

## **Guidelines for Area S Cost Centres**

### **Background**

Area S cost centres begin with an “8” and roll up in the general ledger to a separate region called Special Projects. These cost centres contain revenue and expenses that relate to College-supported events that fall outside of the regular operating activity of the College. **It should be noted that salaries should never be charged to an Area S cost centre as these expenses are an operating cost of the College.**

Area S cost centres are used for specified projects for which the funding is raised by learners through their own contributions or individual or industry donors. Some of these projects may be program-related such as class fundraising, class trips or industry networking events. Other Area S cost centres are used for projects where the College administers funds on behalf of other colleges and entities (example Cost Centre 817A Focus on Learning – consortium of 5 Eastern Ontario colleges that oversee collaborative training for all colleges).

Because the activity in these cost centres is outside of the operations of the College, at the end of the fiscal year, the activity in the Area S cost centres is eliminated from the College’s externally reported financial results. An entry is booked by Financial Services to reduce the revenue and expenses within each Area S cost centre to zero with the balance being offset to either 2500 Deferred Revenue – Special Projects or 1260 AR Special Projects.

The use of an Area S cost centre may continue on an ongoing long-term basis (as in the case of the Focus on Learning program) but will mostly be short-term in nature, for example learner fundraising for a specific purpose. The activity within the cost centre might take place each year but should be reconciled after each year’s activity is complete.

An overarching principle of Area S cost centres is that unspent learner contributions must be reimbursed to learners. Because learners can be transient, having a permanent address for learners for reimbursement purposes is necessary.

A second principle is that Area S cannot be used for ‘holding’ or deferring operational funding.

## **Various Types of Area S Cost Centres**

### **1. Area S Cost Centre for Learner Field Trip**

Some programs within the Schools of Business and Hospitality and Arts, Media and Design organize class trips where learners are given hands-on opportunities for learning. Teachers accompany learners on these trips and oversee the travel activities. Funds are collected from learners and used to pay for the trip costs. The departmental Budget Officers oversee the collection of funds and the payment of invoices for the trip.

In advance of the field trip, a Field Trip Summary document must be submitted to the Department Chair and Business Administrator/Finance Manager/Controller for review and approval. The following information should be specified:

- Date of the trip or event
- Purpose of the trip
- Funding source: learner-paid, College contribution, industry partner etc.
- Number of learners participating
- Number and names of College staff participating
- Budget for the trip (sample budget template included with documentation)
- Amount contributed by each learner
- Determination of where any amounts remaining in the cost centre that cannot be refunded to learners will be allocated at the end of the trip (i.e. bursary etc.)
- Completion date of the financial closure and the field trip reconciliation (should be within 2 months of the end of the trip)

### **Recommended Learner Field Trip Record Keeping**

- A log should be kept of all funds collected for the trip. These funds will be deposited to the College bank account and coded to the specific Area S cost centre for the trip
- Procedures for the collection of funds should comply with the College's [Internal Control Framework](#)
- Centralized Eventbrite account should be used for the collection of funds – contact AC Billing ([billing@algonquincollege.com](mailto:billing@algonquincollege.com)) for more details on using Eventbrite for the collection of funds
- Never open a bank account in the name of Algonquin College
- All expenses incurred should be coded to the specific Area S cost centre for the trip and receipts submitted in Workday (WD) for payment

- Once the trip is complete and all expenses have been paid, a cost centre report can be run in WD to determine any balance remaining / outstanding after the trip
- This reconciliation of funds collected and actual trip expenses must be completed within 2 months of the completion of the trip
- Reconciliation is to be sent out to learners with details on how to remit amount owing / how per learner reimbursement will be distributed
- Refunds to or collections from learners should be completed by the department's Budget Officer or Business Administrator/Finance Manager/Controller
- Allocate any amounts remaining in the cost centre that cannot be refunded to learners as outlined in the initial Field Trip Summary document (i.e. bursary etc.)

## **2. Area S Cost Centre for Learner Fundraising / Industry Events**

Some programs within the Schools of Business and Hospitality and Arts, Media and Design are responsible for organizing industry events, symposiums, or marketing competitions as part of their program curriculum. The learners must fundraise and sell tickets to the event and must plan and arrange for all of the rentals, guest speakers, food, beverages, décor, and gifts. Tickets for the events are typically sold through Eventbrite and funds collected are deposited to the College's bank account.

In advance of the event, an Event Summary document must be submitted to the Department Chair and Business Administrator/Finance Manager/Controller for review and approval. The following information should be specified:

- Date of the event
- Purpose of the event
- Funding source – ticket sales, College contribution, learner funding, industry partner contribution etc.
- If learners have contributed, need to have a record of each contributing learner's name, their contact information, and how much was contributed in order to facilitate refunds, potentially after graduation, if needed
- Budget for the event (standard budget template to be completed)
- Determination of where any amounts remaining in the cost centre should be allocated.

Some options are:

- roll over for the next year's event,
- reimbursement to learners if direct learner contribution was made,
- learner bursary.

### **Recommended Event Record-keeping**

- A log should be kept of all funds collected for the event. These funds will be deposited to the College bank account and coded to the specific Area S cost centre for the event
- Ticket sales will be recorded through Eventbrite and reports are to be generated as backup for booking the receipt of these funds in WD. The departmental Budget Officer is responsible for booking the revenue and funds received as a journal entry in WD. Prior to booking any entries, the amount of funds received should be confirmed with the Treasury Department. Any funds received by cheque (sponsorship, donations etc.) should be deposited to the College bank account and booked in WD to the Area S cost centre for the event
- Procedures for the collection of funds should comply with the College's [Internal Control Framework](#)
- Centralized Eventbrite account should be used for the collection of funds – contact AC Billing ([billing@algonquincollege.com](mailto:billing@algonquincollege.com)) for more details on using Eventbrite for the collection of funds
- Never open a bank account in the name of Algonquin College
- All expenses incurred should be coded to the specific Area S cost centre for the event and receipts submitted in WD for payment
- Once the event is complete and all expenses have been paid, a cost centre report can be run in WD to determine any balance remaining / outstanding after the event
- This reconciliation of funds collected and actual event expenses must be completed within 2 months of the date of the event
- At that time, all balances should be cleared from the event cost centre as per initial Event Summary document.

### **3. Other Types of Area S Cost Centres**

Various other types of Area S cost centres exist and should be monitored and reviewed on a regular basis. There should be oversight similar to that described above to ensure that funds are recorded correctly and that expenses charged to the Area S cost centre are appropriate (**salary expenses should never be charged to these cost centres**). The correct backup should be attached to all entries booked to these Area S cost centres. Ensuring the accuracy of the amounts charged to these cost centres is the responsibility of the cost centre manager as well as the Departmental Budget officer.

### **Area S Review Process**

Prior to each year-end, Financial Services will send an email to the departments to confirm the balances in the Area S cost centre, as well as the spending plan for the funds. Based on the spending plans, a determination will be made as to whether or not an entry will be done to clear out any remaining balance in the cost centre or whether the funds will be deferred to the next fiscal year.

If an Area S cost centre remains inactive for **2 years**, Financial Services reserves the right to close out the net balance to income or expense at the department level or as specified at the beginning of the project. Consultation with the related department will be undertaken.

Once a year, a meeting will be held with the respective Deans to ensure proper stewardship of any remaining funds.

### **Areas of Risk with respect to Area S Cost Centres**

The purpose of these guidelines is to provide some oversight and guidance on the revenues and expenses that can be charged to Area S cost centres. The focus is on the financial nature of the Area S transactions and does not include an assessment of the risks involved to the College that may arise from the learner activities associated with Area S cost centres. Some of the risks may include but are not limited to the following:

- Alcohol being served at events, sometimes included in ticket pricing
- Contracts for caterers, location rentals etc. being entered into by learners or professors
- Ensuring no liability exists to return funds to donors if the funds are not spent by a certain date
- Insurance issues related to learners travelling abroad
- Ensuring that liability waivers are signed by learners prior to field trips

The above list of risks is not exhaustive and each event should be assessed for its individual risks to the College. It is recommended that the Department Chair and Business Administrator/Finance Manager/Controller assess the areas of risk associated with their respective Area S activities as part of the event planning process.