorized to make investment decisions • A copy of this policy, which can be changed only by Board resolution 		

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<p>12. A comprehensive report on the investment portfolio will be provided to the Audit Committee annually and any other time a material risk or problem is identified.</p> <p>PROCEDURE</p> <p>13. The Director of Finance will determine on an annual basis the amount of cash held in bank accounts and investment accounts in the name of The Perley and Rideau Veterans' Health Centre that is deemed available cash.</p> <p>14. The Director of Finance will periodically report to the Audit Committee and the Executive Committee the status of cash management and investments.</p> <p>15. The amount of cash deemed not available to PRVHC for operations will either be held in the Residents-In Trust Account or in a separate investments account.</p> <p>16. From the year-end audit working papers, the Director of Finance will determine the amount of funds that are held on account related to:</p> <ul style="list-style-type: none"> • Resident Accounts Held in Trust • Deferred Revenues that will not be utilized during the upcoming year • Restricted Surpluses that will not be utilized during the upcoming year • Amounts identified as due to the Ontario Ministry of Health and Long-Term Care, and Veterans Affairs Canada as a result of over payment of cash advances • Amounts due to employees for unsettled contract negotiations that are not expected to be paid out during the upcoming year <p>17. The total of the amounts deemed as not available to PRVHC will be deducted from the cash balance as per the General Ledger as at year-end and will represent the opening balance of cash in the Projected Cash Flow Statement.</p> <p>18. Annually the Director of Finance will prepare a Projected Cash Flow Statement based on the amount of cash deemed available to PRVHC and the expected cash inflows and outflows as determined from the Board approved budget and other known expected cash flows such as union contract settlements.</p> <p>19. From the Cash Flow Statement, Management will periodically report to the Board of Directors the</p>	

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ability to meet current obligations with cash available.

20. To determine sufficient cash for operations, the following chart will be used as a guide:

Days 1 – 7	Days 8 – 21	Days 22 – end of month
Receipt of VAC funds and resident co-payments		Receipt of MOH funds
	# of pay days during the period of days 1 – 14 and the corresponding amount that will be paid out	# of pay days during the period of days 22 – end of month and the corresponding amount that will be paid out
Amount of funds that will be paid out to vendors during this time frame	Amount of funds that will be paid out to vendors during this time frame	Amount of funds that will be paid out to vendors during this time frame

As the amounts in the above chart change from time to time, management will monitor their change and will request, if necessary, approval to obtain an increase / decrease in the Operating Line of Credit.