

AFOA Canada 2006 National Conference

Debt Management Presentation

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Presentation Overview

- Background
- Community Financial Management Issues
- Financial Overview Process
- Debt Management Tools
- Federal Government Policies
- Questions

Presentation Background

- Material comes from “Understanding Debt Management” AFOA Capacity Development Series
- www.afoa.ca
- Available for Download

Community Financial Management

Issues and Opportunities

- How do we get into deficit situations?
- Why don't we budget?

Community Financial Management

Why don't we budget?

- Complex set of responsibilities
 - Education, Health, Economic Development, Housing
- Lack of time, resources
- Limited administrative capacity
- No ones asking for it?
- Community Needs – hard to say no

Community Financial Management

Sound Financial Management Practices & Policies

- Timely and Accurate Financial Reporting
 - Monthly Program Reporting
 - Actual vs Planned Expenditures

Community Financial Management

Community Values Issue

- Who do we want to be accountable to?
- How can we collectively guarantee financial independence?
- Financial Management/Governance:
 - Accountability
 - People-Roles and Responsibility

Fiscal Planning

Key Elements



Strategy Development



Budgeting and Accountability

From a community perspective, everyone has a role to play in its accountability

- Community Members
 - Help define the communities strategic objectives
- Band Management & Staff
 - Design and implement strategies to meet community objectives. This includes budget development
- Chief and Council
 - Approve management plans and strategies
 - Monitor progress

Budgeting - Governance

■ Setting the course →

Establishing your Vision
Strategic Plan - Budget

■ Steering →

Established Policies
Internal Controls

■ Checking the course →

Monthly Reporting
Actual Performance vs
Planned

Budget Timing - Important to know when to do what

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Review 3rd Qtr
Community Objectives Set
Final Budgets Developed

1st Qtr

Year End Reports
Program Reports to Council
Audit

Fiscal Year

2nd Qtr

Review Mid Year Appropriations
Community AGM
Next Years Planning Begins

3rd Qtr

Review 1st Qtr
Audit Approval
Mid Year Reports
Annual Report to Community

4th
Qtr

Financial Stewardship

Budgeting is...

- Matching expenditure priorities with revenues
- Monitoring finances to anticipate potential trouble...before its too late
- Promotes responsible fiscal management, planning and decision making.
- Used to prevent deficits
- A process of committing resources to programs for specific purposes
- Purposes should relate back to community goals

Financial Stewardship

Budgeting is...

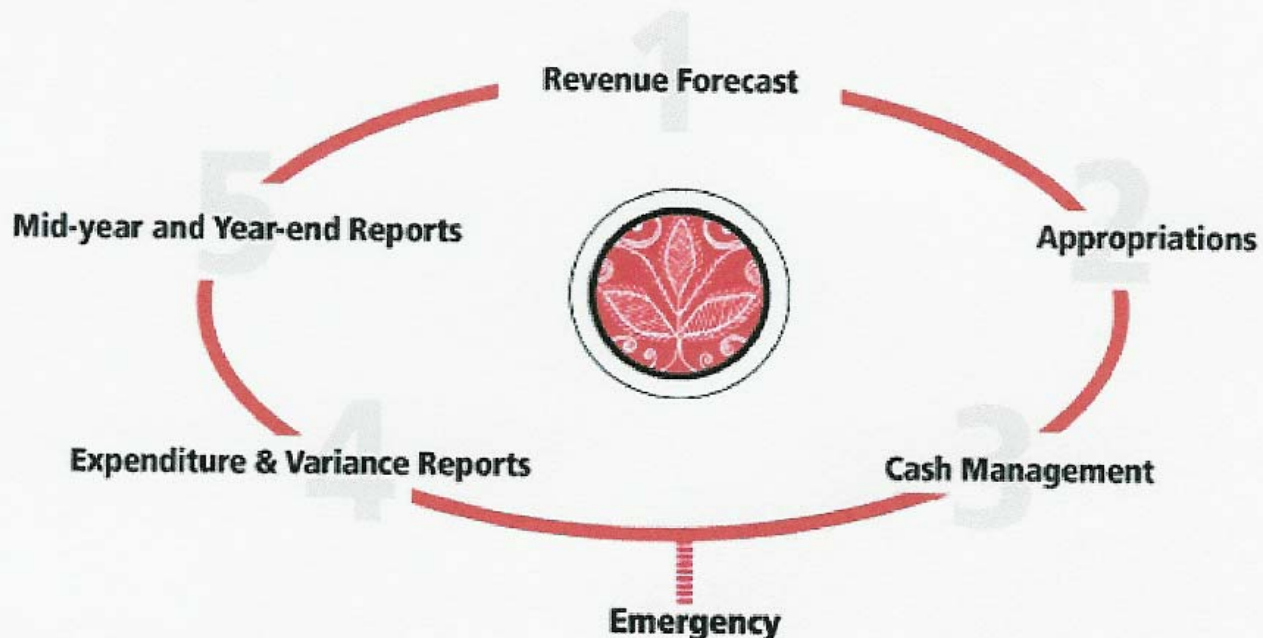
- Not done only once during the year, needs to be monitored (at least quarterly) to re-allocate, increase or decrease expenditures.
- Key to effective use of a budget is timely information
- To-date expenditures need to be reviewed in a timely manner
- Changes to revenue forecasts need to be incorporated into planning

Community Budget

AFOA Fiscal Planning Calendar

The Budgetary Cycle

Click on the icons below for detailed information about each cycle.



Budgeting – Debt Management

Deficit Reduction Budgets – specific tool to eliminate deficit situations

- Commitment by community leadership
- Focus on expanding revenues and/or reducing expenditures
- Must maintain contract requirements
- Consider ‘zero-based’ budgeting
- Regular reporting (monthly) critical

Additional Tools

Community Financial Management Policy/Bylaw:

- Governs how your community manages its financial resources
- Spells out the structure (Treasury Board)
- Identifies responsibilities
- Spells out community information obligations
- Spells out community expectations

Additional Tools

Financial Management Policy - Example

See Handout

Federal Policy

INAC's 3rd Party Management:

To ensure program delivery, INAC can intervene when terms of funding agreements not met.

- Adverse Audit report (or no audit)
- Cumulative deficit equaling 8% or more of total annual revenues
- Political or social instability affecting program delivery

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Thank you for your time!

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