
Related Parties

PURPOSE

This document will define Related Party and outline a process for the identification of Related Parties and the financial impact of their transactions.

SCOPE AND LIMITATIONS

This guideline applies to senior management of New Brunswick Community College (NBCC) including:

- Those employed in any instructional or administrative units; and,
- Those employed in each NBCC location including Corporate.

1.0 DEFINITIONS

Related Parties

Related Parties have the ability to exercise (directly or indirectly) control or significant influence over another party (e.g. NBCC). Two or more parties are also related when they are subject to common control or common significant influence. Two not-for-profit organizations are related parties if one has an economic interest in the other. Related parties also include Management and Immediate Family Members.

- Control is the continuing power to determine strategic operating, investing, and financing policies without the cooperation of others.
- Immediate Family Members include a spouse and those dependent on the individual or the individual's spouse.
- Management includes the directors (members) of the Board, officers and other persons fulfilling a senior management function.
- Significant Influence is the ability to affect strategic operating, investing, and financing policies.

Parties who have the ability to control and/or exercise significant influence are not related by virtue of simply receiving management compensation transactions i.e. payment as an employee.

2.0 IMPLEMENTATION

Section 4260 of Public Sector Accounting Standards requires NBCC to identify and disclose Related Parties as well as transactions with such parties. NBCC shall meet and/or exceed standards set out by Public Sector Accounting Standards with regard to Related Parties in order to demonstrate transparency and prudent financial stewardship.

NBCC, through Team Finance, shall make reasonable efforts to identify related parties.

Senior Management

1. NBCC will annually request members of senior management to self-identify, using a standard form, as Related Parties and/or disclose Related Party Transactions.

Annual Review

2. NBCC will make reasonable efforts to identify related parties through the review of annual year-end financial results for abnormal terms of trade or transactions not normally entered into by the organization.

Description of Relationship

3. Once identified as a Related Party, NBCC will categorize the relationship as Related by virtue of:
 - a) Control (simple, jointly);
 - b) Significant Influence (simple or jointly);
 - c) Management; and,
 - d) Immediate Family Members of those with the ability to exercise Control, Significant Influence, or Management.

Description of Transaction

4. For Related Parties which have been identified and categorized, the following shall be included in the description of the Related Party Transactions:
 - a) Description of the transaction(s);
 - b) Recorded amount of the transactions classified by financial statement category;
 - c) Measurement basis used for recognizing the transaction in the financial statements;
 - d) Amounts due to or from Related Parties and the terms and conditions relating thereto;
 - e) Contractual obligations with Related Parties, separate from other contractual obligations; and,
 - f) Contingencies involving Related Parties, separate from other contingencies.