

Chapter 1

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1.1 PURPOSE OF MANUAL

The purposes of this manual are to:

1. explain the government's overall financial processes in broad terms and the reasons for those processes;
2. provide direction to the various departments and agencies of the government such that detailed interdepartmental/agency financial policies and procedures can be developed from a common and consistent base;
3. provide common financial policies that must be adhered to by all government departments and agencies (subject to exclusion by legislation or Management Board Directive).

It is not intended that this manual be considered a "stand-alone" document. It will refer in numerous places to other manuals and documents and must be read in conjunction with these to gain a complete understanding of the government's financial structure, authorities and processes. The manual should, however, give the reader a basic understanding of financial management in the Government of the Yukon and, most importantly, an understanding of the purpose behind a particular financial policy.

1.1.2 Objective of Government Financial Administration Policy

There are three objectives inherent in the establishment of government financial administration policy:

1. Accountability
to ensure that responsibility for every commitment of funds is assigned to a responsible individual, that there is an audit trail of transactions to document that responsibility and ensure accurate reporting of the transaction;
2. Control
to ensure that every financial transaction is for a purpose specified by the legislature, is carried out, in its essential elements, in a manner that is consistent throughout the government and reflects proper financial procedures to ensure that proper authorities authorize and check the various stages of the transaction;
3. Efficiency
to ensure that funds are spent in a manner that maximizes the value received by the government for that expenditure.

1.2 ORGANIZATION AND SCOPE OF MANUAL

1.2.1 General

The manual is organized for easy use with a main chapter heading and table of contents at the front and a detailed table of contents at the beginning of each chapter.

The beginning of each chapter contains a brief policy or objective statement of the function being dealt with followed by a comprehensive outline of the functions involved.

A description of each Chapter will follow.

1.3 AUTHORITY FOR MANUAL

This manual is issued under the authority of the Management Board and Deputy Minister of the Department of Finance pursuant to Sections 4 and 7 of the *Financial Administration Act*, and must be complied with to satisfy the general requirements of the *Financial Administration Act*. Terms used in the manual have the same meaning as do those terms when used in the *Financial Administration Act* and the Management Board Directives.

1.3.1 Distribution

This manual is distributed by the Department of Finance to all departments and agencies of the Government. Additional manuals or sections will be made available on request.

1.3.2 Amendments

Amendments to the manual will be made by the Department of Finance and will be by issue or re-issue of the relevant pages and/or sections. Each amendment will be distributed automatically under cover of consecutively numbered amendments which will provide details of the sections to be removed, new sections to be inserted and any additions or changes to the table of contents.

Readers are reminded that no manual can be a static document and suggestions for changes or improvements are always welcome.

1.3.3 Application

The contents of this manual apply to all departments and agencies of the Government of the Yukon unless the department or agency is excluded by legislation or Management Board Directive issued under the authority of the *Financial Administration Act*.

Departments may also be exempted from specific section(s) on direct application to Management Board. Exempt organizations should model their own policies and procedures, to the extent possible and practical, on those contained in this manual to achieve as much consistency as possible within the government and its agencies.

1.3.4 Judgement

Rules of general application cannot be tailored to meet every situation nor would it be desirable to attempt to do so. Rules as contained in this manual are meant to free individuals to concentrate their attention on situations that require judgement, not to replace judgement.

The policies contained in this manual are an attempt to develop guides that are appropriate and applicable to “normal” situations. There will always be situations that arise which are not “normal” or are not material enough to warrant the application of the manual. The unthinking application of general rules to the exclusion of applying judgement to a situation that requires it will only result in disrespect for the rules and, very likely, subvert their intent and, ultimately, the legislation being dealt with. Judgement is an essential component of management and will have to be exercised on those occasions where the manual is silent as to what to do in a given situation or where following the manual would be inappropriate, either because of the uniqueness of the situation, the relative immateriality of a transaction or otherwise. Innovative and appropriate solutions are required and welcomed in these circumstances.

In general, the approach in such cases should start from the question, “what does the legislature intend should be the result of this transaction?”

Any questions relating to the application of this manual should be addressed to the appropriate branch of the Department of Finance.

1.4 LEGAL FRAMEWORK OF FINANCIAL ADMINISTRATION IN YUKON

Financial Authority and Responsibility

Financial authority and responsibility for the Government of the Yukon is granted in the first instance by the Yukon Act, a federal statute. The actual delegation of financial powers within the government is done under the authority of the *Financial Administration Act* (FAA) as passed by the legislature of the Yukon.

The FAA establishes a committee of the Executive Council called the Management Board that consists of the Executive Council Member responsible for Finance as Chairperson and two other members of the Executive Council appointed by the Commissioner in Executive Council. The FAA grants the Management Board authority, among other things, to establish accounting policies and practices for the government and also makes it responsible for government financial management and control of revenue, disbursements and assets. The Management Board may, for the performance of its powers and duties, issue directives.

The FAA goes on to establish a Department of Finance and outline the responsibilities of the Executive Council Member responsible for Finance who, under the direction of the Commissioner in Executive Council, is responsible for the management and administration of the Consolidated Revenue Fund, the supervision of the revenues and expenditures of the government and all matters relating to the fiscal policy of the government. Each member of the Executive Council, in turn, is made responsible for the management of the financial affairs of their department under the general direction of the Executive Council Member responsible for Finance and the Management Board.

The Deputy Head of the Department of Finance, under the direction of the Executive Council Member, is responsible for the day-to-day administration of the Department of Finance and its activities including the collection, recording and disposition of government funds, establishment and evaluation of accounting procedures, maintenance of government accounts and preparation of any financial statements and reports required by the Executive Council Member.

Readers are referred to the FAA and the Management Board Directives if they wish to gain a more complete understanding of the powers that reside in various boards and positions and the legislated financial reporting requirements of the government.