



FINANCIAL ADMINISTRATION MANUAL



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Chapter: Using This Manual			
Directive Title: CHAPTER INDEX			

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FINANCIAL ADMINISTRATION MANUAL



Issue Date: September 2009	Effective Date: Immediate	Responsible Agency: Office of The Comptroller General	Directive No: 3-1
Chapter: Using the Manual			
Directive Title: ABOUT THE MANUAL			

1. POLICY

The Government of Nunavut, through the Financial Management Board (FMB), and under the authority of the *Financial Administration Act (FAA)*, issues financial policy Directives that are applicable to all Departments in order to achieve a consistent approach to financial policies throughout the Government.

The *Nunavut Act* states that the Government accounts shall be prepared in accordance with the accounting principals recommended by the Canadian Institute of Chartered Accountants. Should a conflict exist between the financial policy Directives and the recommendations of the Canadian Institute of Chartered Accountants, the Institute's recommendations shall prevail.

The Financial Management Board's policy Directives are accumulated in a manual known as the Financial Administration Manual and are available to all Departments and the public on the Department of Finance's website at:

[HTTP://WWW.GOV.NU.CA/FINANCE/FAM/](http://www.gov.nu.ca/finance/fam/)

The authorities that govern the financial activities of the Government are: the *Nunavut Act*; the *FAA* and its regulations; the enabling legislation of the various public agencies and the Financial Administration Manual (FAM).

2. DIRECTIVE

All Departments of the Government shall conduct their financial affairs in accordance with the financial policies contained in the Financial Administration Manual. In applying these policies, Departments shall maintain neutrality as recommended by the Canadian Institute of Chartered Accountants for Public Sector entities. This recommendation means that in applying standards, the primary concern should be the relevance and reliability of the information that results rather than the effect that the policy will have on the Department or the Government.

It is the intent of the FMB to issue a separate series of Directives that apply exclusively to public agencies. Until these separate Directives are issued, this



Financial Administration Manual shall apply to public agencies whose primary funding is appropriated by the Legislative Assembly. A public agency may depart from the Directives in this manual if:

- a) it has legislative authority or a statutory duty to do so;
- b) it has been directed to do so by the Minister of Finance in accordance with S.78 of the *FAA*;
- c) it has legislative authority to raise and retain its own revenue so that its primary funding is not appropriated by the Legislative Assembly.

The *Nunavut Act* requires the Government to follow generally accepted accounting principals and any accounting policies developed by a public agency must comply with those principals.

3. PROVISIONS

3.1. Structure of the manual

The manual is divided into ten chapters as follows:

Chapter 3 - Using the Manual – a Glossary of terms and an overview of the Government structure relating to financial matters.

Chapter 000 - Management of the Financial Function – describes the roles of the various authorities involved in the financial affairs of the Government.

Chapter 1000 - Financial Systems – describes the financial coding and accounting systems used.

Chapter 300 - Budgetary Control – deals with the preparation and use of budgets as a control mechanism.

Chapter 500 - Cash Management – contains investments, banking and cash flow policies.

Chapter 600 - Government Accounting Policy – includes general policies relating to consolidated financial statements, accounting for tangible capital assets, leases, internal audit, internal controls and protecting personal financial information.

Chapter 700 - Accounting for Expenditures – policies relating to recording of expenditure transactions, inventory and asset disposals as well as commitment controls.

Chapter 800 - Control of Expenditures – contains policies dealing with the various aspects of controlling expenditures, including signing authority, delegation of authority, account verification, grants and contributions, government contracts, accountable advances, honoraria, duty travel and insurance claims.



Chapter 900 - Control of Revenue – contains policies dealing with the various aspects of controlling revenue, including licenses, fees and taxes, granting credit and collection of amounts owing, loans and advances, loss of cash or other assets, interest and write offs and forgiveness of debt.

Chapter 9800 - Special Programs – policies relating to emergency expenditures, and special grant programs.

3.2. Applicability of the Manual

- 3.2.1. The manual applies to all public officials and Departments over which the FMB has authority. It provides a common standard reference system of Government financial policy, permitting everyone to operate under the same rules. Furthermore, the manual serves as a communication tool and will be a useful training resource for all employees.
- 3.2.2. The Directives are based on generally accepted accounting principals and, as such, entities that do not fall within the mandate of the FMB are encouraged to apply the principals that are contained in the Directives so as to obtain a consistent approach to financial policies throughout the Government.
- 3.2.3. It is recognized that no rule or Directive can be phrased to suit all circumstances or combination of circumstances that may arise, nor is it desirable to do so. There is no substitute for the exercise of professional judgment in the determination of what constitutes fair presentation or good practice in a particular case. In exercising professional judgment, the principal qualitative characteristics of the information that makes it useful to users must be considered and evaluated. These are understandability, relevance, reliability and comparability. The information resulting from financial transactions must be in a form that is understandable to users, is relevant to the decisions that they must make, is an accurate reflection of the underlying transaction and event and is presented on a consistent basis so that comparisons can be made. The transactions must reflect the substance and intent of the event rather than their legal form.
- 3.2.4. The manual is intended to apply to matters that are material. An item of information, or an aggregate of items, is considered to be material if it is possible that its omission or misstatement would influence or change a decision. Materiality is a matter of professional judgment in the particular circumstances.

In determining the materiality or significance of an item, the specific requirements contained in the statutes and regulations must be considered. A legislated reporting requirement cannot be ignored because the amount is considered immaterial. The general approach



in these matters should start from the question “what does the legislature intend should be the result of this transaction?” The intent and spirit of the legislation must be considered rather than a strict legal interpretation.

3.3. Maintenance and Changes to the Manual

- 3.3.1. This manual is maintained by the Office of the Comptroller General in the Department of Finance. Changes are reviewed by the Department of Finance and senior staff in other Departments before they are presented to the Financial Management Board for approval. Executive Financial Officers in Departments are notified by email when a change to a Directive, or a new Directive, is approved. In addition, a notice is posted on the notice board contained on the Government’s internal webpage. [HTTP://INTRANET/PHASE1/](http://intranet/phase1/). (government use only) When changes are approved that will result in the requirement for public officials or Departments to adopt substantive new or different procedures, information seminars are held by Comptroller General staff. Departments that are significantly impacted are notified on an urgent basis.
- 3.3.2. This manual is designed to be a dynamic document and Departments and public officials are encouraged to offer suggestions to the Comptroller General’s office when they encounter situations where the manual does not provide guidance or where the guidance provided is not relevant to the particular situation.
- 3.3.3. The Executive Finance Officer of each Department is responsible for assuring that the appropriate staff in their department are familiar with the Directives that relate to the functions being performed and that they are properly advised of all changes to the Directives.

3.4. Format Of Directives

- 3.4.1. The title block at the top of the first page of each Directive has a chapter title, Directive title, Directive number, most recent issue date, effective date and group responsible for the subject matter. When a Directive expands on a previous one, its Directive number includes and adds to the number of the previous Directive (e.g. Directive 801-1 expands on Directive 801). There are gaps in the numbering which are intentional. These have been reserved for possible future additions.
- 3.4.2. Each Directive has three main sections:
 - 3.4.2.1. **Policy** - This section explains in simple language the Government policy relating to the subject of the Directive.

- 3.4.2.2. **Directive** – This section provides the Directive of the FMB to public officials and Departments.
- 3.4.2.3. **Provisions** – These provide guidance in applying the Directive to particular situations or further expands on the Directive.
- 3.4.2.4. **Other sections** – Where appropriate, a Directive may contain appendices or definitions. Definitions are provided when there are technical terms that are specific to the subject of the Directive. The definition of general terms is contained in the Glossary under Chapter 3 - Using the Manual. (Directive 3-2). Where words have more than one definition, the definition included in the specific Directive applies to that Directive; otherwise, the definition in the Glossary applies. Definitions contained in a specific Directive may be duplicated in the Glossary. Terms that are not defined shall be given their common dictionary meaning or the definition that is generally accepted within the accounting profession.
- 3.4.2.5. The Directive consist of all of the sections, including any appendices, unless otherwise specified.

3.5. Interpretation Of Manual Terminology

- 3.5.1. The following definitions apply throughout this manual

May: expresses permission and the right to choose

Should: expresses a normal course of action that may be altered with good reason.

Will: expresses certainty, not mandatory action.

Must/Shall: expresses mandatory action or circumstances.

- 3.5.2. When the title of a particular position is used (Comptroller General) it means that the incumbent to that position, or someone delegated the authority by the incumbent, must grant the approval or take the required action. When the office of the position (Office of the Comptroller General) is used it means that the task to be preformed is the responsibility of that office. The task does not involve granting specific approval.



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Issue Date: September 2009	Effective Date: Immediate	Responsible Agency: Comptroller General	Directive No: 3-2
Chapter: Using this Manual			
Directive Title: GLOSSARY			

Financial Administration Manual Glossary

The glossary contains definitions of accounting and finance terms that may be of use in understanding the contents of the manual. Some terms may also be defined in individual directives, regulations or the *Financial Administration Act*. Should there be a difference between the two definitions, the version contained within the Directive, regulation or Act shall prevail. Terms not defined in the Glossary, regulations or the *Financial Administration Act* shall take their ordinary dictionary meaning or the meaning commonly accepted within the accounting profession.

Directory references are provided for guidance only and are not intended to be exclusive. The terms defined may appear in Directives other than those indicated. The reference is intended to indicate the principal Directive(s) where the term or concept is used. The reference number indicates the Directive Number unless otherwise indicated. "Reg." refers to the regulation issued under the *Financial Administration Act*.

TERM	DEFINITION	REFERENCE
A		
ACCOUNT	A formal record of an asset, liability, revenue or expense in which the effects of the operations or transactions are indicated in terms of money or some other unit of measurement.	803
ACCOUNTABLE ADVANCE	A disbursement (transfer) of funds that are advanced on the condition that the recipient will expend the funds for an approved purpose only, account to the Government for expended funds and return to the Government by a specified date any portion of the funds that is not expended or accounted for.	817
ACCOUNTABLE ASSET	Tangible capital assets that are attractive targets for pilferage and/or are readily convertible into cash.	913
ACCOUNTABLE FORM	A form required by the Department of Finance to be controlled and regulated for the purpose of controlling the transactions generated by the form. There are two types of accountable forms:	910



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	<p>High-level accountable forms – forms that have value or may produce a benefit outside of the Government (Local purchase orders, licenses, blank cheques, etc.)</p> <p>Low-level accountable forms – forms that produce a benefit from within the government (leave forms, travel claim forms, etc.)</p>	
ACCOUNTABILITY	The obligation to exercise delegated authority in order to achieve results and corresponding responsibility to provide justification through normal reporting channels for the results achieved.	802
ACCOUNTING	The process of classifying and recording transactions of an individual or organization in terms of money or some other unit of measurement, in the books of account and of summarizing, reporting and interpreting the results thereof.	102
ACCOUNTING OFFICER	A person who has been authorized by the minister of a department and the Comptroller General, or their delegate, to perform the duties specified in <i>S.44 (1) (b) of the Financial Administration Act</i> .	803
ACCOUNTING PERIOD	The period of time for which financial statements are prepared regularly, e.g. week, month, quarter, year. Not necessarily the fiscal year.	103
ACCOUNTING POLICY	A statement embracing the general goals and acceptable procedures of accounting for the operations of the Government.	602
ACCOUNTS RECEIVABLE	An amount claimed against a debtor, usually arising from the sale of goods or services. In Government it also includes amounts owing from other levels of government for grants and transfers.	908
ACCRUAL ACCOUNTING	The method of recording transactions by which revenues and expenses are reflected in the determination of results for the period in which they are considered to have been earned and incurred, respectively, whether or not such transactions have been settled finally by the receipt or payment of cash or its equivalent.	103
ACT	A bill that has been considered by the Legislative Assembly, passed and assented to (may be called Law, Statute or Ordinance). An Act does not come into force until it has been assented to by the Commissioner or at some later date as provided for in the Act.	301
ACTIVITY	A subdivision of an item, usually a Branch, within a Department.	301
ADVANCE	<ol style="list-style-type: none"> 1. A payment that is to be accounted for by the recipient at some later date. 2. A payment made on account of, but before completion of, a contract or before receipt of goods or services. 3. A loan. 	817



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AGENCY	Crown Corporations and organizations listed in Schedule A, B and C of the <i>Financial Administration Act</i> .	917-1
AGING	The process of classifying amounts in an account, such as accounts receivable, according to the length of time they have been outstanding or for which they have been due.	908
ALLOWANCES	<ol style="list-style-type: none"> 1. A stipulated amount paid to an employee or agent under an arrangement in respect of expenses, regardless of the expenses actually incurred (housing allowance, per-diem allowance). 2. A reduction from a recorded value of assets to reduce them to estimated realizable value. (allowance for doubtful accounts, inventory allowance) 	820-1 917
AMORTIZATION	The writing off, in a rational and systematic manner over an appropriate number of accounting periods, of the balance of an account. Most commonly used in accounting for tangible capital assets where the cost of the asset is recognized in the statement of operations over the useful life of the asset.	601
APPROPRIATION	Legislative authority for the expenditure of public funds for the purpose and in the amount specified. Appropriations are authorized by an <i>Appropriation Act</i> .	301
ASSENT	Someone has given their consent to something. When an Act comes into force upon assent means it comes into force when the Commissioner gives approval to the Act.	301
ASSETS	A resource owned, or in some cases controlled, by an individual or organization as a result of transactions or events from which future economic benefits are expected to flow to that individual or organization. (See also Current Asset and Capital Assets).	601
ASSIGNMENT	A legal action whereby a person transfers their right or interest in property, or other assets, to another to be used for the recipient's own benefit, for the benefit of creditors or to be held in trust.	870 873
AUDIT	<p>An examination of evidential matter to determine the reliability of a record or assertion or to evaluate compliance with the rules or policies or with conditions of an agreement. The Government has two basic types of audits:</p> <ol style="list-style-type: none"> 1. Internal Audit – An examination conducted by employees of the Government which principally involve an evaluation of internal control and an examination of transactions. 2. External Audit – An examination of the Public Accounts performed by an external auditor independent of the Government (Auditor General of Canada). 	008 603 008



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AUTHORITY	The power granted to a position or individual to act. The power may be legislated or delegated (the Financial Management Board has authority over the Public Accounts and Estimates, the Minister delegates certain authorities to the Deputy Minister).	802
B		
BAD DEBT	An account or note receivable that is considered to be uncollectable	908
BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	A statement showing the financial position of the Government as at a specified date. The statement shows the assets, liabilities and surplus or net equity of the Government or organization.	307 803
BANK STATEMENT	A periodic statement issued by the bank setting out the charges in a customers account during the period.	860
BASIS OF ACCOUNTING	A set of accounting principals that is used for financial reporting purposes in a particular situation. The Government uses the accrual basis of accounting, which is required under Generally Accepted Accounting Principals.	103 703
BETTERMENT	An expenditure made for the purpose of enhancing the service potential of a capital asset and is treated as an addition to the cost of the capital asset.	601
BILL	A separate piece of legislation that is considered by the Legislative Assembly.	301
BOOK VALUE	The amount at which an item appears in the books of the Government.	601 801-2
BUDGET	<p>A detailed estimate of future transactions, in terms of quantities, money value or both, designed to provide a plan for and control over future operations and activities. The Government has two main budgets:</p> <ol style="list-style-type: none"> 1. Capital Budget – estimate of future Capital expenditures. It usually covers more than one fiscal period. 2. Operations and Maintenance Budget – an estimate of the operation and maintenance expenditures for the next fiscal period. <p>The Budget is presented to the Legislative Assembly by the Minister of Finance prior to the start of each fiscal year.</p>	301 302



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C		
CABINET	See Executive Council	3-3
CAPITAL ASSET	<p>Non financial assets having physical substance that:</p> <ol style="list-style-type: none"> 1. are held for use by the Government in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets; 2. have useful life extending beyond a year and are intended to be used on a continual basis; and 3. are not intended for sale in the ordinary course of operations. <p>Also known as Tangible Capital Assets.</p>	601
CAPITAL ESTIMATES	<p>The Capital Estimates are presented to the Legislative Assembly and represent the Government's proposed appropriations for the fiscal year for planned capital. The amounts represent all capital expenditures to be incurred during the fiscal year. The Capital Estimates indicate the total requirement for individual departments and the Nunavut Housing Corporation. The expenditures related to each department are further described by branch and project. (see also main estimates)</p>	301
CAPITAL LEASE	See Lease	601-1
CASH	Coin, bank notes, money orders, cheques and accepted site drafts, and (by extension) the balances in respect of demand and savings deposits at banks or other financial institutions.	913
CASUAL EMPLOYMENT	Employment of a temporary nature where a person is hired for a period of four months or less.	802-1
CERTIFICATION	The formal attestation of the regularity and validity of a document by means of the signed statement of an authorized person.	803
CHART OF ACCOUNTS	A schedule of account numbers and designations in a ledger, usually the General Ledger.	101
CHEQUE	A bill of exchange drawn on a bank and payable on demand.	502
CLAIM	A demand for payment, reimbursement, or compensation under law or contract. (travel claim)	604 817 850
CODING	A system of assigning digits to financial transactions to identify and classify them for accounting purposes and for data processing.	101



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	Assigning the proper account number, from the chart of accounts, to a financial document.	
COLLATERAL	Property charged or pledged as security for the performance of a contract or the payment of a debt.	907
COMMITMENT	An obligation to pay that will result in a charge against an appropriation, or future obligation of Government.	709
COMMITMENT ACCOUNTING	The recording of encumbrances and conditional obligations as they are incurred in order to establish an accurate record of remaining balances in budgetary appropriations and allotments still available for other purposes.	709
CONSIGNMENT	A shipment of goods made under an agreement whereby the receiver undertakes to sell or otherwise dispose of the goods as an agent on behalf of the shipper. The latter retains title to the goods until they are sold or disposed of according to the arrangement.	907
CONSOLIDATED REVENUE FUND	A fund established under the <i>Nunavut Act</i> into which all public moneys and revenues over which the Legislature has the power of appropriation is to be deposited.	502 703-1 802-1 803
CONTINGENT LIABILITY	An obligation that may arise depending on the resolution of a situation involving uncertainty as to possible gain or loss - e.g. the possibility of a claim resulting from a guarantee or indemnity.	602
CONTRA ACTION (COUNTER CLAIM)	A collection procedure where the debtor's account is offset by another Government account in which the debtor has credit. Mutual claim against each other by two parties.	908
CONTRACT	A legal agreement between the Government and an individual or organization whereby the Government agrees to pay for goods or services supplied by the individual or organization. (See also professional services contract)	808
CONTRACT AMENDMENT	An agreed addition to, deletion from, correction or modification of a contract.	808
CONTROL OBJECTS OF EXPENDITURE	Specified control levels as directed by the Financial Management Board for:	301
	a) Salaries and Wages;	
	b) Grants and Contributions; and	
	c) Other Expenses.	
CONTROL	A summary account which provides for the balancing of a	102



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ACCOUNT	subsidiary ledger containing a number of identical or related accounts (see also Subsidiary Account)	
CONTRIBUTION	A transfer of funds or resources to an individual or an organization to accomplish or assist with some specific objective or project. The transfer is usually accompanied by some reporting, audit or accountability requirement on the part of the recipient. See also <i>GRANT</i>)	801
COST	The amount of the expenditure to obtain goods or services or the amount of a loss incurred.	601
CREDIT NOTE	A document issued by the seller to a purchaser to record the reduction of a bill because of an allowance, return, correction or cancellation. Opposite of an invoice.	908
CREDITOR	One to whom a debt is owed.	907
D		
DEBT	A sum of money owing by one person (the debtor) to another (the creditor).	915
DEBTOR	A person or organization who owes money to another (the creditor)	915
DECOMMITMENT	The reduction of a previously committed amount either by the payment of the amount or other action which frees up the funds.	703
DEFAULT	A failure to fulfill the terms of a contract or agreement - e.g. failure to pay money when due.	801 911
DEFICIT	The amount by which the expenditures exceed the revenue over a given period of time, usually a fiscal year.	801 880
DELEGATED AUTHORITY	The authority to act on specific matters given by one person or group (delegator) to another (delegate). The delegator retains responsibility and the delegate cannot sub delegate unless specific permission is given by the delegator. (see instrument of delegation IOD)	802
DEPARTMENT	An organizational unit of Government created for the purpose of managing related programs. It is headed by a minister and includes the Office of the Legislative Assembly or divisions so designated under the <i>Public Service Act</i> .	3-3
DEPUTY HEAD	The <i>Public Services Act</i> defines Deputy Head as follows: (a) in relation to a department, the Deputy Minister of that department, and	3-3



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	(b) in relation to any other portion of the public service, the chief executive officer of that portion or, if there is no chief executive officer, such person as the Minister may designate as deputy head for the purposes of this Act;	
DEPUTY MINISTER	The <i>Public Services Act</i> defines Deputy Minister as follows: The non-elected head of a department and where the position is vacant or the Deputy Minister is absent or unable to act, includes the person designated by the Minister responsible for the department to act as Deputy Minister.	3-3
DIRECTIVE	An instrument that relates to the internal policy of government made by the Financial Management Board, a minister, the Executive Council or the Commissioner.	002
E		
ELECTRONIC AUTHORIZATION (ELECTRONIC SIGNER)	The fixing or the logical association of an electronic signature to a document to identify the signer and to indicate the signer's intended approval of the associated information in the data message represented by the document.	803
ELECTRONIC RECORDS	Data and information that is input, created, manipulated and/or stored on electronic media that shows evidence of actions and decisions occurring during the transaction of business and that require a computer to be accessed and manipulated.	102 803
ENACTMENT	The passing of an Act or regulation into law.	301
ENCUMBRANCES	The setting aside of funds for a specific purpose or with specific restrictions as to their use or non-use.	709
ESTIMATES	The projected expenditures and revenues for the coming fiscal year or years presented to the Legislative Assembly. (see also capital estimates and main estimates)	301
EXECUTIVE COUNCIL	The Executive Council is the senior decision-making body within the Government. It is appointed by the Legislative Assembly and consists of the Premier and the Ministers of Departments. It is through Executive Council that members are collectively accountable to the Legislative Assembly for the conduct of Government business.	3-3
EXPENDITURE	The amount of money paid or payable for an expense incurred or an asset acquired.	101 703 803
EXPENDITURE	A person who has been designated by a minister of a	803



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OFFICER	department, or their delegate, to perform the duties specified in S.44 (1) (a) of the <i>Financial Administration Act</i> .	
EXPENSES	A cost properly identifiable with the operations of a period or with revenues earned during that period or that is not identifiable with the operations or revenues of a future period or periods.	301 601 602 703

F		
FAA	<i>Financial Administration Act</i>	
FAM	Financial Administration Manual.	002
FINANCIAL ADMINISTRATION ACT	The act that provides for the financial administration of the Government.	3-3
FINANCIAL REPORTS	A presentation of financial data to provide information for financial management.	002 605 704 908
FISCAL FRAMEWORK.	The determination of financial resources available for expenditures during the fiscal year	301 709
FISCAL YEAR	A twelve month period commencing on the 1 st day of April in any year and ending on the 31 st day of March next following.	
FMB	Financial Management Board	002
FORECASTING	A prediction of future requirements	301
FUNCTIONAL RESPONSIBILITY	Being responsible to an authority where no direct reporting relationship exists. The responsibility covers the broad duties that the authority possesses.	004
FUND	a) A self-balancing accounting entity set up to show some particular activity (Revolving Fund, Consolidated Revenue Fund) b) An amount of money set apart for specific purposes. (petty cash fund)	307 817-2
FUNDS	a) The plural of Fund b) Cash and cash equivalents, (money) c) Money available to pay for expenditures (Appropriated funds, transfer funds among activities)	502 302



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G		
GENERAL LEDGER	The collection of accounts which comprise all asset, liability, surplus, revenue, and expense accounts, in the form of detailed, summary, or controlling accounts or a mixture of these.	101
GARNISHMENT	A legal means by which a creditor is authorized by a court to recover outstanding personal debts from another person by instructing the debtor's employers to withhold amounts from the debtor's salary or wages. (see also third party demands)	870
GUARANTEE	A contract under which the Government agrees to pay a debt or perform a duty if the party to the contract who is bound to pay the debt or perform the duty fails to do so.	602 Reg. 9916
GRANT	Any government transfer where the government has discretion in deciding whether or not to make the transfer, and conditions to be complied with, and the recipient and amount of the transfer. (see also <i>CONTRIBUTION</i>)	801
GROSS	The figure before being reduced by all relevant and commonly associated deductions. (Gross revenue.) (See also <i>NET</i>)	601 914

H		
HOLDBACK	A portion of the progress payments called for under the terms of a contract which is not payable until specific terms of the contract have been completed.	801 803
HONOURARIUM	A fee paid to members of boards and committees operating under the authority of the Government	810
I		
IMPREST ACCOUNT	An account for handling disbursements wherein a specified amount of cash or bank balance is entrusted to an individual (or individuals). The cash or bank balance is replenished for disbursements made from it from time to time. At any time, cash on hand or bank balance, plus the disbursement vouchers not reimbursed, should equal the amount of the fund.	804
INDENMITY	An agreement whereby a party agrees to secure another party against any anticipated loss or damage.	602 Reg. 9916
INPUT	a) The quantity of goods, services or resources entering into a	706-1



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	production process. b) Information introduced into a data processing system.	102
INTERNAL AUDIT	An audit of financial statements, other financial information or operations performed by an employee or agent of the Government.	603
INTERNAL CONTROL	The plan of organization and all the coordinated methods and measures adopted by management to safeguard assets, ensure the timeliness, accuracy and reliability of the accounting data, promote operational efficiency and maintain adherence to prescribed policies.	605
INSTRUMENT OF DELEGATION (IOD)	A document providing evidence of the delegation of authority.	802
INSURANCE PROCEEDS	Amount received or receivable under an insurance contract as the result to the loss or damage of an asset or the incurring of a liability or loss by the Government.	913
INVESTMENT	a) An expenditure to acquire an asset that is expected to yield future revenue or service. The term is not commonly used to refer to capital assets. b) An asset acquired by investment.	102 602
INVITATION TO TENDER	A written solicitation of bids in respect of a proposed contract in which the format and the nature of the bids are stipulated, made by public advertisement or private invitation.	808
INVOICE	A document prepared by the seller showing the description, quantity, price, terms, nature of delivery, and other particulars of goods or services purchased.	801 803-3
ITEM	An item is a subdivision of a Vote, usually a Department of Government.	301
J		
JOURNAL VOUCHER	A document detailing and supporting an entry in or an adjustment to the accounting records.	910
L		
LAPSE	The automatic expiration of authority either by the passage of time or the occurrence or non occurrence of some event.	302-5
LEASE	A contractual agreement between a lessor and a lessee that conveys to the lessee the right to use specific property (real or	



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	<p>personal), owned by the lessor, for a specific period of time in return for stipulated, and generally periodic, cash payments (rents).</p> <p>a) Capital Lease – a lease that from the point of view of the lessee, transfers substantially all of the benefits and risks incidental to ownership of property to the lessee.</p> <p>b) Operating Lease – a lease in which the lessor retains substantially all the benefits and risks incidental to ownership of property.</p>	<p>601-1</p> <p>601</p> <p>601-1</p>
LEGISLATIVE ASSEMBLY	The legislative body established by <i>The Nunavut Act</i> which consists of elected representatives from the electoral districts in Nunavut.	3-3
LIABILITY	Amounts that it is expected will require settlement in the future as a result of events and transactions that have occurred in the past (see current liabilities).	601-1 801
M		
MAIN ESTIMATES	The Main Estimates are presented to the Legislative Assembly and represent the Government's proposed appropriations for a fiscal year for planned operations and maintenance expenditures. The Main Estimates detail all expenditures projected to be incurred and all revenues projected to be earned, during the year. (see also Capital Estimates)	301
MATERIAL (SIGNIFICANT)	An item is considered significant or material if the omission or misstatement of the information resulting from that item would change a decision.	002 008 302 307 603
MINISTER	An elected representative appointed to the Executive Council by the Legislative Assembly and given the responsibility for a department by the Premier.	3-3
MORTGAGE	<p>The conveyance of the legal interest in real estate or personal property from one person (the mortgagor) to another (the mortgagee) as security for the payment of a debt or the discharge of some other obligation, the security being redeemable on the payment or discharge of such debt or obligation.</p> <p>a) Chattel Mortgage – a mortgage on personal property as contrasted with real estate.</p> <p>b) First Mortgage – a mortgage having priority over all other mortgages on a property.</p>	908
N		



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NET	After all applicable deductions have been made. (Net profit – profit after the deduction of all related costs; net price – the price subject to no further discounts; net sales – sales after deducting returned goods) (See also GROSS)	601 914
NET BOOK VALUE	The cost of an asset less any accumulated amortization or write down.	601
NNI POLICY	Means the “Nunavummi Nangminiqagtunik Ikajuuti Policy” approved by the Executive Council. The object of the policy is to provide good value and fair competition in the acquisition of goods and services; strengthen the Nunavut economy; assure Inuit participation in the procurement of goods and services and to provide for Nunavut education and training.	808-1
NON-DISCRETIONARY FUNDS	Expenditures incurred as the result of legislation, agreements or the influence of other programs over which no short-term management control can be exercised.	801
NON-PUBLIC MONEY	Non-public money means money collected on behalf of third parties that remain the property of those third parties.	913-1
O		
OPERATIONS AND MAINTENANCE	Expenditures that are: a) expenditures other than capital and grants; and b) expenditures incurred in carrying out current operations of an enterprise	703
OUTPUT	a) The quantity of goods or services produced. b) Information produced by a data processing system.	601 603
OUTSTANDING	a) Uncollected (accounts or bills receivable) b) Unpaid (liabilities) c) Uncleared (cheques) d) Undeposited (cash receipts) e) Unfilled (orders)	908 801 909
P		
PAST DUE	Delayed beyond an agreed time for payment	908
PAYABLE	A debt owing to another (accounts payable).	801 817-2



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PAYEE / PAYOR	The payor is the party that makes a payment to another (the payee)	803
PAYROLL	a) The records of names of employees and amounts payable to them as salaries or wages at a given time, with particulars as to rates of pay and deductions. b) The total amount of salaries or wages at a given time or for a given period.	004 810
PERFORMANCE INDICATOR	A benchmark in accountability based budgeting by which the achievement of programs may be evaluated.	603 801
PETTY CASH	A fund in the form of coin or currency set apart to pay for small items of expense which is replenished periodically for disbursements made.	817-2
PHYSICAL INVENTORY	An inventory determined by observation and evidenced by actual count, weight, or measure	704
PLANNING	The interpretation of policy into definite objectives and goals and a statement of the means intended to be used to achieve those objectives and goals	002 004
PROCUREMENT	The acquisition by any means, including purchase, rental, lease or conditional sale of goods, services or construction.	802 808
PROFESSIONAL SERVICES CONTRACT	A contract involving the provision of professional or management consulting services where the primary output is the provision of advice, management feasibility studies, concept preparations, operational reviews or design.	808-5
PROGRAM	The activities within a Department for which managers have first line budget responsibility.	003

PROMISSORY NOTE	An unconditional promise, written and signed by the maker promising to pay on demand (or at a fixed or determinable future time) a specified sum of money.	911-1
PROJECT	An endeavor which has a definite beginning and end (which may be greater than a fiscal year) and as such is accounted for separately. They generally are carried out within programs.	301
PUBLIC ACCOUNTS	The Territorial Accounts required to be presented to the Legislative Assembly under the provisions of the <i>Nunavut Act</i> . The audited financial statements of the Government.	004
PUBLIC MONEY	a) Money that belongs to the Government including i. Public revenue received or receivable, ii. Money borrowed by the Government, and	002 102



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	<p>iii. Money received or collected by or on behalf of the Government, or</p> <p>b) Special purpose funds</p>	
PUBLIC PRIVATE PARTNERSHIPS (P3)	<p>Cooperative ventures between the public and private sectors. Built on the expertise of each partner, that best meet clearly defined public needs through the appropriate allocation of resources, risks and rewards.</p> <p>Essentially, public-private partnerships involve the provision of public services through partnerships where each risk associated with a project is identified and then allocated to one of the partners. Each partner strives to ensure best value for money based on their own expertise in managing, minimizing and mitigating the specified risks.</p>	912
PURCHASE ORDER	A document, prepared by the purchaser, authorizing a vendor to deliver described goods or services at a specified time, place, and price.	709 803
R		
RECEIVABLE	An amount owing to the Government, whether or not due, (accounts receivable, loans receivable).	908
RECONCILIATION	The determination of the items necessary to bring the balance of two or more related accounts or statements into agreement (determining the timing differences that account for the difference between the bank balance reflected in the books of the Government and the balance reflected by the bank).	706 804 817
RECOVERABLE EXPENDITURE	<p>a) An expenditure on behalf of another government department or a third party that is expected to be recovered. It does not include expenditures for goods that are to be sold.</p> <p>b) Contributions that contain a condition that the funds are to be returned to the Government if performance or other conditions are not met.</p>	880 801
REFUND	An amount paid back, credit allowed for over collection, or a rebate.	803 817 908 914
REGION	Nunavut has been divided into three regions for administrative purposes. Kitikmeot Region with headquarters at Cambridge Bay. Kivalliq Region with headquarters at Rankin Inlet and Qikiqtaaluk Region with headquarters at Iqaluit.	004
REGULATION	An enactment made by the Commissioner under the authority of an Act. Regulations expand on the provisions of the Act and have the same legal effect.	603 605



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REMISSION	The waiving of the liability to pay or the refunding of a tax or penalty imposed or authorized to be imposed pursuant to an Act. Similar to forgiveness, a remission extinguishes the debt and the right to collect. It may be conditional or unconditional.	917
REPORTING	<ul style="list-style-type: none"> a) To present financial or other information (make a report) b) To be accountable to (the Deputy Minister reports to the Minister). c) Present oneself (reporting for duty) 	101 002
REQUEST FOR PROPOSAL (RFP)	A request to vendors to submit proposals on how, and at what price, they would provide a good or service in response to an identified problem, requirement or objective.	808
REQUISITION	A written request for specified articles, services or cash.	703
RESOURCES	Actual assets, including staffing years of Government employees and financial, physical and informational resources that are available for the delivery of Government programs and activities.	003 102
RESPONSIBILITY	The obligation of exercising the authority given to an individual or group.	802
REVENUE	The gross proceeds from taxes, licenses, duties, user fees, transfer payments and all other sources other than borrowing.	002
REVIEW	To study critically a procedure, condition, event or series of transactions.	
RESERVE	<ul style="list-style-type: none"> a) to keep or secure for oneself (Minister reserves the right to take further action). b) Funds set aside to meet expected or unexpected demands. (emergency reserve, capital reserve) 	907 709
REVOLVING FUND	A fund established by an Act and funded from an appropriation that is normally used to purchase goods for inventory and which is replenished by the sale of the items from inventory.	806
RISK ASSESSMENT	An estimate of the likelihood of adverse effects that may result from exposure to certain real or perceived risks. Risk is the chance of something happening that will have an impact on objectives.	603
RISK MANAGEMENT	The identification of exposure to hazards affecting the various aspects of the operations of an organization and the steps taken by management to minimize their potential impact.	603
S		
SALARIES	Fixed compensation periodically paid to a person for regular work or services.	



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SIGNIFICANT (MATERIAL)	An item is considered significant or material if the omission or misstatement of the information resulting from that item would change a decision.	002 008 302 307 608
SIGNING AUTHORITY	The right to sign specific documents. Signing authority may be delegated to specific persons or positions for specific purposes to carry out the financial management of their responsibilities (accountabilities) Financial signing authority is comprised of spending authority, payment authority, commitment authority and budget adjustment authority.	802
STANDING ADVANCE	An accountable advance made to a person in a fixed amount that is required to reimburse expenditures on a continuing basis and reimbursed to a fixed amount each time an accounting for expenditures is made (e.g. a petty cash fund).	817
STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)	See Balance Sheet	307 803
SUBSIDIARY ACCOUNTS	A grouping of individual accounts that in total equal the balance of a control account in the General Ledger (see also Control Account).	102
T		
TANGIBLE CAPITAL ASSETS	See Capital Assets	601
TASK	A single program or process required to accomplish the objectives of an accountability from which a measurable output or service is produced.	913
THIRD PARTY DEMANDS	A legal document requiring payment to be diverted from the original payee to the third party. These are usually issued by governments under their authority to seize money owing to individuals or firms in default. (see also garnishment)	872
TRANSACTION	An agreement between a buyer and a seller for the exchange of goods or services for payment.	103
TRANSFER PAYMENTS	A government payment to an individual, an organization or another government, that is not a loan or investment and for which no goods or services are received in return.	801
TRUST FUND	A fund held by one party (trustee) for the benefit of another.	913-1



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U		
UNENCUMBERED APPROPRIATION	That portion of an allotment/appropriation that has not yet been expended or encumbered. The amount remaining available for expenditure.	301
USEFULL LIFE	The estimated of the number of years over which a tangible capital asset is expected to be used.	601
V		
VALID	Accurate, precise, reliable, authorized and relevant.	102
VALUATION ALLOWANCE	An amount set up to recognize the reduction in value of a recorded financial asset, because it is either partially or totally unrecoverable (e.g. allowance for doubtful accounts, inventory allowance)	911-1
VARIANCE	The difference between budget and actual expenditure or between planned and actual action expressed as a plus or a minus figure in management reports.	002 003 301
VERIFICATION	The procedure by which validity is established and confirmed. (See Valid)	102
VOTE	The broad categories under which the Legislature grants the authority to expend public funds (e.g. Vote 1 - Operations and maintenance; Vote 2 – Capital)	101 301
VOUCHER	A written evidence of a transaction; (e.g., purchase voucher, receipt voucher, journal voucher, etc).	817-2
W		
WRITE-DOWN	The reduction in the recorded cost of an asset when the estimated value of the future economic benefits associated with the asset is less than its net book value.	704
WRITE-OFF (OF DEBT)	Write-off is a procedure for the deletion of debts from the Public Accounts. Write-off does not include forgiveness (i.e. the debt is still owing to the Government).	917
WRITE-OFF (OF MATERIAL)	Write-off is a procedure to remove the cost of material from the Public Accounts that no longer can provide any economic benefit to the Government.	704 704-3 704-4



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Chapter: Using the Manual			
Directive Title: CENTRAL AGENCY RESPONSIBILITIES			

1. POLICY

The control and authority over the receipt and spending of public money shall follow the governmental structure created by the *Nunavut Act* and the provisions of the *Financial Administration Act (FAA)*.

The *Nunavut Act* creates a parliamentary system of government with the Commissioner being the representative of the Government of Canada and the Legislative Assembly being the representatives of the people of Nunavut. The Executive Council is appointed by the Commissioner upon the recommendation of the Legislative Assembly.

The *FAA* creates the Financial Management Board, which is a committee of the Executive Council, and gives it the responsibility for the financial management and administration of the Government.

2. DIRECTIVE

The roles of the entities within the Government that are listed below, with regards to the financial administration of the Government, shall be as set out in this Directive and the provisions of the *FAA* and any other applicable legislation.

Legislative Assembly and its standing committees
Executive Council
Financial Management Board
Minister of Finance
Minister and Deputy Ministers
Office of the Comptroller General

3. PROVISIONS

3.1. Legislative Assembly and Its Standing Committees

The *Nunavut* Act established the Legislative Assembly which consists of members elected to represent an electoral district. Nunavut has been divided into 19 such districts.

The Legislative Assembly establishes overall Government priorities and approves final expenditure plans through the appropriation bills.

The standing committee with oversight responsibility for financial administration has specific oversight responsibilities that include:

- expenditure appropriations proposed in the budget estimates;
- capital project plans, in consultation with affected communities and individual Members of the Legislative Assembly representing those communities;
- the terms and conditions of borrowing, lending and investing funds;
- revenue sources available to the Government;
- the financial implications of existing and proposed Government programs;
- the Government Public Accounts submitted to the Legislative Assembly annually by the Commissioner and the Minister of Finance;
- the Auditor General of Canada's reports to the Legislative Assembly; and
- financial and public accounts matters that are referred to standing committees by the Legislative Assembly or that, in the opinion of a standing committee, require investigation.

3.2. Executive Council

The Executive Council is the senior decision making body of Government. The Council establishes priorities and overall policy direction for the management of program and financial functions.

The Council is made up of members appointed by the Legislative Assembly, is chaired by the Premier and is accountable to the Legislature. The Premier

appoints individual members to be Ministers of their respective Department(s).

The Executive Council is responsible for the day-to-day administration of the government. Individual Ministers are responsible for developing policy for ratification by the Executive Council. They also propose legislation in response to the needs of the public. Individual Ministers are responsible for controlling and administering the funds that have been allocated to their Department through the budget process.

3.3. Minister of Finance

The principal duties and powers of the Minister of Finance are contained in *S. 8 and S.9 of FAA*. These sections give the Minister broad duties and powers concerning the fiscal policy of the Government and the management of the Consolidated Revenue Fund. The Consolidated Revenue Fund is established by the *Nunavut Act* and contains all public money over which the Legislative Assembly has the power of appropriation. *S.28 and S.29 of the FAA* require the Minister of Finance to prepare the Estimates for each fiscal year and to present to the Legislative Assembly an appropriation bill based on the Estimates. The Minister of Finance also has the power to examine any record and require any public officer to provide information and explanations that the Minister requires to perform his duties.

3.4. Office of the Comptroller General

S.12 (1) of the FAA requires the Minister of Finance to appoint a member of the public service to be the Comptroller General. *S.12(2) of the FAA* gives the Comptroller General the responsibility to prepare the Public Accounts each year and to establish the form and contents of the Government's financial records and accounting system. The section also gives the Comptroller General the responsibility to establish and maintain a system of controls over the receipt and spending of public money and the control over public property.

A number of other specific responsibilities are vested with the Comptroller General under the *FAA*, including:

- the accruing of liabilities and provisions for losses;
- the designation of accounting officers;
- the prohibition of disbursements;
- the establishment and use of petty cash funds and imprest bank accounts; and
- accountable advances.

Flowing out of the broad responsibilities contained in the *FAA*, the Office of the Comptroller General is responsible for ensuring that the accounting records are maintained in a accurate and efficient manner and that they produce information that is useful to senior management within departments and that the Public Accounts can be produced. This is accomplished, in part, by developing standard financial procedures that are to be utilized by all departments and by ensuring that proper and effective internal controls are in place and are being utilized.

3.5. Financial Management Board (FMB)

The FMB is a committee of the Executive Council, established under S. 3 of the *FAA*. It has primary responsibility for the financial management and administration of the Government, subject to Executive Council direction. The Board is composed of the Minister of Finance and other members of the Executive Council who are designated by the Executive Council. It is chaired by the Minister of Finance.

The FMB has broad responsibilities over approving resources, overall financial planning and providing direction on financial management to departments and agencies. The *FAA* gives specific responsibility to the FMB in respect to the following:

- accounting and budgeting issues;
- the Public Accounts and the Estimates;
- controlling and recording financial commitments, assets, liabilities, expenditures and revenues;
- evaluating the efficiency, economy and effectiveness of programs;
- reviewing annual and long-term expenditure and revenue plans; and
- any other matter referred to it by the Executive Council.

The FMB provides advice and guidance to departments through the issue of Financial Administrative Manual Directives and delegates some of its powers to public officers who are in the best position to ensure that the responsibilities of the FMB are carried out.

A more complete description of the role of the FMB may be found in Directive 002 in this Financial Administration Manual.

3.6. Ministers and Deputy Ministers

Ministers are responsible for the financial affairs of the department for which they are responsible. This includes preparing business plans and estimates



for their department and ensuring that the expenditures and activities of the department comply with these plans and estimates as well as with the *FAA* and regulations. They are subject to the direction of the FMB and the Minister of Finance with respect to matters within the authority of the FMB and the Minister of Finance.

Ministers delegate the responsibility for the day-to-day operation of their departments to Deputy Ministers. Deputy Ministers are responsible for ensuring that departmental activities and expenditures meet legislative, executive, FMB and departmental requirements for financial planning, control and accountability. This includes ensuring that financial reports are reviewed to determine whether transactions have been recorded properly and activities are proceeding according to operational plans.

Deputy Ministers, in turn, delegate the responsibility for the financial management of the department to Executive Finance Officers (EFO). The EFO is the chief financial resource within the department and they advise and assist all levels within the department on a wide range of financial matters. A detailed description of the duties of EFOs can be found in Directive 004 of this Financial Administrative Manual.