



AFOA CANADA

Building a Community of Professionals

QUICK REFERENCE GUIDE:

*Best Practices in Finance
Departments of Indigenous
Organizations*

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INTRODUCTION

This guide aims to provide you with essential best practices to help you navigate your role effectively and contribute to our community's financial health. Whether you're new to finance or looking to strengthen your skills, these practices will support your growth and ensure the finance department runs smoothly.

UNDERSTANDING FINANCIAL ROLES AND RESPONSIBILITIES

ROLES AND RESPONSIBILITIES

- **Chief Financial Officer (CFO):** Oversees financial operations, ensures compliance, and guides strategic financial planning.
- **Finance Manager:** Manages daily operations, including budgeting, reporting, and financial analysis.
- **Accountant:** Handles general ledger, accounts payable/receivable, and reconciliations.
- **Finance Clerk:** Supports the team with data entry, filing, and basic bookkeeping tasks.

KEY RESPONSIBILITIES

- Ensure all financial data is accurate and up-to-date and being a steward of the fiscal resources of the organization.
- In any finance role, it is your responsibility to ensure the financial assets of the organization are used ethically, properly, and compliant with all relevant laws, regulations, and community policies.
- Maintain the confidentiality of all financial information.

BUDGETING AND FORECASTING

BUDGETING BEST PRACTICES

- **Community Involvement:** Engage with community leaders and members to understand funding priorities and community priorities—link to the community comprehensive plans.
- **Realistic Projections:** Use historical data and current trends to make realistic budget projections (does it make sense).
- **Regular Reviews:** Conduct monthly and quarterly reviews to compare actual performance against the budget, and the same period in the prior year (June 2023/June 2024)

FORECASTING TIPS

- **Update Regularly:** Adjust forecasts based on changing circumstances and new information.
- **Scenario Planning:** Prepare for different financial scenarios to mitigate risks (Sensitivity analysis).



FINANCIAL REPORTING

REPORTING ESSENTIALS

- **Timeliness:** Submit financial reports on time to ensure transparency and accountability.
- **Clarity:** Use clear, straightforward language and visuals in your reports.
- **Relevance:** Include only relevant information that helps stakeholders make informed decisions.
- **Audience:** Ensure reporting is designed for the internal or external user (scrub personal data).

TYPES OF REPORTS

- **Monthly Financial Statements:** Summarize financial activities and position.
- **Annual Reports:** Provide a comprehensive overview of the financial year, including achievements and challenges.
- **Special Reports:** Address specific projects or funding initiatives.

INTERNAL CONTROLS AND COMPLIANCE

INTERNAL CONTROLS

- **Segregation of Duties:** Ensure no single person handles all aspects of a financial transaction.
- **Authorization Procedures:** Require approvals for significant transactions (delegation of authority schedule).
- **Regular Audits:** Conduct periodic internal audits to identify and address weaknesses.

COMPLIANCE

- **Policies and Procedures:** Follow established policies and procedures to ensure consistency and compliance (review these policies and procedures yearly to ensure they are relevant).
- **Regulatory Requirements:** Stay updated with federal, provincial, and community regulations.

ACCOUNTS PAYABLE AND RECEIVABLE

ACCOUNTS PAYABLE

- **Timely Payments:** Ensure timely payments to vendors to maintain good relationships and avoid credit impact (vendors may request to be paid upfront).
- **Verification:** Verify invoices against purchase orders and delivery receipts (is it a legit order).

ACCOUNTS RECEIVABLE

- **Prompt Invoicing:** Issue invoices promptly to ensure timely receipt of payments.
- **Follow-up:** Follow up on overdue accounts to maintain cash flow.
- **Record Keeping:** Document all communication—will be useful in year-end audit working papers.



COMMUNITY ENGAGEMENT AND TRANSPARENCY

ENGAGEMENT

- **Open Communication:** Maintain open lines of communication with community members about financial matters.
- **Transparency:** Ensure financial details are transparent to all those impacted by the financial results.
- **Feedback:** Encourage questions and suggestions to improve financial practices.

TRANSPARENCY

- **Regular Updates:** Provide regular financial updates to the community to reduce potential negativity.
 - **Monthly:** Small newsletter
 - **Quarterly:** Larger newsletter
 - **Annually:** Robust report
- **Accessible Reports:** Make financial reports accessible to all community members in office.

TRAINING AND DEVELOPMENT

CONTINUOUS LEARNING

- **Workshops and Seminars:** Attend workshops and seminars to stay updated with best practices and new regulations.
- **Certification Programs:** Pursue relevant certification programs such as the AFOA Canada “CAFM” or CPA Canada “CPA” to enhance your skills and knowledge.

CONCLUSION

Adopting these best practices will help ensure the financial stability and growth of your financial department. By focusing on accuracy, compliance, transparency, and community engagement, we can build a strong and sustainable financial foundation for the next generations to come. Utilize the resources available with AFOA Canada and many others such as First Nations Financial Management Board.



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