



Institut sur la gouvernance  
d'organisations privées et publiques

# **Real Estate Assets**

**Policy and Accountability Elements**

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This document is intended to help CEGEPs strengthen their institutional governance by providing their governors and managers with guidance on how to draft a policy on real estate assets and accountability.

## **General principle**

Policies and by-laws are governance levers used by a college Board of Governors (the “Board”) to fulfill its mission and mandate. The Board’s role is therefore to define policies that reflect its public service vision and values, to guide action, and to establish by-laws to support their implementation.

The Board is responsible for ensuring that institutional resources, procedures and other management practices are effective and compliant with the law, its policies and its strategic, financial and budgetary plans. To fully discharge this responsibility, the Board relies on full, honest and clear rendering of accounts by the college’s administration.

The fact that a college administration reports on its activities and budgetary management to the Secrétariat du Conseil du trésor (SCT), the Ministère de l’Éducation et de l’Enseignement supérieur (MÉES) or other government entities according to a pre-established administrative format and schedule in no way releases it from full accountability to the institution's governing body, the Board of Governors.

When adopting or modifying a policy, the Board should consider the following general accountability and good governance rules:

*Implementation accountability requirements*

Concerning the implementation of a policy or by-law, should the Director General report to the Board on a regular or ad hoc basis, i.e. monthly, bi-annually or yearly, or only when an event or situation occurs that triggers a mechanism or procedure described in the policy or by-law?

*Deviation and risk*

When (appropriate time) should the Board be informed of a significant deviation from a plan, budget or procedure and, if applicable, justification provided and/or corrective action taken?

*Review calendar*

How often will the Board conduct a critical policy review (yearly, in three years or in five years)?

A competent, effective Board is not timid, knows its role, respects management's role and holds it to account.

## REAL ESTATE ASSETS

The real estate assets that qualify for funding from the Ministère de l'Éducation et de l'Enseignement supérieur (MÉES) consist of 884 buildings whose average age is nearly 50 years. In addition, colleges own 79 buildings that do not qualify for funding from the Ministère and whose average age is 21 years.

The *Public Infrastructure Act* (c. I-8.3) and the policies and directives of the Secrétariat du Conseil du trésor (SCT) and of the MÉES govern the management of college real estate assets and the funding of building maintenance and restoration.

Colleges manage their infrastructure and equipment by preparing a multi-year upkeep and maintenance plan and by adopting an annual work plan. The funding of the annual budget program typically appears in the investment fund provided in the institution's financial management by-law.

### Recommendations of the Auditor General

- 8 Enhance knowledge on the condition of buildings, in collaboration with the Ministry, to determine more precisely the sums required to maximize their useful life.
- 9 Adopt a structured and comprehensive preventive maintenance program for their buildings.
- 17 Ensure that governance bodies receive sufficient and timely information so that they can fulfill their role in strategic decision-making and in overseeing the effectiveness of controls pertaining to [...]
  - real estate assets;

## **Roles and responsibilities**

- ✓ The Board validates and ensures the consistency of the multi-year capital asset program with the college's five-year development plan and objectives.
- ✓ The Board approves the institutional policies to be followed by the Director General and the various services involved in real estate asset planning and management; for example, the energy and sustainable development policy and internationalization of investment and operating costs over the asset's useful life.
- ✓ The Board approves the annual budget and ensures the investment fund is or will be sufficiently funded to cover costs and, if necessary, the risks of discrepancy or additional costs.
- ✓ The Material and Technology Resources Committee (or the Executive Committee) tracks the progress of the annual investment program at each meeting.
- ✓ The Material and Technology Resources Committee sets the priority of projects to be implemented in a budget year and makes a recommendation to this effect to the Board.
- ✓ The Material and Technology Resources Committee tracks the budget and finances of the annual program, keeps the Board informed in this regard and, if necessary, makes recommendations concerning significant implementation modifications.
- ✓ The Material and Technology Resources Committee ensures the college has a complete inventory of its real estate assets and a current analysis of their condition, and if applicable, the level of the maintenance deficit and the replacement value.
- ✓ The Director General implements the annual program on time, on budget and on focus and ensures that reporting to the governance bodies is timely, complete, honest, clear and in accordance with applicable policies (e.g. contract management, financial management).