



ADMINISTRATIVE MANUAL

Policy

TITLE:	Restricted and Trust Fund	NUMBER:	502.3
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Approved By:	Board of Directors	Approval Date:	March 25, 2019
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Applies To:	IWK Health Centre Employees, Directors, Medical Staff and Agents or any person acting on behalf of the IWK		

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PREAMBLE

The IWK Health Centre (IWK) receives donations (through the IWK Foundation) and other funding for specified purposes. In order to ensure that the money is used for the specified purpose, the use of individual Restricted or Trust Fund Accounts are utilized. The purpose of the Restricted and Trust Fund Policy is to:

1. To set specific criteria for the establishment of a Restricted or Trust Fund Account on the IWK's Centre's Chart of Accounts.
2. To define specific principles of usage for Restricted or Trust Fund accounts.
3. To ensure that appropriate controls are in place as they pertain to Restricted or Trust Fund Accounts.

POLICY STATEMENTS

1. This policy is applicable to all IWK employees, directors, medical staff, agents or any person acting on behalf of the IWK.
2. Restricted or Trust Fund accounts will only be established for specified IWK purposes and must be held and utilized for the stated purpose
3. The Restricted or Trust Fund accounts will not be opened if all the requirements are not met.
4. Once the Restricted or Trust Fund account is open, if this policy and associated procedures are not followed, Financial Services reserves the right to close the account.

GUIDING PRINCIPLES

1. The following principles must be followed when utilizing an IWK Restricted or Trust account:
 - 1.1. **All other IWK policies are to be followed as they relate to these accounts. For example, procedures to be followed for procurement, hospitality, recognition & events, internal catering, travel reimbursement, expense reimbursement, air travel, etc.**
 - 1.2. The accounts should never be in an overdrawn position. This may result in the account being closed and any future activity suspended.
 - 1.3. There shall never be any transactions of a personal nature in these accounts.
 - 1.4. Restricted or Trust Fund accounts will not be created for "Staff Social Funds".
 - 1.5. Unless specifically stated these accounts will at no time bear interest.
 - 1.6. Individuals cannot approve expenditures for themselves.

PROCEDURE

1. Criteria to Establish an IWK Restricted or Trust Fund Account

- 1.1. The following criteria is necessary in order to establish an IWK Restricted / Trust Fund account:
 - 1.1.1. The purpose of the account must be directly related to business which the IWK believes is an integral part of its function. This would include health-related conferences, workshops, travel, education, etc.
 - 1.1.2. The account must be externally funded. Funds cannot be redirected from cost centres. Examples of externally funded revenue include externally restricted donations, revenue from conferences and outside events and funds transferred from a Foundation specified account.
 - 1.1.3. The use of the funds must comply with all existing IWK policies.
 - 1.1.4. All Restricted and Trust Fund accounts must be approved by the appropriate Manager and Director in a given program or division prior to the request being received by Financial Services.
 - 1.1.5. The opening of such accounts is at the discretion of Financial Services, in consultation with the Chief Operating Officer as required.

2. Opening a Restricted or Trust Fund Account

- 2.1. To open a Restricted or Trust Fund account the appropriate documentation must be completed and submitted to Financial Services. The documentation includes:
 - 2.1.1. **Restricted / Trust Fund Opening Form** – must be complete and signed by the appropriate signing authorities as well as the Department / Unit Manager and Director.
 - 2.1.2. **Terms of Reference** – the terms of reference details the purpose of the account, the sources of funds, how the funds can be spent, and the appropriate signing authorities.
- 2.2. The Director of Finance, in consultation with the Chief Operating Officer as required, has the final authority to approve the creation of the Restricted or Trust Fund Account.

3. Maintaining a Restricted or Trust Fund Account

- 3.1.1. Any changes in the terms of the Fund must be forwarded to Financial Services so that all records are up to date. Failure to do so may cause delay in processing expenses as terms are verified before payments are made.
- 3.1.2. Changes in the signing authority require the completion of the **Delegation of Authority Form – Restricted / Trust Account Form**. This form must be forwarded to Financial Services so that all records are up to date. Failure to do so may cause delay in processing expenses as signing officers are verified before payments are made.

- 3.1.3. Fund Terms of References and Signing Authorities must be reviewed annually, and adjusted as required
- 3.1.4. The accounts should never be in an overdrawn position. However, if there is a debit balance at March 31st, it will be charged against the approving manager's cost centre.
- 3.1.5. A memo must be attached to any cheques brought to Financial Services for deposit detailing the source of the funds and why they are being directed to a Restricted or Trust fund account.

4. Reporting and Non-Activity

- 4.1. Financial Services will maintain a master listing of all Restricted and Trust Fund accounts and all signing authorities.
- 4.2. Financial Services will provide the IWK Foundation with an annual activity report for the Restricted and Trust Fund accounts that are IWK Foundation donor funded.
- 4.3. Fund owners have the capability of reviewing their account detail via the IWK's Accounting System (i.e., SAP). In addition, Financial Services will provide the fund owners a statement of activity, including the fund balance, on a quarterly basis.
- 4.4. Upon three years of non-activity the account will be deemed a dormant account. The account owners will be advised of the inactivity and will be asked to spend the monies within a twelve month period.
- 4.5. If the monies cannot be spent, the original donors are to be identified.
 - 4.5.1. If the account funds were received via the IWK Foundation, the IWK Foundation will be advised. The original donor may be contacted to advise if the terms of funding can be revised.
 - 4.5.2. If the account funds were received via other funders / donors, the IWK will work to contact the funder / donor to determine if the funds can be utilized for other IWK priorities
 - 4.5.3. If the funder cannot be located, the account will be closed and the funds used to support other IWK priorities as directed by the Executive Leadership Team. An annual listing of these accounts will be provide to the Executive Leadership Team by June 30th of each year.

5. Post Audit

- 5.1. Financial Services monitors Restricted and Trust Fund Accounts to ensure compliance with the policy including:
 - 5.1.1. Conducting a quarterly post audit of Restricted and Trust Fund account transactions.

5.1.2. Maintaining a record of the audit for future review (refer to ***Retention of Records Policy***).

5.2. Non-compliance with the policy may result in the fund account being closed by the IWK.

5.3. The IWK, or any other regulatory party with authority, may audit any transaction.

RELATED DOCUMENTS

Forms

- Restricted / Trust Account Opening Form (*under redevelopment*)
- Terms of Reference (*under redevelopment*)
- Delegation of Authority Form – Restricted / Trust Account Form (*under development*)

Policies

- IWK 132.1 Financial Signing Authority Policy
- IWK XX Journal Entry Control and Approval
- IWK 509.0 Hospitality Policy
- IWK 501.6 Travel Policy
- IWK XX Recognition Events & Activities
- IWK 508.0 Internal Meetings

APPENDIX A – DEFINITIONS

Restricted Account	A restricted account is one whereby monies under the control of the IWK are set aside to ensure that the monies are spent based on the wishes of the donor or other party providing the monies.
Trust Account	A trust is a fiduciary relationship in which one party gives the IWK the right to hold monies for the benefit of a third party, the beneficiary. Trusts are established to provide legal protection for the trustor’s assets and to make sure those assets are distributed according to the wishes of the trustor. Effectively, the IWK is holding cash on behalf of another party

VERSION HISTORY

(To Be Completed by the Policy Office)

Major Revisions (e.g. Standard 4 year review)	Minor Revisions (e.g. spelling correction, wording changes, etc.)