STRATEGIC RISK RESERVE POLICY

Policy Area:	Board of Governors
Policy Number:	SRRPL_2607N_BG/VPC
Policy Sponsor:	CFO & Vice President Corporate Services
Policy Contact:	CFO & Vice President Corporate Services
Applies to:	Employees
Authority:	*College and Institute Act*
Approval Authority:	Board of Governors
Approval Date:	June 23, 2026
Effective Date:	July 1, 2026
Replaces or New:	New
Last reviewed:	June 2026 Scheduled review date: June 2029
Procedures:	*None*

1. Policy Statement

The purpose of the Strategic Risk Reserve ("SRR") is to strengthen Okanagan College's long-term financial resilience by establishing a structured reserve framework that supports institutional sustainability, mitigates strategic and operational risks, and enables measured investment in institutional priorities during periods of volatility or disruption.

The Strategic Risk Reserve is outlined in the Framework (Appendix A) and is intended to:

a) Protect the College's financial sustainability during periods of significant revenue or expenditure volatility;

b) Provide financial flexibility to respond to strategic risks and emerging opportunities;

c) Support institutional continuity during economic, demographic, policy, enrolment, labour, or operational disruptions;

d) Reduce the need for abrupt operational reductions during temporary financial shocks;

e) Align financial planning with enterprise risk management ("ERM") principles;

f) Support responsible stewardship expectations of government, students, employees, and the community.

The SRR is separate from annual operating contingency budgets, internally restricted funds established for specific purposes, capital reserves, and statutory obligations.

2. Purpose

The purpose of this policy is to:

a) Establish Board expectations regarding reserve governance and financial resilience;
b) Support long-term institutional sustainability;
c) Protect the College from material financial and operational disruption;
d) Enable strategic response to emerging risks and opportunities;
e) Integrate reserve planning with enterprise risk management and institutional planning.

3. Scope and Application

The SRR Framework applies to institution-wide Strategic Reserves funded through unrestricted operating surpluses, one-time funding allocations, operational efficiencies, investment income allocations, and other Board-approved sources.

This SRR Framework does not replace:

a) Annual operating contingency budgets;
b) Departmental carry-forward balances;
c) Capital project contingency reserves;
d) Endowment or donor-restricted funds;
e) Statutory employee future benefit obligations;
f) Insurance or self-insurance reserves.

4. Definitions

Risk	Means the probability of loss (i.e financial, property, human, liability) or other negative event. At an enterprise level, Risk describes the effect that uncertainty can have on Okanagan College's ability to execute its Strategies and/or achieve its business objectives. Risk encompasses the potential for positive as well as adverse results.
Reserve(s)	Means liquid assets or funds retained by the College to ensure stability or cover future expenses.
Strategic (or Strategy)	Means long-term planning and actions designed to achieve a specific goal or competitive advantage. Focuses on long-term objectives and macro-level impacts rather than immediate, isolated tasks.

5. Reserve Framework

5.1 The College shall maintain Strategic Reserves intended to support:

a) Institutional stabilization;
b) Strategic transformation and modernization;
c) Emergency response and operational continuity;
d) Strategic opportunities aligned with institutional priorities.

5.2 Reserve levels shall be informed by:

a) Enterprise Risk assessments;
b) Revenue volatility exposure;
c) Multi-year financial forecasts;
d) Institutional liquidity requirements;
e) Sector and economic conditions;
f) Strategic transformation requirements.

6. Reserve Targets

6.1 The Board of Governors shall establish Reserve target ranges as part of the annual budget and financial planning process.

6.2 In determining Reserve adequacy, the College shall consider:

a) Stability of provincial operating grants;
b) Domestic tuition and enrolment trends;
c) International tuition volatility;
d) Inflationary pressures;
e) Labour and workforce Risks;
f) Cybersecurity and operational resilience Risks;
g) Climate and emergency management Risks.

6.3 The College should generally maintain unrestricted Strategic Reserves within a target range sufficient to support institutional resilience under adverse financial and operational scenarios.

7. Permitted Uses

7.1 Strategic Reserves may be used for:

a) Temporary institutional stabilization;
b) Emergency response and recovery;
c) Cybersecurity and operational disruption response;
d) Strategic transformation initiatives;
e) Workforce transition strategies;
f) Significant one-time institutional investments.

7.2 Reserve utilization should prioritize one-time or transitional expenditures that improve long-term institutional sustainability.

8. Governance

8.1 The Board of Governors is responsible for:

a) Approving Reserve policy and target ranges;
b) Reviewing Reserve adequacy annually;
c) Approving Reserve utilization;
d) Monitoring Reserve replenishment plans.

8.2 The President and Executive Team are responsible for:

a) Recommending Reserve Strategies;

b) Integrating Reserves with ERM and integrated planning;

c) Monitoring institutional risk exposure;

d) Reporting Reserve performance and utilization.

9. Reporting

9.1 Management shall provide annual reporting to the Board of Governors including:

a) Reserve balances and activity;

b) Reserve adequacy assessments;

c) Institutional Risk exposure;

d) Stress testing and scenario analysis;

e) Replenishment strategies where applicable.

10. Policy Review

10.1 This policy shall be reviewed every three years or as required if institutional Risk conditions materially change.

11. Related Acts and Regulations

Financial Administration Act

12. Supporting References, Policies, Procedures and Forms

Strategic Risk Reserve Framework (Appendix A)

History / Revisions

Date	Action
2026-06-23	Approval by the Board of Governors: *Strategic Risk Reserve (SRRPL_2607N_BG/VPC)*