
Council Policy

Policy Name	Legal Reserve
Issue Date	May 24, 2017
Revision Dates	August 20, 2025

Purpose

The purpose of the Legal Reserve fund is to provide a source of sustained funding for the legal costs related to OAA matters that cannot be otherwise funded in a single budget year through the OAA's existing annual operating budget for meeting our requirements to govern the profession in order that the public interest is protected.

This Policy sets parameters around the accumulation and maintenance of these reserves as well as guides Council and OAA staff with respect to decision making concerning the fund.

This Reserve is not intended to provide funding for insurable losses, nor for operating expenses but is strictly reserved for legal expenses that cannot otherwise be funded.

Definitions and Goals

The Legal Reserve is a designated fund set aside by Council and may be funded through its annual budget or allocation of surplus funds. The minimum amount to be designated as Legal Reserve will be reviewed not less than every 10 (ten) years.

The Legal Reserve will be reviewed annually by the Finance & Audit Committee and adjusted in response to internal and external changes as well as an annual review of the most recent Reserve Fund Study. As a dynamic fund, its value will fluctuate from year to year, depending on available funds, precedent and input from Council.

The Legal Reserve Fund Study will be carried out by a competent professional every 10 (ten) years. This consultant will be retained by the OAA in accordance with other policies. The Study will evaluate the current and anticipated future legal costs associated with Discipline and Act Enforcement by the Office of the Registrar and outside counsel as well as other potential areas of external pressure and predict a reasonable replacement cost. The Finance & Audit Committee shall review the results of the Study and set aside an appropriate amount of funds necessary to ensure that the necessary funds are available to maintain the Act Enforcement and Discipline activities of the Association. In this, the Finance & Audit Committee will receive input from the Registrar, Executive Director and other staff or Committees of Council.

Accounting for the Reserve

The Legal Reserve will be recorded in the financial records as Legal Reserve Fund (Internally Restricted). The fund shall be held in cash or cash equivalent funds (investments). The Reserve may be commingled with the general cash and investment accounts of the association.

Funding Of the Reserve

The Legal Reserve will be funded with surplus unrestricted operating funds. Council may, from time to time, direct that a specific source of revenue be set aside for the Legal Reserve. Where the Fund is deemed to be deficient, a schedule to replenish the Fund shall be established by the Finance & Audit Committee, and approved by Council. Such schedule may be extended over several years, if necessary, in order to not compromise existing programs, commitments or planned expenditures. The schedule shall also not be altered unreasonably by successive Finance & Audit Committees or Councils.

The fund will accumulate to a maximum equivalent of \$1,000,000.00 unless the Legal Reserve Fund study indicated the need to re-visit the maximum amount set out herein. Any changes must be approved by Council.

Council may also set aside additional funds annually to be determined by the Finance & Audit Committee based on the draft financial statements at year end, depending on surplus unrestricted operating funds available.

Use of the Reserve

Use of the Legal Reserves requires two steps for approval:

1. Identification of appropriate use of the Reserve Fund.
The Senior Vice President and senior staff will identify the need for access to the Legal Reserve and confirm that the use is consistent with the purpose of the Reserve as described in this Policy. This step requires reporting of the reason for the withdrawal and may be determined in conjunction with the Senior Vice President, and OAA staff. The Senior Vice President shall outline the requirement for use and how this use is consistent with predicted expenditures outlined in the Legal Reserve Fund Study as well as strategic planning for legal costs related to Discipline and Act Enforcement. This outline shall be presented to Council.
 2. Authority to use the Legal Reserve:
Authority for use of the Legal Reserve is at the discretion of Council. Council shall review the proposal and vote to approve or deny the use of the Legal Reserve
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Replenishment and Build-up of the Reserve

It is expected that replenishment of the Reserve shall be made in successive years in cooperation with on-going predictable expenses for legal costs outlined in the Reserve Fund Study.

Where funds are not required to be expended at the timetable predicted by the Reserve Fund Study, or actual expenditures are less than predicted, surplus funds may be redirected towards other expenditures or allowed to otherwise accumulate to the maximum indicated above. Funds may not be withdrawn for uses other than as outlined in this policy without the express agreement of Council.



Reporting and Monitoring

The Manager, Finance is responsible for ensuring that the Legal Reserve is maintained and used only as described in this Policy. The day-to-day management of the Fund remains with the Manager, Finance who remains responsible for the overall management of the finances of the OAA, under the direction of the Executive Director and Council.

Review of Policy

This Policy will be reviewed annually by the Finance & Audit Committee, or sooner if warranted by internal or external events or changes. Changes to the Policy will be recommended by the Finance & Audit Committee to Council for approval.

