



**BUDGET PRINCIPLE: 1.02**

**Replaces Budget Principle Dated: May, 20, 2015**

**CONTINGENCIES**

**Algonquin College Executive Team:**

**September 28, 2022**

**Effective Date: September 28, 2022**

**CONTINGENCIES**

Each year the Algonquin College Executive Team will establish a budget for contingencies to cover unforeseen expenses. Contingencies will be categorized as:

- General Contingency; or
- Salary Reserve

The purpose of each category as well as policies specific to each are described below following General Policies, which are applicable to all funds.

**GENERAL POLICIES**

1. Finance and Administrative Services will be responsible for recommending to the Algonquin College Executive Team the amount to be budgeted for each category of contingency.
2. All requests for funds must be approved by the appropriate Vice-President before submission to the Chief Financial Officer.
3. Campus Services are not eligible to make requests for Contingency Funds because they have their reserve fund.
4. All approved requests will be reported to the Vice President, Finance and Administration on a quarterly basis as part of the quarterly review process.
5. Requests for the General Contingency Fund should be submitted before the expense has been incurred, if possible.
6. Financial Services will notify the department making the request of the decision by digital mail.
7. Financial Services will transfer the approved expenses from the budget holder's cost centre to the appropriate Contingency Fund after the expense has been incurred. The amount of the transfer will be for the actual cost incurred, unless it significantly exceeds the requested amount. In the latter case, only the requested amount will be transferred unless approval is granted by the Vice President, Finance and Administration.
8. Contingency requests for under \$5,000 will not be considered except in extenuating circumstances.
9. Requests should be made using the *Contingency Fund Request* form.

**GENERAL CONTINGENCY FUND**

This fund is to provide for activities or situations that cannot be foreseen at the time of budget preparation *and* cannot be accommodated within departmental budgets. Full-time salaries and employee benefits are not eligible.

The Chief Financial Officer may approve requests for General Contingency under \$10,000 at his or her discretion.

1. Requests for General Contingency of \$10,000 or more require approval by the Vice President, Finance and Administration.
2. Requests should be submitted before the expense has been incurred, and no later than one month after the expense has been incurred. Requests made more than one month after the expense has been incurred may not be considered.

### **SALARY RESERVE FUND**

This fund will be used for other salary and benefit related adjustments that cannot be foreseen at the time of budget preparation, such as pension buy-backs and Long Term Disability (LTD) benefits.

Pension buy-backs and LTD benefits will be charged directly to the Salary Reserve through the payroll system.