
Borrowing Policy

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Approval Body:	Board of Governors
Executive Sponsor:	Chief Financial Officer & Vice President Finance and Corporate Services
Department Responsible:	Financial Services
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Policy Statement

BCIT manages its borrowing to minimize risk and exposure, and in accordance with the Public Sector Accounting Standards.

Purpose of Policy

The purpose of this policy is to establish under what circumstances BCIT may borrow and the authority required for borrowing.

Who This Policy Applies To

This policy applies to the Board of Governors, the President, and the Chief Financial Officer and Vice President, Finance and Corporate Services. It also prohibits Employees from borrowing.

Scope

This policy applies to all of BCIT's borrowing, including all financial borrowing arrangements such as financial loans, finance facilities, and guarantees for indebtedness of other parties.

This policy does not apply to borrowing by way of normal buyer's trade credit, including credit cards.

Related Documents and Legislation

Provincial Legislation

College and Institute Act, RSBC 1996 c 52

Standards

Public Sector Accounting Standards

Other

Board of Governors Manual

Definitions

The following definitions apply to this policy and its associated procedures.

borrowing: includes all financial borrowing arrangements such as financial loans, finance facilities, and guarantees for indebtedness of other parties. It does not include borrowing by way of normal buyer's trade credit where such credit is generally commercially available and is wholly payable within one year, including credit cards.

capital: has the same meaning as in the Public Sector Accounting Standards.

CFO: means the Chief Financial Officer and Vice President, Finance and Corporate Services.

debenture: means a financial instrument, secured or unsecured, that is:

- a. in bearer or registered form;
 - b. of a kind commonly traded on financial markets; and
 - c. evidence of an obligation of indebtedness.
- ii. **long-term borrowing:** means a borrowing that is not wholly repayable within one year.

Ministry: means the Ministry of Advanced Education and Skills Training.

short-term borrowing: means a borrowing that is wholly repayable within one year.

Borrowing Code

1 General

- 1.1 BCIT may not engage in any borrowing except in accordance with this policy.
- 1.2 BCIT may not borrow from any director, officer or employee.

2 Purposes for Borrowing

- 2.1 Short-term borrowing may be undertaken if it is for the purpose of meeting operating expenses or for the purpose of financing large capital projects.
- 2.2 Long-term borrowing may be undertaken if it is for the purpose of financing large capital projects.

3 Approval and Agreements

- 3.1 The CFO, or their delegate, must evaluate all prospective borrowing agreements and provide the results to the Board of Governors.
- 3.2 No borrowing may be undertaken unless approved by the Board of Governors and approved by the Ministry.
- 3.3 No debenture may be issued unless approved by the Board of Governors.
- 3.4 The CFO, in conjunction with the President, is responsible for executing and managing all borrowing agreements, subject to the direction of the Board of Governors.

4 Security and Guarantees

- 4.1 Borrowing to finance capital acquisitions may be secured by capital assets, subject to paragraphs 4.2 and 4.3.
- 4.2 Previously existing capital assets, including real property, may not be pledged as security for borrowing unless approved by the Board of Governors and the Ministry.
- 4.3 Real property may not be mortgaged unless approved by the Ministry.
- 4.4 A guarantee of the indebtedness of others is a form of borrowing and is subject to this policy.

Duties and Responsibilities

Board of Governors

The Board of Governors is responsible for making approval decisions and providing direction to the President and CFO, as set out in the Borrowing Code above.

President

The President, in conjunction with the CFO, is responsible for evaluating and executing all borrowing agreements as set out in the Borrowing Code above.

Chief Financial Officer and Vice President, Finance and Corporate Services

The CFO is responsible for evaluating, executing and managing borrowing agreements as set out in the Borrowing Code above. The evaluation and execution of the borrowing agreements is done in conjunction with the President.

Procedures Associated With This Policy

None.

Forms Associated With This Policy

None.

Amendment History

		<u>Approval Date</u>	<u>Status</u>
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Scheduled Review Date

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