PURPOSE

Policy 2111 Fund Accounting details high level implementation of Fund Accounting including principles and constraints regarding restricted assets (both internally restricted and externally restricted). This Guideline provides additional principles and constraints specifically regarding the implementation of internally restricted assets.

SCOPE AND LIMITATIONS

This guideline applies to all financial reporting of the College.

1.0 DEFINITIONS

None

2.0 IMPLEMENTATION

2.1 Accountability for Internally Restricted Funds

2.1.1 The carry forward of funds from one year to the next takes the form of “internal restrictions” from our general operating funds.

2.1.2 Section 2.2.2 (d) of Policy 2111 (Fund Accounting) states that “Interfund transfers increasing or decreasing any other Internally-Restricted Funds shall be subject to decision of Senior Executive Team and approved by the President.”

2.1.3 Section 2.2.2 (b) of Policy 2111 outlines that Internally Restricted Funds are presented separately in the notes to NBCC’s annual financial statements and approved by the Board of Governors. The President proposes these financial statements to our Board of Governors for approval.

2.1.4 Our auditor audits these amounts and NBCC must document why an internal restriction is warranted/required.

2.2 Pre-approval of Certain Internally Restricted Funds

2.2.1 Senior Executive Team has approved the following for implementation in fiscal 2020-21 and future years until further notice:

- For Professional and Part-Time Learning activities (i.e. PPL, exclusive of Apprenticeship), the amount of the Contribution to College Overhead (i.e. Contribution) which may be retained by PPL for reinvestment in future programs and services through an internal restriction shall be:
  - Where 30% of the actual Contribution calculated by Team Finance is less than or equal to the Contribution targeted in the annual approved budget, $0;
2.3 Request for Approval of Additional Internally Restricted Funds

2.3.1 Principles currently being applied to internal restrictions of unspent operating funds are as follows: The amount carried forward must be:

- Related to completion of a pre-approved project or activity.
- Approved by a member of Senior Executive Team.
- A positive balance, i.e. the funds must be unspent revenue or expense budgets. Except in exceptional circumstances, amounts carried forward can’t be a negative and can’t create a negative in an account due to a carry-forward of funds to a future year.
- Consistent with matching principle espoused within all generally accepted accounting principles, i.e. a carry forward cannot override the proper matching of revenues to their proper earning period and expenses to when they are incurred to earn that revenue.

2.3.2 For Pre-approved Internally Restricted Funds, or previously approved amounts, all amounts are subject to carry forward.

2.3.3 For ad-hoc requests during the year or year-end, i.e. for which Senior Executive Team approval is sought through the financial statement process, the amount must be material, i.e. outweigh the cost of doing it. NBCC currently applies a minimum of $5,000 materiality unless there is a compelling argument to carry forward (“restrict”) a lesser amount.
3.0 OTHER RELATED DOCUMENTS

Fund Accounting (2111)