ISC Reporting

governWISE ALLIANCE

Financial Reports for ISC

- Program budget vs actual report

- Annual audit

- Specific program and project reports

Financial Performance Assessment by ISC

- Budgets are prepared and spending is in accordance with the budget.

- No significant over or under spending. Surplus carry-overs are in accordance with program terms.

- Annual audit is submitted on time (July 31 of the following year) and with a clean audit opinion.

- Program/project reports are submitted by the deadline.

Tips for Effective Financial Reporting

- Establish a relationship with ISC funding officer and ask for help and information when needed.

- Establish a good working relationship with finance and program staff.

- Get and offer training when needed.

- Must review budget to actual report in January (will have two more months for spending).

- Review program schedules in the draft annual audit before they get finalized.

Program Budget

- Shows program funding and expenses.

- Wages are usually the biggest expense (except for capital projects and certain programs like income assistance).

- Budgets are normally balanced – spending is equal to funding. However, it is important to be realistic – if there's a big surplus or deficit, it needs to be shown.

- Programs with a separate contribution agreement have a schedule with a detailed budget; recurring programs need an internally prepared budget

- Budget example

Internal Budget Preparation Tips

- Don't let the budget intimidate you, it's no different than managing your home finances.

- Understand the program – total funding for the year, does it have to be all spent or is carry over permitted.

- Work together with finance and program staff.

- Excel is a great tool for budgets (paper works too).

- Wages can be a big portion of program costs and they're easy to calculate.

- For recurring programs, a budget can be like last year's.

- Review last year's audit schedule or internal report with revenue and expenses for the program and consider if any budget adjustments are needed.

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Budget vs Actual Report

- Compares actual program spending to budget line by line.
- Most important financial management tool, should be reviewed at least quarterly (ideally monthly)
- Technical terms:
  - Account – program cost and income category
  - Chart of accounts – a list of program cost/income categories
  - Trial balance – a list of total account balances for the period
  - Profit and loss/income statement – actual income and expenses – totals by account
  - General ledger/detailed trial balance – a list of all income and expense transactions for the period grouped by account
- Examples

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Budget to Actual Tips

- Meet with finance/program staff to review budget to actual reports currently produced. Are they timely and accurate? What can be done to improve timing and accuracy?

- Program chart of accounts should work for you and the funder. Important to review and update at least annually.

- For program managers - regardless of what the accounting system produces, it's useful to have your own spending tracker. Develop a system that works for you, even if it's just mental tracking.

- Must review an updated report in January – there's two more months left to spend funding before the end of the year.

- Use common sense when reviewing, does the actual spending make sense?

- Was there spending after the period end that belongs to and should be included in the period?

Annual Audit

- Two parts: main audit and schedules. For programs, we're mainly concerned with the schedules.

- Important to review audit schedules before they're finalized and sent to ISC.

- Internal processes for a clean audit report:
    1. Every transaction has a supporting document – a bill, etc.
    2. Cheque requisition is prepared for every expense, is approved by program manager and shows program allocation
    3. Dual signature on cheques/approval of electronic payments
    4. Supporting documents are easy to access – consider electronic records
    5. Every payroll is reviewed and approved by program manager prior to processing

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Program Reports

- Download here or ask FSO for the most recent report version
  - https://www.sac-isc.gc.ca/eng/1573764124180/1573764143080

- Read the guidelines, note the reporting deadline

- Budget to actual report has all the financial information normally required for program reports
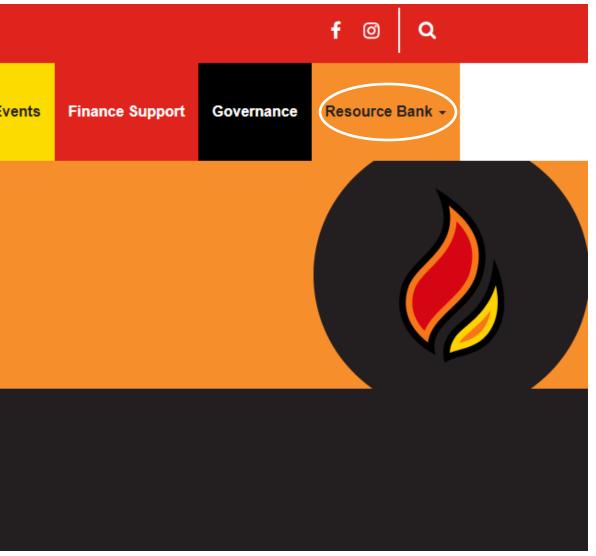
- Ask FSO for assistance

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Funding Service Officer Contact List

Practical Application for First Nations Finance

Thank you for your time