

Reconciliation *Beyond the General Ledger*

CPA Ontario Public Sector Accounting Symposium

June 20, 2018



First Nations
**FINANCIAL
MANAGEMENT
BOARD**

**LE CONSEIL
DE GESTION
FINANCIÈRE** des
Premières Nations

Who is the FMB?

- We are a national non-profit First Nations Institution
- We support First Nations through building strong governance and finance practices
- We develop and set Standards tailored for First Nation governments
- We offer independent Certification services
 - Financial Management System Certificate
 - Financial Performance Certificate
- FMB was established by the *First Nations Fiscal Management Act* (“FMA”)

Is this what reconciliation means?



Reconcile to GL
sa Fabrikam, Inc. 4/12/2017

Process Save Delete Cancel Excel

Reconciliation: 11
Reconciliation Date: 4/12/2017

Date Range: From: 4/1/2017 To: 4/30/2017

Module: Bank Reconciliation
Checkbook ID: UPTOWN TRUST
Output File: C:\Reconciliations\Bank Reconciliation\UPTOWNTRUST_11_042017.xlsx

	Beginning Balance	Ending Balance
Subledger	\$469,667.50	\$65,994.14
General Ledger	\$0.00	\$172,764.13
Difference	\$469,667.50	(\$106,769.99)

by Reconciliation

Inspire Health Systems (UDF)

Account Reconciliation

Account 11120 RBC Bank

April 14, 2016 / 2:35 pm

End Date : March 20, 2015

Rec	Transaction #	Source	Memo	Date	Opening Balance	Closing Balance	Debit	Credit	Reconciled
					45,481.00	8,698.43			
<input checked="" type="checkbox"/>	0000000325	AP	Pmt. ACME 0000000012	Feb 20, 15			0.00	855.46	<input type="checkbox"/>
<input checked="" type="checkbox"/>	0000000328	GL	AutoReverse - 0000000327	Feb 20, 15			50.00	0.00	<input type="checkbox"/>
<input checked="" type="checkbox"/>	0000000348	AP	Pmt. NOLIFI 0000000013	Mar 8, 15			0.00	8,556.22	<input type="checkbox"/>
<input checked="" type="checkbox"/>	0000000349	AP	Pmt. WALEQU	Mar 8, 15			0.00	14,554.40	<input type="checkbox"/>
<input checked="" type="checkbox"/>	0000000353	AP	Pmt. NATPRO	Mar 8, 15			0.00	2,000.00	<input type="checkbox"/>
<input checked="" type="checkbox"/>	0000000356	AP	Pmt. OMEELE	Mar 8, 15			0.00	1,900.00	<input type="checkbox"/>
<input checked="" type="checkbox"/>	0000000357	AP	Pmt. OMEELE	Mar 8, 15			0.00	1,500.00	<input type="checkbox"/>
<input checked="" type="checkbox"/>	0000000358	AP	Pmt. OMEELE	Mar 8, 15			0.00	100.00	<input type="checkbox"/>
<input checked="" type="checkbox"/>	0000000359	AP	Pmt. OMEELE	Mar 9, 15			0.00	500.00	<input type="checkbox"/>
<input checked="" type="checkbox"/>	0000000397	AP	Pmt. ~ITIME	Mar 16, 15			0.00	600.00	<input type="checkbox"/>
<input checked="" type="checkbox"/>	0000000407	AP	Pmt. NATPRO 0000024588	Mar 17, 15			0.00	7,201.45	<input type="checkbox"/>
<input checked="" type="checkbox"/>	0000000408	GL	AutoReverse - 0000000327	Mar 17, 15			12.00	0.00	<input type="checkbox"/>
<input checked="" type="checkbox"/>	0000000408	GL	AutoReverse - 0000000327	Mar 17, 15			50.00	0.00	<input type="checkbox"/>
<input checked="" type="checkbox"/>	0000000435	PAYR	Empl. 100002 0000024590	Jan 15, 15			0.00	2,336.45	<input type="checkbox"/>
<input checked="" type="checkbox"/>	0000000436	PAYR	Empl. 100001 0000024591	Jan 15, 15			0.00	1,508.68	<input type="checkbox"/>
<input checked="" type="checkbox"/>	0000000437	PAYR	Empl. 100003 0000024592	Jan 15, 15			0.00	1,435.88	<input type="checkbox"/>
<input checked="" type="checkbox"/>	0000000438	PAYR	Empl. 100000 0000024593	Jan 15, 15			0.00	705.64	<input type="checkbox"/>
<input checked="" type="checkbox"/>	0000000439	PAYR	Empl. 100007 0000024594	Jan 15, 15			0.00	1,565.74	<input type="checkbox"/>
<input checked="" type="checkbox"/>	0000000440	PAYR	Empl. 100008 0000024595	Jan 15, 15			0.00	1,184.64	<input type="checkbox"/>
<input checked="" type="checkbox"/>	0000000441	PAYR	Empl. 100004 0000024596	Jan 15, 15			0.00	1,638.22	<input type="checkbox"/>
<input checked="" type="checkbox"/>	0000000442	PAYR	Empl. 100005 0000024597	Jan 15, 15			0.00	1,210.71	<input type="checkbox"/>
<input checked="" type="checkbox"/>	0000000443	PAYR	Empl. 100006 0000024598	Jan 15, 15			0.00	1,360.44	<input type="checkbox"/>
<input checked="" type="checkbox"/>	0000000444	PAYR	Empl. 100009 0000024599	Jan 15, 15			0.00	1,295.79	<input type="checkbox"/>
<input checked="" type="checkbox"/>	0000000480	PAYR	Empl. 100009 0000024635	Mar 13, 15			0.00	1,295.79	<input type="checkbox"/>
<input checked="" type="checkbox"/>	0000000481	PAYR	Empl. 100001 0000024636	Mar 13, 15			0.00	1,508.68	<input type="checkbox"/>
<input checked="" type="checkbox"/>	0000000482	PAYR	Empl. 100006 0000024637	Mar 13, 15			0.00	1,360.44	<input type="checkbox"/>
<input checked="" type="checkbox"/>	0000000625	GL	AutoReverse - 0000000327	Feb 20, 15			12.00	0.00	<input type="checkbox"/>
<input checked="" type="checkbox"/>	0000000625	GL	AutoReverse - 0000000327	Feb 20, 15			50.00	0.00	<input type="checkbox"/>
<input checked="" type="checkbox"/>	0000000627	GL		Feb 8, 15			0.00	644.13	<input type="checkbox"/>

Statement Opening Balance	45,481.00
Checked Cheques & Charges	36,894.57
Checked Deposits & Debits	112.00
Statement Closing Balance	8,698.43
Reconciled !	0.00

Or do we mean this?



Reconciliation: beyond the general ledger

- What role does the accounting profession have in reconciliation with our Indigenous communities?
- How can accounting support Indigenous economic development?
- How do we measure and report the value of economic activities within Indigenous traditional territory?

Reconciliation within the accounting profession

□ More recognition and inclusivity is needed

- Recognise that First Nations are Governments with unique service delivery responsibilities
- Accept that a new 'government-to-government' fiscal relationship must be formed and established
- The CPA Handbook will need to be more inclusive

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Archived Highlight Summaries

All Documents containing "indigenous"

No results.

[View Terms and c](#)
Help desk: Mon-Fri, 9am-!

Reconciliation within the accounting profession

- Better understanding of the unique attributes of First Nations
 - Small, close knit communities
 - Traditional governance is often clan or family based
 - Strong desire held by citizens for transparency and accountability by Chief and Council
 - Fast growing, young demographic
 - Enduring relationship exists between people and their traditional lands

Reconciliation within the accounting profession

- Better understanding of the impact of historical injustices
 - The forced separation of Indigenous people and their traditional lands
 - Inter-generational trauma caused by Residential Schools (cultural genocide)
 - Need to rebuild organisational and personal capacity

Reconciliation within the accounting profession

□ Implementation of UN DRIP

- How will we support the measurement and reporting of Indigenous rights?

Article 20

1. Indigenous peoples have the right to maintain and develop their political, economic and social systems or institutions, to be secure in the enjoyment of their own means of subsistence and development, and to engage freely in all their traditional and other economic activities.

How can accounting support economic development?

- First Nations accounting must support decision making
 - How can we make the presentation of accounting and financial results more accessible to less sophisticated users?
 - Do we need a unique First Nations reporting model?
 - What additional guidance and resources need to be created to help preparers?
 - How can First Nation citizens become better informed of the economic opportunities that exist within their traditional territories?

Illustrative Financial Statements – Indigenous Governments



Standard setters (PSAB) appear to be responding

...but what about

- Trust Funds (Ottawa Trust Funds, Land Claim Settlements, etc.)
- Intangible assets that have established market value and which are acquired at fair value (Fishing licenses, crab permits, etc.)

Indigenous Government Statement of Financial Position As at March 31 (\$ thousands)

	Actual 20X3	Actual 20X2
ASSETS		
Financial assets		
Cash and cash equivalents	7,650	8,275
Accounts receivable	1,396	1,419
Advances to related Indigenous entities	95	144
Portfolio investments	12	4
Investment in government business enterprises	2,115	2,264
	<u>11,268</u>	<u>12,106</u>
Non-financial assets		
Tangible capital assets	41,258	40,581
Prepaid expenses	17	16
	<u>41,275</u>	<u>40,597</u>
TOTAL ASSETS	<u>52,543</u>	<u>52,703</u>
LIABILITIES		
Accounts payable and accrued liabilities	1,158	896
Debt	21,028	20,399
Unearned Revenue	2,044	5,841
	<u>24,230</u>	<u>27,136</u>
Net assets (net liabilities)	<u>28,313</u>	<u>25,567</u>
Net assets (net liabilities) consists of:		
Accumulated surplus	28,302	25,562
Accumulated remeasurement gains and losses	11	5
Accumulated other	–	–
	<u>28,313</u>	<u>25,567</u>

Source: A Revised Reporting Model for the Canadian Public Sector, May 2018

Illustrative Financial Statements – Indigenous Governments



Standard setters (PSAB) appear to be responding

...but

- First Nations do not (yet) receive government transfers (only annual contributions, and soon 10-year conditional grants)
- Confusion created by alternate reporting requirements imposed by funders

Indigenous Government Statement of Surplus or Deficit For the year ended March 31 (\$ thousands)

	Budget 20X3	Actual 20X3	Actual 20X2
Revenues			
Government transfers	5,608	11,245	7,109
Property taxes	2,564	2,845	2,953
Net income from government business enterprises	–	1,280	159
Net investment income	80	73	84
Rentals and leases	835	1,422	1,482
Gaming revenue distribution	225	211	226
Gain on disposal of tangible capital assets	–	69	8
Miscellaneous revenue	416	605	622
	<u>9,728</u>	<u>17,750</u>	<u>12,643</u>
Expenses (by function)			
Administration	658	705	732
Economic development and lands	599	602	682
Public works	1,270	5,789	2,610
Housing	558	1,839	1,675
General government	2,359	2,478	2,472
Health	1,303	1,223	1,301
Education	1,354	1,695	1,621
Social development	421	477	386
Community	103	202	243
	<u>8,625</u>	<u>15,010</u>	<u>11,722</u>
Surplus	<u>1,103</u>	<u>2,740</u>	<u>921</u>

Source: A Revised Reporting Model for the Canadian Public Sector, May 2018

Reporting the potential value future economic activity

- *Delgamuukw vs. British Columbia* decision tells us that Indigenous rights to their land include an **‘inescapable economic component’**
- *Tsilhqot'in vs. British Columbia* decision tells us that Indigenous rights include title over their traditional territory
 - ❑ How do accountants begin to measure and report on the value of economic potential from land to First Nation citizens?
 - ❑ How can annual reports be improved to help inform stakeholders?

Illustrative scenario

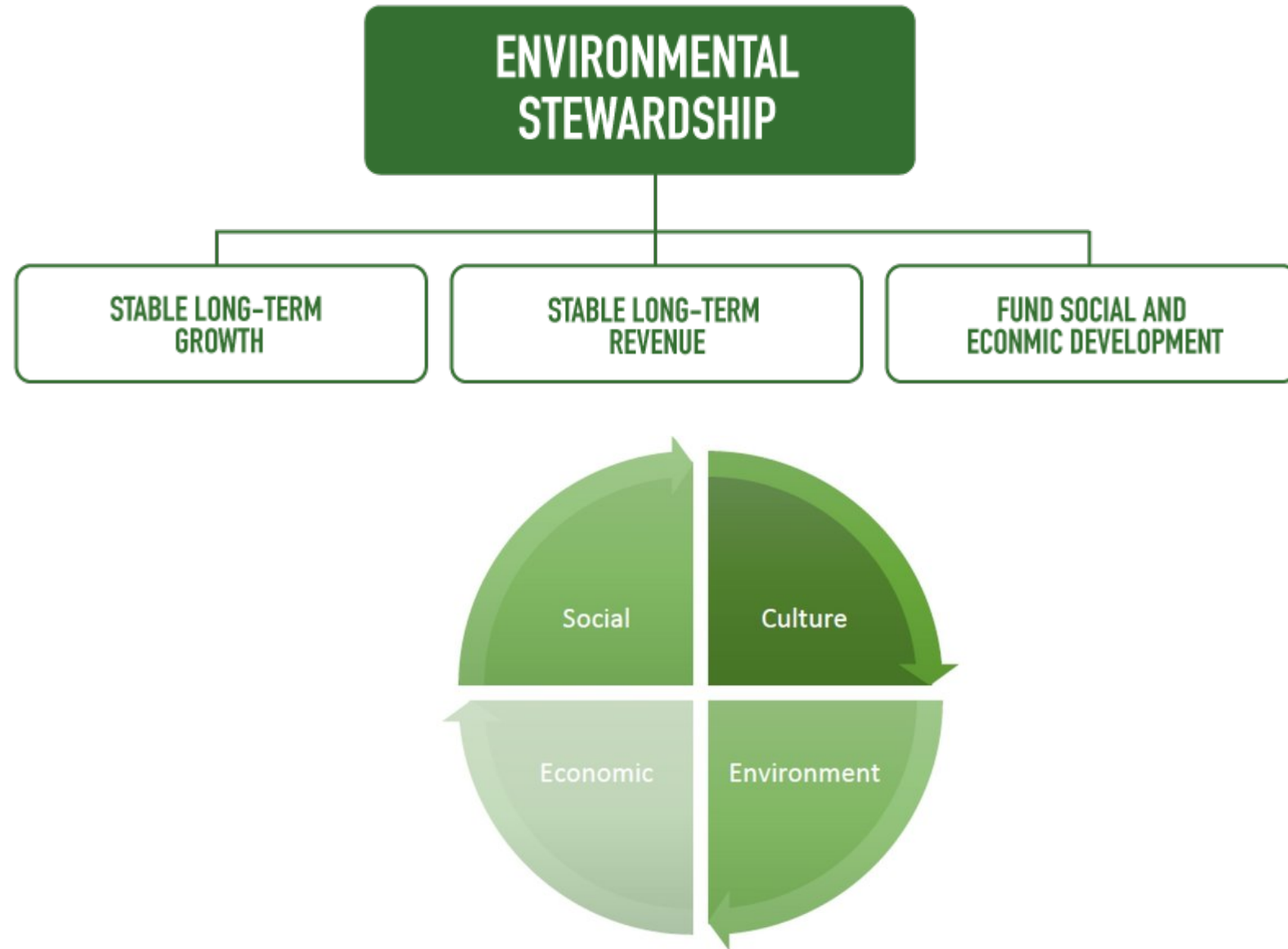
- A First Nation has received multiple separate offers from various private sector resource development companies. The terms of each offer are different but contain some type of concession to the First Nation in exchange for consent to extract resources within the First Nation's traditional territory.
- It is rumoured that similar offers have been made to a different nation who may have an overlapping land claim and whose own territory can provide similar access to the same resources.

QUESTION: How do existing accounting and financial reporting standards promote the sharing and disclosure of adequate information to inform citizens of each First Nation?

- E.g. Value of each opportunity (or the opportunity cost)

Some final thoughts

- How can the value of environmental stewardship undertaken by First Nations be better reported on by CPAs?



Some final thoughts

- ❑ How can technology be used to overcome some of the unique accounting and reporting challenges that First Nations face?
- ❑ What different service delivery options could be created to overcome disadvantages due to geography and size?
 - Example: The FMB has proposed to launch a national Indigenous Shared Services centre of excellence to allow for the aggregation of similar accounting and administrative needs of multiple (and often remote) First Nations

Questions? Let's talk...

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