



Issue Date:	Effective Date: March 2009	Responsible Agency: Office of the Comptroller General	Directive No: 914
Chapter: Accounting and Control of Revenue			
Directive Title: RECORDING REVENUES			

1. POLICY

The Financial Management Board (FMB) has the responsibility for controlling and recording revenue under s.4(1) of the *Financial Administration Act* (FAA).

2. DIRECTIVE

Revenues, including gains, are recognized in the period in which the transactions or events occurred that gave rise to the revenues. Gains are generally recognized when realized. Items not practically measurable until cash is received are accounted for at that time.

3. PROVISIONS

3.1. Revenue Recognition

- 3.1.1. The recognition of certain self-assessed tax revenue and government grants can be difficult to determine. In order to obtain a complete measure of revenue, estimates should be made where reliable information, based on past experience and other data, is available. If it is not practical to measure this type of revenue, it is accounted for when the cash is received.
- 3.1.2. Revenue must be recorded at its gross amount and costs must not be offset against it.
- 3.1.3. Revenue must be recorded in a manner that allows the significant types of revenue to be identified. These types include, as a minimum, taxes, non-tax sources and transfers from other Governments.
- 3.1.4. Refunds of revenue, regardless of the year in which the revenue was earned, must be charged to a separate revenue account that identifies the type of revenue involved, in the year in which the liability is recognized. It is not to be charged against an expense appropriation.

- 3.1.5. Recoveries of prior year's expenditures must be credited to a revenue account in the year in which the recovery takes place.
- 3.1.6. Recoveries of current year expenditures are to be charged to a revenue account, except in the following instances:
- a refund of an overpayment;
 - a refund resulting from the return of goods or the reduction of a service;
 - recovery of current year expenditures where the Comptroller General has consented to the charge against an expenditure;
 - a refund of an amount paid as a result of a contract cancellation; or
 - a refund of a duplicate payment.
- 3.1.7. Revenue from the sale of items previously charged as expenditures must be charged to a revenue account and not to the related expenditure.
- 3.1.8. Transfers received from other governments are recorded as revenue in the period the transfer is authorized. Authorization occurs when the paying government has authority to make the transfer either through legislation, regulation or by-law and has exercised that authority.
- 3.1.9. Notwithstanding 3.1.7 above, transfers that have performance and repayment conditions attached are recorded as a liability and only recognized as revenue as the transfer stipulations are met. Transfers of tangible capital assets, or contributions towards the acquisition of tangible capital assets, that have performance and repayment stipulations, are recorded as a liability and brought into income on the same bases as the amortization of the asset.
- 3.2. Geographic Assignment of Revenue**
- 3.2.1. Revenue must be assigned to the geographic area in which the revenue is earned. The geographic area must be from within Nunavut and the following areas are used:
1. Community within Nunavut
 2. Region within Nunavut
 3. Territory of Nunavut
- If, after following the provisions of this Directive, the area in which the revenue is earned is not apparent, the advice of the Office of the Comptroller General should be sought.



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- 3.2.2. When revenue is paid to the Government at a location outside of Nunavut, the record of the receipt of the revenue must show the first location in Nunavut at which the Government receives the revenue.
- 3.2.3. Repayment of prior year revenue must be geographically coded to where the original revenue was coded.
- 3.2.4. Revenue that is earned in more than one community is charged to the region in which the communities are located. If it is earned in more than one region, it is charged to the Territory of Nunavut.
- 3.2.5. Professional judgment is required in determining the appropriate geographic area. In situations where the area involved is not apparent, the cost of determining the proper code must be weighed against the benefit to be derived.