

Section:	Administration	Approval Date: April 1, 2025
Policy:	FINANCIAL VARIANCES	Effective Date: April 1, 2025
Policy N ^o	E-32	Pages: 1 of 2
		Revision Date:
		Board Review Date: Jan.16, 2026

POLICY

Montage Support Services is committed to maintaining rigorous financial oversight and accountability. We recognize that managing financial variances is critical to the sustainability and success of the organization. As part of our commitment to sound financial management, we take a proactive approach to identifying and addressing significant financial variances.

Purpose:

This policy ensures that quarterly financial variances greater than \$25,000 and 10% of budgeted amounts are reviewed and communicated to relevant stakeholders. By doing so, we seek to identify the root causes of variances and take appropriate corrective action to improve operational efficiency and financial forecasting.

Procedure:

1. Identification of Financial Variances:

Financial variances greater than \$25,000 and 10% of the budgeted amounts are identified on a quarterly basis by the Finance Team. The variances will be categorized as either operational shortfalls or discrepancies caused by conservative/aggressive budget estimations.

2. Communication of Variances:

Identified variances will be reported to the Finance Committee (FC) and the Senior Management Team (SMT) for review and discussion. The Finance Team will assess the variances and the potential causes.

3. Review and Discussion:

If the variance is due to conservative or aggressive budget estimations:

- The Finance Committee (FC) will review the facts and acknowledge the reasons behind the variance.

- Amendments will be made to future financial forecasts as needed to reflect more accurate estimations.

If the variance is due to operational shortfall:

- The Senior Management Team (SMT) will conduct a thorough investigation to identify the root causes of shortfall.
- Immediate actions will be taken to address the issues, with clear timelines and responsibilities for resolution.

4. Financial Controls:

Financial controls at Montage Support Services are an ongoing process. All financial operations will continue to be monitored throughout the year. A risk management framework will be applied to ensure that financial variances are promptly addressed and mitigated.

5. Financial Variance Analysis:

To ensure comprehensive oversight and alignment with the Finance Committee's expectations, financial reporting shall include analysis of variances against both the approved budget and the prior year's actual results. Management is responsible for identifying, explaining, and addressing significant year-over-year fluctuations to ensure transparency and informed decision-making.

6. Review:

This policy will be reviewed and updated as required, to ensure its relevance and effectiveness. The review will consider feedback from the Finance Committee, Senior Management Team, and other stakeholders. Any necessary adjustments to the policy or procedures will be made at that time.