

# Tsawout First Nation

Our Experience with the  
Implementation of a Financial  
Administration Law

# Why does Tsawout need a Financial Administration Law?

- FNGST Agreement – Need a means to govern expenditures on revenues received
- Land Code – Certain financial administration provisions need to be addressed in a law
- Property Taxation – A legal framework is necessary to access financing for infrastructure projects under the FSMA
- Implementing a law effectively lays out the framework for us to begin the certification process and ultimately, become a borrowing member

# Main issues that have brought us to this point

- External pressures on reporting
- Annual Reporting Issues
- Internal challenges we have faced

# External Factors affecting our financial administration systems

- Funding Agencies – Reporting requirements are often not consistent and tend to change over time
- CICA / PSAB – changes on the horizon for annual reporting (*i.e. Common government reporting model will apply*)

## STATEMENT OF OPERATIONS

	<u>Schedule</u>	<u>Budget</u>	<u>Year to Date</u>	<u>Same Period Prior Year</u>
<b>Revenue</b>				
Indian and Northern Affairs		1,236,384	1,629,821	1,358,746
Health Canada		718,167	487,111	558,991
Other Federal Funding		166,024	193,368	215,053
Provincial Funding		0	3,000	0
Water and Sewer Charges		0	226,312	234,598
Property Taxation		891,750	879,518	0
Rentals and Rental Subsidies		375,060	491,943	287,294
Own Source Revenue		2,111,689	2,311,408	432,412
Other		36,750	779,124	325,531
<b>Total Revenue</b>		<b>5,535,824</b>	<b>7,001,605</b>	<b>3,412,625</b>
<b>Expenditures</b>				
Governance & Administration	A	664,581	467,307	348,970
Social Development	B	968,414	611,236	598,781
Lands Management	C	0	345,384	144,274
Infrastructure & Public Works	D	0	638,488	404,326
Economic Development	E	0	214,772	171,839
Training Programs & Special Projects	F	169,053	93,714	126,507
Health Services	G	699,002	560,608	540,480
Capital Projects	H	0	1,140,917	112,060
FNGST Programs	I	1,503,713	1,141,444	15,180
Fisheries	J	0	81,407	9,496
Property Taxation	K	915,500	928,263	0
Social Housing	L	420,436	285,128	336,663
<b>Total Expenditures</b>		<b>5,340,699</b>	<b>6,508,667</b>	<b>2,808,575</b>
<b>Excess (Deficiency) of Revenue over Expenditure</b>		<b>195,125</b>	<b>492,938</b>	<b>604,050</b>
<b>Opening Surplus (Deficit)</b>			<b>5,048,860</b>	<b>4,723,317</b>
<b>Closing Surplus (Deficit)</b>		<b>195,125</b>	<b>5,541,798</b>	<b>5,327,367</b>

# Common Annual Reporting Issues

- Audited statements are often not that useful to the stakeholders who count (band government and community)
- Often very difficult for the average person to read and interpret
- Tend to focus on reporting to funding agencies rather than membership
- Inconsistent standards and/or methodology that would allow comparison of similar organizations
- Financial management systems not organized in a way that facilitates quality annual reporting.

# Common Internal Challenges

- Resource plans difficult to link with operational plans (if they exist)
- Planning tends to focus on current year only
- Relevant financial information is often not available to groups making operational and strategic decisions
- Internal capacity to deliver reliable and timely financial information is often weak
- Accounting systems do not meet the needs of user groups or:
- The power of existing systems are not being exploited to their fullest potential

# So... How does a Financial Administration Law help us address these challenges?

- The sample laws developed by the Financial Management Board are very comprehensive and provide an excellent framework to start
- When looking at implementing various provisions of the law, it forces us to look critically at our existing systems for ways we can improve the delivery of financial management services.
- We can use this framework to start systematically addressing the various pressures and challenges we are faced with

# Components of the Financial Administration

## Law Tsawout is currently concerned with:

- How do we shift our planning to a long-term context (including multi-year budgets)
- How do we implement a life-cycle management program for capital assets
- How do we improve the financial literacy of the elected leaders

**And... once we embark on this process, we also need to consider**

- The ability of our information systems to keep pace with different reporting requirements
- The ability of our human resources to make the necessary changes to the planning process

# Planning

## Business Planning Pyramid

Council / Board of Directors

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Management



# Capacity of Existing Information Technology

## **Are existing systems:**

- Able to aggregate information in a way that supports new reporting requirements
- Able to support a more complex budgeting process
- Robust and flexible enough to adapt to new and/or changing reporting requirements

## **Or if new systems are required:**

- Do we have the resources to implement & manage

# Human Resource Capacity

## Management Staff:

- Ability to shift to a business planning framework that supports long-term planning
- Ability to follow more stringent operational guidelines

## Line Staff:

- Capacity to use information systems
- Ability to perform line functions that support the overall integrity of the system

# What does Tsawout hope to gain?

- Enhanced Credibility – certification process will strengthen confidence that finances are managed properly
- Access to capital
- Enhanced stability in our operating environment
- Improve our planning process by focusing more on long-term organization goals and objectives.

# Questions?

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**Tsawout First Nation**

## Useful Links:

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|---|---|
| First Nations Financial Management Board .....          | <a href="http://www.fnfmb.com/">http://www.fnfmb.com/</a>                                 |
| First Nations Finance Authority .....                   | <a href="http://www.fnfa.ca/">http://www.fnfa.ca/</a>                                     |
| First Nations Tax Commission .....                      | <a href="http://www.fntc.ca/">http://www.fntc.ca/</a>                                     |
| Association of Manitoba Municipalities .....            | <a href="http://www.amm.mb.ca/PSAB.html">http://www.amm.mb.ca/PSAB.html</a>               |
| <i>(TCA Reference Manual &amp; Excel Worksheets)</i>    |   |
| Municipal Finance Officers Association of Ontario ..... | <a href="http://www.amcto.com/db/assetmgmt.asp">http://www.amcto.com/db/assetmgmt.asp</a> |