

Year-End Preparation



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Take the Auditors Approach

- Efficiency – auditors look for the most efficient way to confirm our records are correct.
- Risk assessment – greater focus on risky areas makes the audit more efficient and prevents significant errors from not being discovered.
- Materiality – not spending time on insignificant transactions and balances.
- Matching principle – all revenue and expenses pertaining to the year-end are recorded in correct period.



Balance Sheet Approach

- Balance sheet shows account balances at a specific point of time – March 31, 2022.
- It's easier to confirm account balance on a certain date as opposed to a long list of revenue and expense transactions on the income statement.
- Balance sheet and income statement are interconnected – income statement is essentially the difference between opening and closing balance sheet.
- Therefore, if my opening and closing balance sheets are correct, my income statement is correct. This is the most efficient way for making sure our records are correct.



Risk Assessment

- Big picture risk – funding drawbacks and intervention. Big picture risk always overrides other considerations.
- Small picture risk – where we are most likely to have errors in our records?
 - allocations to programs
 - bills received after year-end that belong to the year-end
 - inexperienced staff making errors.



Auditors Report

- Provides an opinion on whether our records are correct.
- Can be “clean”/“unqualified” or “qualified”.
- Qualified opinion is a red flag, we always strive to get a clean opinion.
- In rare instances there’s an adverse (negative) audit opinion or a disclaimer (denial) of opinion.
- Example of auditor reports:

Notes and Schedules

- Notes to financial statements – provide additional information about balances in the financial statements.
- Audit schedules – income and expenses by program – used by funders for program review and surplus recoveries.
- Schedule of Chief and Council remuneration.



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Financial Statements

- Balance Sheet/Statement of Financial Position – assets, debt and accumulated surplus.
- Income Statement/Statement of Operations – funding and other income, expenses and surplus/deficit.
- Cash Flow Statement – shows if the organization was cash positive or negative.
- Statement of Changes in Net Debt.

Practical Application for First Nations Finance

Thank you for your time



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