



**Nunavut Tunngavik Inc.**

**BUDGET POLICY**

*Approved by the Board of Directors in January 1997  
Last Amended in September 2014*

**I. PURPOSE**

This policy is to provide guidance on the process to be followed in preparing NTI's annual budget and the ongoing monitoring and control of expenditures.

**II. APPLICATION**

This policy is applicable to all departments within NTI (including where appropriate, the Board of Directors, Executive Committee and Chief Executive Officer).

The following are the key steps in the annual budgetary process:

	Budget Process	Timing
1	The Board of Directors or the Executive Committee establishes the annual priorities and budget planning document.	Before 15 <sup>th</sup> of January
2	The Director of Finance of NTI and the Comptrollers or Finance Directors of the three RIAs, in consultation with NTI's departmental directors, prepare the initial budgets of NTI's departments and three RIAs. A meeting of the Finance Committee, the CEO and comptroller of Nunavut Trust and the comptrollers of the three RIA's is convened to review, challenge and, where required, make revisions to the initial budgets.	January – March
3	NTI's Director of Finance prepares a consolidated master budget.	Before March 15
4	A meeting of NTI's Board of Directors is convened to review and adopt the consolidated master budget, including both the dollar amount and the programs to be carried out by departmental directors in the next fiscal year.	Before March 31
5	The consolidated master budget is presented to NTI's membership for confirmation at its Annual General Meeting.	Before October 31

#### **IV. MONITORING AND CONTROL**

Since the budget is the vehicle by which each department is provided with the authority to spend, it is important that the exercise of this authority be monitored on a regular basis throughout the year.

Actual expenditures should be compared to budgeted expenditures on a regular basis and significant variances investigated and explained.

Departmental directors are ultimately responsible for the monitoring and control of expenditures charged against their budgets, as detailed to them in regular budget reports.

The following are the steps that have been established to ensure effective monitoring and control of budgets:

##### **(a) Monthly Reporting**

By the 20th of each month the Director of Finance shall make available to each departmental director a detailed budget report setting out both the previous month and year to date actual and budgeted expenditures and variances of actual expenditures from budget.

Within five working days of receiving the monthly budget report, departmental directors shall review the reports and advise the Director of Finance of any discrepancies noted or any changes required and explanations for all budget variances.

The Director of Finance shall make changes to the monthly budget reports as requested by the departmental directors and prepare a summary budget report for NTI setting out both the previous month and year to date actual and budgeted expenditures by departments with explanations of all significant variances.

By the end of the same month, the Director of Finance shall provide a copy of the summary monthly budget report to the Executive Committee and CEO.

##### **(b) Quarterly Reporting**

By the 20th of the month following the end of each quarter, the Director of Finance shall provide to each departmental director a detailed budget report setting out both the previous quarter and year to date actual and budgeted expenditures and variances of actual expenditures from budget.

Within five working days of receiving the quarterly budget report, departmental directors shall review the reports and advise the Director of Finance of any discrepancies noted or any changes required and explanations for all budget variances.

The Director of Finance shall make changes to the quarterly budget reports as requested by departmental directors and prepare a summary budget report for

NTI setting out both the previous quarter and year to date actual and budgeted expenditures by department.

This report shall provide comments on significant budget variances, action plans to bring these variances under control, areas of concern and recommendations for budget revisions.

By the month end following each quarter, the Director of Finance shall provide the CEO and the Executive Committee with a copy of the quarterly budget summary and the budget analysis.

Upon the recommendation of the CEO, an Executive Committee meeting may be convened to review these reports and approve action plans to bring variances under control and to approve revisions to budgets.

Following any Executive Committee meeting, all approved budget revisions shall be communicated to the Director of Finance and departmental directors. The Director of Finance shall then revise the budgets accordingly and provide a revised copy to the CEO and the Executive Committee.

#### **(c) Year-End Requirements**

In order to accurately reflect the results of NTI's operations in its year-end financial statement, all liabilities existing at March 31st for work performed, goods received, and services rendered shall be recorded in the accounts.

Upon request of the Department of Finance, departmental directors shall identify and quantify all liabilities to outside organizations and individuals resulting from operations up to and including February 28th in each fiscal year and report these to the Director of Finance no later than March 15th of each fiscal year.

By February 15th of each fiscal year, the Director of Finance shall notify each departmental directors of this policy and provide detailed instruction as to the nature of liabilities to be reported, the reporting deadline and reporting format.

### **V. REVISIONS OF BUDGETS**

Departmental directors may make budget changes within budget allocations provided they do not exceed their spending authority. For example, a departmental director may choose to reduce spending on salaries in order to free up funds to be spent on professional services, provided both of these items were included in the original approved budget.

Revisions to budgets which result in the addition of expenditure line items that are not in the original approved budget (e.g. a new program activity) shall be approved and documented through a resolution of the Executive Committee.

When it becomes apparent that budgets will be overspent, the relevant departmental director shall so advise the Chief Executive Officer and Executive Committee immediately.