

## LEG Spending Requirement Policy

Last approved:	NOAMA Board	December 19, 2023
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### 1.0 Background

To ensure the prudent administration of LEG deferred revenue and to provide guidelines for the maximum accumulation of those funds. The Policy will be applied to all LEGs.

Under this policy, the Board sets deferred revenue limitations, which LEGs can roll forward into future fiscal years. The purpose of this policy is:

- To provide transparent and equitable funding to LEG members for academic activities
- To protect NOAMA for compliance with the AFP

### 2.0 Policy

- Alternative Funding Plan (AFP) LEGs must submit annual financial statements to NOAMA through the annual reporting requirements.
- The LEG executive is responsible for distributing NOAMA/NOSM U funding received for academic activities. The funding is intended to support and recognize the PCTA members who provide academic contributions to NOSM U.
- The LEG executive is committed to distributing earned revenues and ensuring the funds appropriately support current LEG members.
- This policy is based on the 'prudent person approach' to maintain LEG autonomy when complying with the signed governance agreement.

### 3.0 Procedure

- The amount available to defer to future periods shall not accumulate to an amount that is more than the following:
  - NOAMA LEG Funding Formula; plus
  - NOAMA Clinical Teaching Enhancements; plus
  - NOSM U Clinical Teaching Distributions; less
  - LEG Accounts Payable
- Should LEG deferred revenue accumulate above the allowable limit, the LEG will be required to submit a deferred revenue plan on the standard template to the NOAMA Board. The NOAMA Board has the authority to withhold future funding if a satisfactory deferred revenue plan is not submitted, or until the LEG is compliant with the LEG Spending Requirements Policy. This authority ensures transparent and equitable funding to LEG members for academic activities throughout the period that the funds are earned.

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Version	Date	Authors/Comments
1.0	2023.03.28	Original policy
2.0	2023.12.19	Updated calculation for available cash