
Contingencies and Provisions

BUDGET PRINCIPLE

New Brunswick Community College (NBCC)'s budget framework commits the College to "maximizing flexibility wherever possible so that some resources can be allocated and redeployed to changing priorities and/or unforeseen requirements."

In order to provide that flexibility, NBCC employs contingencies and provisions.

PURPOSE

To provide clarity with regard to the creation, administration, and monitoring of contingencies and provisions.

SCOPE AND LIMITATIONS

This document shall not apply to:

- contingencies included in the submission and approval of capital (including Local Discretionary Capital), strategic or other project accounts.

1.0 DEFINITIONS

Contingencies

-amounts in support of items which cannot be accommodated within existing departmental budgets and which, at the time of budget preparation:

- the situation or probability of occurrence cannot be reasonably foreseen; or,
- the amount cannot be reasonably foreseen and estimated.

Provisions

-amounts in support of items which cannot be accommodated within existing departmental budgets and which, at the time of budget preparation:

- the situation or probability of occurrence can be reasonably foreseen; and,
- the amount can be reasonably foreseen and estimated.

2.0 IMPLEMENTATION

2.1 College-Wide Contingencies

The following general principles relate to College-Wide contingencies:

- 2.1.1** Contingencies may be budgeted on an ongoing or one-time basis. Ongoing contingencies reside within the College's annual budget on a year-to-year basis. One-time contingencies may appear within the College's annual budget on a one-time or term basis OR reside on the balance sheet as a net asset internally restricted for specific purposes.

- 2.1.2 Contingencies may only fund one-time expenditures or expenditures having a term of no more than two fiscal years. Contingencies shall not fund ongoing costs.
- 2.1.3 Contingencies for which a general purpose has been identified (e.g. capital) should only be accessed in a manner consistent with that general purpose.
- 2.1.4 With the exception of contingencies and provisions included in approved capital, strategic or other project accounts, contingencies shall be budgeted at the College-wide level. Departmental budgets shall not include contingencies totaling the lesser of \$5,000 or 5% of their budget.
- 2.1.5 Finance & Administration (i.e. Director of Finance) shall be responsible for recommending to College senior management ongoing or one-time contingencies as part of the annual budget and/or annual year-end processes.
- 2.1.6 Finance & Administration (i.e. Director of Finance) shall be responsible for providing College senior management with an update with regard to the status (e.g. amount and extent of use) of College contingencies on a quarterly basis.

2.2 General Contingencies

- 2.2.1 Budget managers may make written request to access general College-Wide contingencies in the format specified by Finance & Administration and as may be updated from time-to-time.
- 2.2.2 Requests for access to College-Wide contingencies should be submitted prior to incurring the related expense or expenditure and no later than one month after the expense or expenditure has been incurred.
- 2.2.3 Requests to access College-Wide contingencies for the lesser of \$5,000 or 5% of the departmental budget will not be considered in other than extenuating circumstances.
- 2.2.4 Requests to access College-Wide contingencies must be complete and accurate including approvals.
- 2.2.5 Requests to access College-Wide contingencies for less than \$10,000 shall be reviewed and recommended by supervising ORG Manager. Requests for \$10,000 or more shall be reviewed and recommended by the supervising member of College senior management (e.g. Vice-President or President).
- 2.2.6 Requests not meeting the criteria outlined in s.2.2.1 through 2.2.5 may not be considered.
- 2.2.7 Recommended requests shall be submitted to Finance & Administration (i.e. Director of Finance).
- 2.2.8 The Director of Finance may approve funding of Requests less than \$10,000 from those College-Wide contingencies which have been included in the annual budget. Requests of \$10,000 or more shall be approved by the Vice-President Finance & Administration.
- 2.2.9 Only the President may approve requests from those College-Wide contingencies which reside in net assets internally restricted for specific purposes.

- 2.2.10 The Director of Finance shall notify the requesting budget manager of decisions related to their request on a timely basis.
- 2.2.11 Finance & Administration (Team Budget & Reporting) shall transfer budget to offset the expense/expenditure within the requesting budget manager's accounts via entry. The amount transferred shall be the lesser of amount requested and actual expense/expenditure.

2.3 Capital Contingencies

- 2.3.1 Budget managers may make written request to access general College-Wide contingencies in the format specified by Finance & Administration and as may be updated from time-to-time.
- 2.3.2 Requests for access to College-Wide contingencies should be submitted prior to incurring the related expense or expenditure and no later than one month after the expense or expenditure has been incurred.
- 2.3.3 Requests to access College-Wide contingencies for the lesser of \$5,000 (or 5% of the departmental budget) will not be considered in other than extenuating circumstances.
- 2.3.4 Requests to access College-Wide contingencies must be complete and accurate, including approvals.
- 2.3.5 Requests to access College-Wide contingencies for less than \$10,000 shall be reviewed and recommended by supervising ORG Manager. Requests for \$10,000 or more shall be reviewed and recommended by supervising member of College senior management (e.g. Vice-President or President).
- 2.3.6 Requests not meeting the criteria outlined in s.2.3.1 through 2.3.5 may not be considered.
- 2.3.7 Recommended requests shall be submitted to Finance & Administration (i.e. Director, Facilities and Ancillary Services).
- 2.3.8 The Director of Facilities and Ancillary Services may approve funding for Requests less than \$10,000 from those College-Wide contingencies which have been included in the annual budget. Requests of \$10,000 or more shall be approved by the Vice-President Finance & Administration.
- 2.3.9 Only the President may approve Requests from those College-Wide contingencies which reside in net assets internally restricted for specific purposes.
- 2.3.10 The Director, Facilities and Ancillary Services shall notify the requesting budget manager (cc: Team Budget & Reporting) of decisions related to their request on a timely basis.
- 2.3.11 Finance & Administration (Team Budget & Reporting) shall transfer budget to offset the expense/expenditure within the requesting budget manager's accounts via entry. The amount transferred shall be the lesser of amount requested and actual expense/expenditure.

2.4 Provisions

The following general principles relate to College-Wide provisions:

- 2.4.1 Provisions are generally budgeted on an ongoing basis and reside within the College's annual budget on a year-to-year basis.
- 2.4.2 Provisions may include expense items and in-year cost savings.
- 2.4.3 Expense provisions may only fund one-time expenditures. Examples include but are not limited to: vacation pay "pay-outs" on employee departure; reclassification costs, WorkSafeNB claim settlements or pay-outs, etc.
- 2.4.4 In-year cost saving provisions may include items such as in-year salary savings.
- 2.4.5 Provisions are budgeted for a specific purpose and should only be accessed in a manner consistent with that purpose.
- 2.4.6 Departmental budgets shall not include provisions.
- 2.4.7 Finance & Administration (i.e. Director of Finance) shall be responsible for recommending to College senior management ongoing provisions as part of the annual budget.
- 2.4.8 Finance & Administration (i.e. Director of Finance) shall be responsible for providing College senior management with an update with regard to the status (e.g. amount and extent of use) of College provisions on a quarterly basis.