

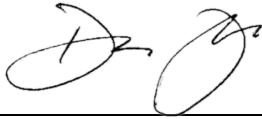
FINANCE POLICY AUTHORIZATION

Effective Date: Nov 28, 2022

Approved by motion at duly convened Council Meeting on November 28, 2022

FINANCE PROCEDURES AUTHORIZATION

Effective Date: November 28, 2022

A handwritten signature in black ink, consisting of a stylized 'D' followed by a flourish.

November 28, 2022

Chief Signature

Date

Tsartlip First Nation

Finance Policy and Procedures



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2. DEFINITIONS

“Arrears”	unpaid, overdue debt, or an unfulfilled obligation
“Assets”	anything of value owned by the First Nation
“Asset Recognition Criteria”	criteria to be used to set the threshold for determining whether a capital asset must be included in the capital asset register
“Assign”	transfer of duties or functions from one person to another where the former person (the assignor) retains responsibility for ensuring the activities are carried out
“Authorization and Delegation Table”	a table approved by Council specifying the delegation and assignment authorities over decisions or activities related to the First Nation’s financial administration
“Budget”	a plan or outline of expected funds and spending over a specified period
“Capital Assets”	tangible capital assets (physical assets) such as buildings, land, and major equipment
“Capital Plan”	a consolidated plan or outline of expected funds and spending of all capital projects to be undertaken in a fiscal year
“Capital Project”	the construction, rehabilitation or replacement of the First Nation’s capital assets and any other major capital projects in which the First Nation or its related entities are investors
“Capital Project Plan”	a project management plan to carry out a capital project that includes the budget
“Cash”	money, cheques, money orders, and equivalent forms of currency
“Cash Reserves”	funds that a company keeps on-hand to meet short-term and emergency funding needs
“Classification”	process of categorizing records in an organized way
“Chairperson”	head of a meeting, department, committee, or board. The vice-chairperson acts as the head when the chairperson is not there
“Chief Administrative Officer”	person who is responsible for leading the day-to-day administration or management of the First Nation and who reports directly to Council

“Code of Conduct Declaration”	statement that Council, committee members, employees, and contractors must sign on an annual basis that states they understand and agree to the First Nation government’s code of conduct
“Committee”	group of people appointed by Council for advising Council or conducting decision-making activities assigned by Council until or unless they are suspended or disbanded by Council
“Conflict of Interest”	situation of personal gain at the expense of others
“Contract”	legally binding agreement between two parties
“Control”	policy, procedure, or process put in place to manage a First Nation government’s administration
“Corrective Actions”	steps taken to deal with job-related behavior that does not meet agreed upon and communicated performance expectations
“Cost”	amount of funds to be paid or spent to obtain something
“Council”	elected or appointed official representatives of the First Nation that includes Chief, Councillors and the equivalent terminology used by the First Nation
“Debt”	something that is owed or due
“Deficit”	shortage that occurs when an organization spends more funds than it has on-hand over a period
“Delegation”	transfer of specific responsibilities from one person to another
“Director of Capital Projects”	person responsible for the day-to-day management of the First Nation’s capital projects
“Director of Finance”	person responsible for the day-to-day management of the First Nation’s finances
“Direct Supervisor”	employee responsible for managing and overseeing the work and development of other staff
“Eligibility Criteria”	requirements set by Council which must be met by an individual to be considered independent and eligible to be appointed to the Finance and Audit Committee
“Engagement Letter”	written document prepared by the auditor that serves as a contract to confirm the audit arrangements between the auditor and the First Nation government;

	it is required by Canadian Generally Accepted Auditing Standards
“Entity”	corporation, partnership, joint venture or unincorporated association or organization whose financial transactions are consolidated in the First Nation government’s financial statements in accordance with GAAP
“Expenditure”	amount of funds spent by the First Nation government to buy goods or services
“Expenses”	amount of funds spent on transportation, accommodation, meals, hospitality or incidentals, to be paid back (reimbursed)
“Financial Competency”	ability to read and understand the First Nation government’s financial statements
“Financial Reporting Risk”	possibility of a significant error in financial information often caused by weak internal controls or fraud
“Financial Statement”	formal record of all funding and property of the First Nation within a specific period
“Fiscal Year”	twelve-month period used for tax or accounting purposes
“Fraud”	wrongful or criminal act that involves lying or holding back information; this is usually done for personal or financial gain
“GAAP”	Canadian Generally Accepted Accounting Principles, the framework of accounting guidelines, rules and procedures
“HR Records”	records that contain information on an individual’s hiring, job duties, compensation, performance, and general employment history
“Indemnity”	security or protection against a loss or other financial commitment
“Independence”	eligibility criteria for finance and audit committee membership defined as an individual who does not have a direct or indirect relationship with the First Nation government that could, in the opinion of Council, reasonably interfere with the individual’s judgment as a member of the finance and audit committee

	an individual with a role in the financial management of the First Nation involving planning, organizing, directing or controlling of its financial activities – including budgeting, financial accounting, financial reporting, procurement and use of funds, does not meet the minimum independence requirements for finance and audit committee membership
“Information”	knowledge received and any documented material regardless of source or format
“Information Security”	way a First Nation government protects information from unauthorized access, use, modification, or destruction
“Integrated Planning and Budgeting”	annual process of planning and budgeting activities across every level of the First Nation government that are linked, coordinated, and driven by the First Nation’s vision and strategic objectives
“Internal Assessment”	review of an activity/process by an independent First Nation staff member (i.e. an individual not responsible for or involved in the activity) to determine the effectiveness of that specific activity or process
“Investment”	an asset or item bought with the hope that it will gain value or provide income in the future
“Life-Cycle Plan”	plan of the First Nation’s assets in terms of costs to buy, operate, upkeep and get rid of over a specified period
“Loan Guarantee”	promise to pay all or a part of the principal and/or interest on a debt obligation in the event of default by the borrower
“Local Revenues”	term used to describe property taxes under the <i>First Nations Fiscal Management Act</i>
“Materiality”	financial amount that the First Nation government considers significant, typically large amounts; the materiality threshold is the minimum financial amount that a First Nation government considers significant
“Misconduct or Wrongdoing”	breach of the First Nation’s Financial Administration Law including conflict of interest provisions, code of conduct, Council-approved policies and administrative procedures
“Officer”	Chief Administrative Officer, Director of Finance, Tax Administrator or any other employee of the First

	Nation government designated by the Council as an Officer
“Organizational Chart”	visual representation of the different positions in a First Nation government that clearly shows reporting relationships (who reports to who)
“Performance Improvement Plan”	plan developed by an employee’s direct supervisor, in consultation with the employee, to address the areas for improvement/development identified during the performance review process
“Personal Information”	information about a specific individual. In addition to common items such as an individual’s name, gender, physical characteristics, address, contact information, identification and file numbers - it also includes criminal, medical, financial, family and educational history as well as evaluative information and other details of an individual’s life
“Privacy Protection”	rules a First Nation government puts in place to collect, create, use, share/disclose, retain, protect and dispose of the Personal Information that it needs for its administration
“Projection”	estimates for a future situation based on all the information available now
“Purchase Order”	document stating the wish of a buyer to purchase something from a seller that shows the exact details of the items the buyer wishes to buy
“Purchasing”	buying an asset or item. Also referred as “procurement” per the First Nations Financial Management Board Standards
“Record”	information created, received, and maintained by the First Nation government for operational purposes or legal obligations. A record may be electronic, or hardcopy paper based
“Recordkeeping”	how an organization creates, obtains, and manages records
“Rehabilitation”	asset alteration, extension and renovation but does not include routine maintenance
“Remuneration”	salaries, wages, commissions, bonuses, fees, honoraria and dividends and any other monetary and non-monetary benefits

“Replacement”	substitution, in whole or in part, with another of the First Nation government’s capital assets
“Requisition”	purchase order used by the First Nation government when recording expenditures
“RFP”	Request for Proposal, competitive process followed by the First Nation government to enter into a major service contract. RFPs lay out the First Nation government’s needs and conditions and leave it up to the potential contractors to present a proposal that shows their experience, skills and ability to carry out the contract within time and cost specifications
“Risk”	possibility of a loss or other negative event that could threaten the achievement of a First Nation government’s goals and objectives
“Sole Source”	contract entered into by the First Nation government without a competitive process to purchase goods and/or services
“Special Committee”	committee formed for a specific purpose and is dissolved when that purpose has been achieved
“Special Purpose Report”	financial report on a specific activity required by an agreement or a law
“Standing Committee”	committee that has an ongoing purpose
“Tax Administrator”	person responsible for managing the local revenues and local revenue account on a day-to-day basis, if the First Nation government is collecting local revenues
“Terms of Reference”	outline of the purpose and structure of a project, committee, meeting, or negotiation
“Travel Status”	pre-approved travel on official First Nation government business by an individual’s direct supervisor; Travel Status begins from the individual’s place of work (e.g. the First Nation government office) to the approved destination and ends once they return to their place of work
“Useful Life”	estimate of how long a capital asset is expected to be used by the First Nation government; the life of a capital asset may extend beyond the Useful Life and the life of a capital asset, other than land, is fixed (limited)

“Value for Money”

best combination of price, quality, and benefits of a product or service

“Virtual Private Network”

VPN is a way to use public telecommunication infrastructure, such as the internet, to provide remote offices or individual users with secure access to the First Nation government’s virtual network

3. ANNUAL PLANNING AND BUDGETING

POLICY

Policy Statement

It is Council's policy to establish a process for establishing the First Nation's short and long-term priorities and goals and linking them to operations and spending.

Purpose

The purpose of this policy is to make sure that a comprehensive planning process is established to support the on-going decision making of the First Nation. This is to make sure that the First Nation has enough resources to deliver quality services to members at a reasonable cost and support it in achieving its goals.

Scope

This policy applies to Council, the Finance and Audit Committee, Officers, and employees of the First Nation involved in the planning and budgeting process.

Responsibilities

Council is responsible for:

- reviewing and approving the annual consolidated budget and ensuring that it was prepared in accordance with the First Nation's Financial Administration Law and other applicable First Nation laws, and provides for required programs and services
- reviewing and approving any circumstances that are expected to create a budget deficit including consideration of any recommendations from the Finance and Audit Committee on plans to eliminate the budget deficit in a future period
- reviewing and approving other planning documents including but not limited to a strategic plan, capital plan, and a multi-year financial plan
- reviewing and approving the annual materiality threshold for budget amendments, per the approved amounts in the Authorization and Delegation Table.
- reviewing and approving any amendments to the annual budget or other planning documents greater than the approved annual materiality threshold for budget amendments
- ensuring that a process is in place to address membership priorities in the strategic plan and other planning documents as appropriate
- ensuring that the membership of the First Nation is informed about or involved in the preparation of the annual budget, multi-year financial plan, projected budget deficits or projected emergency expenditures as set out in the First Nation's Financial Administration Law
- establishing general budget policies such as requirements for a balanced budget and use of cash reserves

The Finance and Audit Committee is responsible for:

- reviewing the draft annual budget and multi-year financial plan and recommending them to Council for approval
- providing recommendations to Council respecting plans to eliminate budget deficits in a future year
- reviewing draft amendments of the annual budget and recommending them to Council for approval
- reviewing information within the capital plan, such as schedules and proposed budget for rehabilitation or replacement of capital assets and plans for new construction of capital assets

The Chief Administrative Officer is responsible for:

- creating a planning and budgeting calendar and making sure deadlines are met – subject to the First Nation's Financial Administration Law
- making sure that the annual planning and budget calendar is met by arranging necessary budgeting planning meetings with Council and employees
- reviewing draft budgets and budget amendments in consultation with the Finance and Audit Committee
- reviewing other draft planning documents in consultation with the Finance and Audit Committee
- communicating the approved budget to employees
- conducting regular financial monitoring to compare actual income and expenditures to those budgeted
- maintaining a current register of all First Nation's capital assets and arranging for annual inspections

The Director of Finance is responsible for:

- establishing the format for draft budgets
- participating in budget planning sessions with Council, the Finance and Audit Committee, Chief Administrative Officer and other key stakeholders
- collaborating with the appropriate employees in setting draft expenditures for their respective department
- preparing the draft budget or consolidating and evaluating draft budgets from departments for accuracy, reasonableness, applicable guidelines, and anticipated resources in accordance with the Financial Administration Law
- developing revenue projections based on reviews of fiscal transfer agreements and collaboration with other Officers on own source revenues projections
- recommending the annual materiality threshold for budget amendments to the Finance and Audit Committee, for recommendation to Council for approval
- preparing and communicating to the Finance and Audit Committee budget amendments that meet the Council approved materiality threshold, for recommendation to Council for approval
- presenting draft annual budgets to the Chief Administrative Officer and to the Finance and Audit Committee on an annual basis

- implementing financial monitoring, including preparing and analyzing budgeted versus actual revenue and expenditure reports for the Finance and Audit Committee use and overseeing any Council approved budget amendments after the annual budget is approved
- making projections and preparing budgets for capital assets, within the capital plan
- any other responsibilities as outlined in the Financial Administration Law

ADMINISTRATIVE PROCEDURES

Procedures

3.1 Annual Integrated Planning and Budgeting Process

An annual planning session will be held within the timeframe set out in the annual planning and budget calendar. The planning session will generally include:

- Council, Finance and Audit Committee members, Chief Administrative Officer, Director of Finance, and other appropriate employees
- development or communication of operational goals and objectives based on priorities established by Council
- presentation of budgeting calendar
- development or update of key budget assumptions, constraints, and cost drivers for current year and the multi-year plan
- development or update of a multi-year capital plan to ensure the effective management of capital assets which identifies and prioritizes expected needs, costs, and expected sources of financing
- development or update of strategic plan, goals and objectives

The First Nation's integrated planning and budgeting process must link and provide the relationships between related aspects of the strategic plan, multi-year financial plans, capital plans, life-cycle management program plans and annual budgets. The strategic priorities and goals identified in the strategic plan must be reflected in all aspects of the planning documents to operational levels, such as departmental work plans. Documentation of the First Nation's integrated planning should be evident at all participating levels including program managers, senior managers, Chief Administrative Officer, Director of Finance, Finance and Audit Committee and Council review process. The integrated planning process can include the following items:

- integrated planning and budget calendar,
- departmental work plans,
- process documentation,
- regular reporting on integrated planning process,
- meeting minutes or notes of review

The Finance and Audit Committee will review the appropriate planning documents to ensure integration of all relationship aspects are considered in the process and provide a recommendation to Council.

The Chief Administrative Officer will coordinate and ensure regular reporting on integrated planning takes place and is documented.

These planning documents should inform or involve membership in accordance with the First Nation's communication procedures.

The First Nation must develop communication procedures that will ensure members of the First Nation are kept informed. If a public notice must be posted under the Financial Administration Law requirements, the public notice must be properly posted in a conspicuous and accessible place for public viewing. If a public notice of a meeting is required under the Financial Administration Law, the notice must be posted at least 15 days before the date of the meeting.

Special general band membership meetings (GBMs) must be held for capital projects requiring membership approval. Members may be kept informed of general matters at quarterly general band membership meetings (GBMs). Other forms of communication procedures may include the following:

- Quarterly GBMs
- Newsletters
- First Nation Website
- Mail out, sent via Canada Post
- Facebook
- E-mail

3.2 Budget

Based on the annual integrated planning session, the initial operating budget estimates will be prepared and the multi-year capital plan estimates will be prepared or updated accordingly.

Capital plan estimates should include all capital improvement projects (purchase, construction, or renovation of physical facilities) and all capital equipment expenditures.

Any projected deficit must be accompanied by a report, and in accordance with the First Nation's Financial Administration Law, that outlines the contributing factors and circumstances and the plan by which it will be eliminated in a future year.

The draft budget will be presented for discussion at a Finance and Audit Committee meeting.

Where a projected deficit exists, the Finance and Audit Committee will provide recommendations to Council on plans to eliminate the budget deficit in a future year.

The draft budget timeline must meet the requirements of the First Nation's Financial Administration Law which is the following:

- On or before January 31st of each year, the Director of Finance must prepare and submit to the Finance and Audit Committee for review a draft annual budget for the next fiscal year.
- On or before February 15th of each year, the Finance and Audit Committee must review the draft annual budget prepared by the Director of Finance and recommend an annual budget to Council for Approval.

The final draft budget recommended for approval to Council by the Finance and Audit Committee will be approved by Council no later than March 31st of the fiscal year preceding the next fiscal year of April 1st to March 31st.

The draft budget must meet the requirements of the First Nation's Financial Administration Law and the integrated planning process must comply with the schedule for planning activities set out in that Law.

3.3 Strategic Plan

Based on the annual integrated planning session, a strategic plan will be prepared that will include:

- development of a community vision that provides the guiding principle of the plan
- development of a community priorities list (e.g. housing, education, etc.)
- setting a realistic timeframe to implement the plan
- identifying the requirements to implement the plan (i.e. using legislative tools of governance and public finance to support activities or the need to acquire additions to reserve, or invest in new businesses to generate additional revenues etc.)
- determining how the implementation of the plan will be resourced

The plan should include community input on the vision and priorities in accordance with the First Nation's communication procedures, as noted in the Annual Planning and Budgeting process section of this policy.

The plan will include a long-term vision for the First Nation and be used to guide financial and community decision-making.

The strategic plan will be reviewed on a periodic basis and updated as necessary.

3.4 Multi-Year Financial Plan

Based on the annual integrated planning session, a multi-year financial plan that has a planning period of five years (the current fiscal year and the next four fiscal years) will be prepared that will also include the following:

- revenue projections by major revenue type that demonstrate trends in existing revenue streams
- expenditure projections that set out separate amounts for payments, including payments of principal and interest on debt, payments required for capital projects and the life-cycle management program as defined in the Financial Administration Law, payments required to address any deficits and payments for all other purposes
- projected transfers between accounts,
- projected deficits or surpluses

The draft multi-year financial plan will be presented for discussion at a Finance and Audit Committee meeting. The Committee may accept the plan as presented or request amendments, within the context of the operating objectives and the strategic plan.

The final multi-year financial plan recommended for approval to Council by the Finance and Audit Committee will be adopted as a formal planning document no later than March 31st of each fiscal year.

3.5 Plan and Budget Amendments

Amendments to budgets are limited to situations of material changes to the projected revenues or expenditures of the First Nation or to the expenditure priorities of Council. Materiality is approved by Council each year as indicated in the Authorization and Delegation Table.

Budget amendments above the approved annual materiality threshold will be brought to the Finance and Audit Committee for review and recommendation to Council.

The amendment budget timeline for local revenue must meet the requirements of the First Nation's Financial Administration Law which is the following:

- On or before June 15 of each year the Director of Finance must prepare and submit to the Finance and Audit Committee for review a draft amendment of the component of the annual budget respecting the First Nation's local revenue account.
- On or before June 30 of each year, the Finance and Audit Committee must review the draft amendment of the component of the annual budget respecting the First Nation's local revenue account.
- No later than July 15 of each year, the Council must approve the amendment of the component of the annual budget respecting the First Nation's local revenue account.

References and Related Authorities

FMB's Financial Management System Standards

- Standard 15.0 – Integrated Process
- Standard 17.0 – Financial Plan
- Standard 18.0 – Budgets
- Standard 25 – Tangible Capital Assets

FMB's Financial Administration Law Standards

- Standard 15.0 – Multi-year Financial Plan
- Standard 16.0 – Budgets

4. FINANCIAL AND OPERATIONAL REPORTING

POLICY

Policy Statement

It is Council's policy to establish financial and operational processes that promote transparency and accountability and to communicate to members the First Nation government's progress towards achieving its goals.

Purpose

The purpose of this policy is to establish financial and operational reporting requirements and practices to provide timely, accurate and relevant financial and operational information to decision-makers. This will support the First Nation in assessing progress toward achieving its goals.

Scope

This policy applies to all financial operations and activities of the First Nation including those operations that the First Nation controls. The persons affected by this policy include Council, Finance and Audit Committee, Officers and employees of the First Nation.

Responsibilities

Council is responsible for:

- reviewing the financial statements and reports and the Finance and Audit Committee's corresponding recommendations
- approving (quarterly and annually) the financial reports list, the financial statements and reports
- approving the annual audited financial statements and annual Special Purpose Reports within 120 days of fiscal year end
- determining the preferred level of auditor involvement for the report to be issued by the auditors on the special purpose reports referred to in the Financial Administration Law
- documenting procedures for identification of risks
- reviewing financial reporting risks and fraud risks reported by the Finance and Audit Committee and approving the implementation of internal controls to mitigate risks
- approving and publishing an annual report within the earlier of 180 days after the fiscal year end or the timeline specified in the Financial Administration Law, that details the progress towards the financial and operational goals of the First Nation over the course of the fiscal year.

The Finance and Audit Committee is responsible for:

- determining the financial reports list contents and frequency of reporting it requires from the First Nation
- reviewing the financial reports list quarterly and annually, the quarterly and annual financial statements and reports and the Chief Administrative Officer's corresponding recommendations and making appropriate recommendations to Council
- reviewing financial reporting risks and fraud risks reported by the Chief Administrative Officer and making recommendations to Council

The Chief Administrative Officer is responsible for:

- identifying, assessing, monitoring and reporting on financial reporting risks to the Finance and Audit Committee
- monitoring and reporting on the effectiveness of mitigating controls for the financial reporting risks and fraud risks taking into consideration the cost of implementing these controls
- ensuring that financial reporting risk assessment and management practices have been performed in relation to quarterly and annual financial statements
- periodically reviewing these policies in consultation with the Director of Finance and other staff as appropriate and recommending any updates to the Finance and Audit Committee
- Annually, as part of the evaluation process, the Chief Administrative Officer will make sure that the persons engaged in the financial management system:
 - have the necessary knowledge, skills and competence to perform the services for which they have been engaged
 - confirm in writing that they understand their responsibilities

The Director of Finance is responsible for

- preparing and updating the financial reports list
- preparing the financial statements and reports in accordance with Canadian GAAP and this policy and procedure
- reviewing the financial statements and reports and making appropriate recommendations to the Finance and Audit Committee
- developing a "financial closing and reporting process checklist" for use at the end of each fiscal year, which will include procedures to mitigate financial reporting risk
- assessing and managing financial reporting risk and reporting risks to the Chief Administrative Officer
- developing and recommending procedures for identifying and mitigating financial reporting risks and fraud risks and ensuring approved procedures are followed
- providing all requested information related to the preparation of financial statements and reports and the assessment and management of Financial Reporting Risk
- [if the First Nation has a loan from the First Nations Finance Authority (FNFA) that is secured by other revenues: maintaining a complete set of all records respecting other revenues of the First Nation, including all records referred to in section 5 of the Local Revenue Management Implementation Regulation as amended by the Financing Secured by Other Revenues Regulations]

ADMINISTRATIVE PROCEDURES

Procedures

4.1 Financial Reports List

Council and the Finance and Audit Committee, with the assistance of the Director of Finance, is responsible for preparing a list of all financial statements and reports that are to be prepared on a regular basis.

The financial reports list must include the required monthly financial information, as well as quarterly and annual financial statements.

Monthly financial reports prepared by the Director of Finance will be tailored to the needs of the First Nation for monitoring purposes in the form and content recommended by the Finance and Audit Committee and approved by Council. The monthly financial reports will be provided to [one or more of Council, the Finance and Audit Committee or the Chief Administrative Officer], as written in the Financial Administration Law.

If the First Nation has borrowed funds from the FNFA secured by other revenues, these other revenues must be accounted for and reported on separately.

For each report or financial statement listed, the following information must also be identified:

- a brief description or contents of the report
- the person responsible for its preparation
- when it is to be made available and its frequency
- the report's distribution list

The Director of Finance will review and update the financial reports list quarterly and annually and submit the list to the Finance and Audit Committee quarterly and annually for their review and recommendation.

Council will review and approve the financial reports list quarterly and annually.

4.2 Financial Statement Preparation

The Director of Finance will prepare monthly information on the financial affairs of the First Nation and its quarterly and annual financial statements. Other financial reports that are listed in the approved financial reports list will be prepared by the Director of Finance.

Quarterly financial statements will be provided to the Finance and Audit Committee and Council no later than 45 days following the end of the quarter for which they were prepared.

The quarterly financial statements will be considered and recommended to Council by the Finance and Audit Committee no later than 45 days following quarter end and considered and approved by Council no later than 60 days following quarter end.

Each quarterly financial statement will include the following for the First Nation:

- a statement of revenue and expenditures containing a comparison to the approved annual budget
- a statement of financial position
- [financial information for the local revenue account as required by the Financial Administration Law [and the Local Revenue Policy]
- [if the First Nation has borrowed funds from the First Nations Finance Authority secured by other revenues: Financial information on these other revenues]
- any other information requested by the Finance and Audit Committee or Council

Each annual financial statement will include the following for the First Nation:

- the financial information and disclosures for the First Nation for the fiscal year prepared in accordance with Canadian GAAP
- a special purpose report setting out all payments made to honour guarantees and indemnities
- a special purpose report setting out the information required in the Financial Administration Law (Reporting of Remuneration and Expenses)
- a special purpose report setting out all debts or obligations forgiven by the First Nation
- any other report required under the Act or an agreement

Annual financial statements will be prepared according to a standard “financial closing and reporting process checklist”.

Annual financial statements will be presented to the Finance and Audit Committee no later than [90] days following the end of the fiscal year for which they were prepared.

The Finance and Audit Committee will review the annual financial statements, the accompanying information and the Director of Finance’s comment(s) and recommendation(s). Subsequently, the Finance and Audit Committee will forward the financial statements, accompanying information, and its comment(s) and recommendation(s) to Council no later than [120] days following the end of the fiscal year for which they were prepared.

Council will review the annual financial statements (other than those prepared for local revenues), the accompanying information, and the recommendation(s) of the Finance and Audit Committee and the Chief Administrative Officer and approve no later than 120 days after the fiscal year end.

If the financial statements are not approved by Council, a documented rationale will be communicated to the relevant Officer(s) for corrective action. The financial statements will be re-submitted for approval within the timeframe stated by Council.

A “financial reporting record” file will be created for each annual financial statement. The financial statement record file will at a minimum contain the:

- financial statements presented to Council for approval
- record of, or reference to Council’s decision to approve or not approve the financial statements, the Finance and Audit Committee’s recommendation(s), and the Director of Finance’s recommendation(s)

The financial reporting record file will be classified as confidential and secure, and maintained according to the Record Information Management policy.

4.3 Financial Reporting Risks

Annually, as part of the evaluation process, the Chief Administrative Officer will make sure that the persons engaged in the financial management system:

- have the necessary knowledge, skills and competence to perform the services for which they have been engaged
- confirm in writing that they understand their responsibilities

The Director of Finance will develop a “financial closing and reporting process checklist” for use at the end of each fiscal year, which will include procedures to mitigate financial reporting risk. The financial closing process checklist will include the following minimum procedures:

- reconciliation / analysis of all statement of financial position accounts with approval by the Director of Finance; in those instances, where the Director of Finance prepared the reconciliation or analysis, then the Chief Administrative Officer will be required to approve the reconciliation or analysis (or alternatively a member of the Finance and Audit Committee)
- review of trade, loan and other receivable balances to identify late payments; late payments followed up on and have been reviewed for collectability and any necessary adjustment to the allowance for doubtful accounts has been prepared
- reconciliation of general ledger balances with sub-ledger balances (e.g. trade accounts receivable, trade accounts payable, contribution receivable, etc.)
- search for unrecorded liabilities and preparation of accrual journal entries, including:
 - reconciliation of supplier statements
 - review of unmatched receiving information
 - review of unmatched purchase orders
 - review of numerical continuity of purchase orders
 - review of current contracts for supplies or services, including follow-up with supplier when necessary
 - department/program inquiries for any invoices, expense reports, commitments or any other knowledge of liabilities incurred at reporting date
- reconciliation of payroll expense to the payroll register and bank account balance
- preparation of non-recurring journal entries with supporting documentation
- review of recurring journal entries for preparation, approval, and recording by the Director of Finance
- review of financial statements for accuracy, additions, and cross-references and for agreement with the general ledger
- presentation of financial statements has been reviewed; necessary disclosures and reclassification entries have been prepared and have been approved by the Director of Finance
- provision of draft departmental financial statements to respective departments for review, comment and budgetary variance explanations

- the Director of Finance is satisfied that the financial statements are accurate and presented in accordance with Canadian GAAP

Changes to the accounting software (i.e. new system or major changes to the current system set-up) require authorization from the Director of Finance and consultation and communication with the Finance and Audit Committee and Council. Changes such as the addition/deletion/modification of general ledger accounts, customer/member accounts, or vendor accounts require approval from the Director of Finance.

4.4 Fiscal Year

The fiscal year for the First Nation will be the period beginning on April 1 and ending on March 31 of the following year.

4.5 Annual Report

The Council must prepare and publish an annual report within the earlier of 180 days after the fiscal year end, or the timeline specified in the Financial Administration Law, that details the progress towards the financial and operational goals of the First Nation over the course of the fiscal year.

The annual report will contain, at a minimum, the following:

- a description of the services provided by the First Nation and its operations
- a progress report on any established objectives and performance measures of the First Nation
- reference to the audited annual financial statements for the previous fiscal year
- reference to any special purpose reports

The annual report will be made available to all members of the First Nation as required by the Financial Administration Law, and provided to all Council members, the First Nations Finance Authority, and other organizations as required no later than 180 days after the fiscal year end.

The Council must make sure that a remedy process is available to First Nation members who have requested but have not been provided with the annual report of the First Nation within the required timeframe. The remedy process should, at a minimum, define the following:

- the First Nation member who made the request's contact information,
- response time of no later than [5 days],
- report on requests,
- solutions to rectify delayed requests and accessibility of information.

References and Related Authorities

FMB's Financial Management System Standards

- Standard 14.0 – Fiscal Year
- Standard 20 – Risk Management
- Standard 21.0 – Financial Reporting

- Standard 23.0 – Annual Reports

FMB's Financial Administration Law Standards

- Standard 20.0 – Financial Reporting
- Standard 23.0 – Annual Report

5. FINANCIAL INSTITUTION ACCOUNT AND CASH MANAGEMENT

POLICY

Policy Statement

It is Council's policy to establish effective and efficient controls for all banking activities and financial service agreements with financial institutions.

Purpose

The purpose of this policy is to specify authorities and responsibilities over banking activities including signing and approval authorities, opening and closing of accounts, and processing transactions. Having control over access to, and the management of, the First Nation's bank accounts limits the chance of loss of funds.

Scope

This policy applies to Council, the Finance and Audit Committee, Officers, and employees assigned financial institution account responsibilities.

Responsibilities

Council is responsible for:

- approving the addition or the removal of authorized signatories for each financial institution account used by the First Nation
- approving and coordinating the opening, maintenance and closing of bank accounts
- designating the financial institutions that the First Nation may conduct banking activities with
- approving the establishment of an operating line of credit or overdraft account
- approving the transfer of funds between financial institution accounts

The Finance and Audit Committee is responsible for

- ensuring significant irregularities or unusual reconciling items are investigated

The Director of Finance is responsible for:

- representing the First Nation in dealing with financial institutions
- maintaining a list of individuals with authorized signing authorities for each financial institution account
- assigning banking duties and ensuring that adequate segregation of duties is maintained
- making sure physical safeguards are implemented over any handling of cash and blank cheques
- making sure all funds received by the First Nation is deposited as soon as practicable into the appropriate accounts

- approving and doing an independent review of monthly bank reconciliations for each financial institution account
- making sure that a reconciliation is performed each month for every financial institution account
- documenting and alerting the Finance and Audit Committee of any irregularities in the reconciliation process
- monitoring and projecting the First Nation's cash position
- managing the First Nation's short-term liquidity and working capital including credit line facilities

The employees assigned banking duties by the Director of Finance are responsible for:

- receiving cheques and cash
- preparing cheques and cash for deposit to the appropriate financial institution account
- reconciling petty cash accounts on a regular basis, if applicable
- recording revenue deposited in the accounting system
- making sure all anticipated recurring deposits have been received

The employee designated by the Director of Finance to prepare financial institution account reconciliations is responsible for:

- preparing a reconciliation for each of the financial institution bank accounts
- ensuring that supporting documentation and records are retained for each reconciliation
- alerting the Director of Finance of any irregularities

ADMINISTRATIVE PROCEDURES

Procedures

5.1 Financial Institution Account Management

No account may be opened for the receipt and deposit of funds for the First Nation unless the account is:

- in the name of the First Nation;
- opened in a financial institution and
- *authorized by Council*

The First Nation must establish the following accounts in a financial institution:

- (a) general account for funds from any sources other than those described in (b) to (d)
- (b) a local revenue account for funding from local revenues, if applicable
- (c) a trust account if the First Nation has funds held in trust, if applicable, and
- (d) a tangible assets reserve account for funds set aside for tangible capital asset replacement

The First Nation may establish any other accounts not referred to above as may be necessary and appropriate to manage the First Nations financial assets.

All interest earned on a trust account, local revenue account and tangible capital assets reserve account must be retained in their respective accounts.

The Director of Finance maintains correspondence and official documents relating to the opening, maintenance, and closing of all financial institution accounts.

The Director of Finance will develop a clear description of the purpose of each financial institution account and provide it to all employees who are responsible for depositing funds or reconciling the accounts.

The list of individuals with authorized signing authorities for each financial institution account will be maintained by the Director of Finance. All changes to signing authorities must be approved by Council.

Online financial institution access will be permitted and controlled as follows:

- the employee performing account reconciliations will be granted read-only access to the account they have been assigned to reconcile
- only employees with delegated signing authority by Council will be provided with online banking access to perform on-line banking transactions
- transaction completion activities, such as electronic funds transfers, will be controlled in a similar manner as cheques. E.g.: if two members of Council are authorized signatories on the financial institute account, two members of Council must sign the electronic fund transfer. Once approved by the authorized signatories on the account, two employees will also be required to approve each electronic transaction; each employee will have a separate login and individual password

5.2 Cash Receipts

The person recording cash receipts in the general ledger will not be the same individual making the deposit at the financial institution or the individual performing the bank reconciliation.

Cheques received by direct mail, or in person, will be recorded in a duplicate receipt log that is pre-numbered and endorsed (stamped) as “for deposit only” by a designated person. The log will include the date, source, amount, reason for payment, general ledger account code and financial institution account the funds are to be deposited to. For cheques received by mail, the receipt will be mailed back to the payor.

The employee making the deposit at the financial institution provides the deposit book to another employee responsible for accounts receivable.

The cheque receipts log will be delivered to the employee responsible for accounts receivable. This person will reconcile the deposit slip and the cheque receipts log.

Cash received will be recorded in a duplicate receipt book. One copy will be provided to the payee submitting the cash and the other will be forwarded to the employee responsible for accounts receivable. The receipt will include the date, source, amount, reason for payment, general ledger account code and financial institution account the funds are to be deposited to.

All cash received will be stored in the First Nation's safe or locked cabinet until it can be deposited in a financial institution account. Access to the secure storage should be limited to the employee responsible for making deposits.

Deposits for all cash receipts will be made to the appropriate First Nation bank account as soon as possible (daily preferred) with weekly deposits being the minimum requirement.

Deposits (funds) will only be used for their intended purpose as per their respective agreements.

Lists of anticipated ongoing deposits will be maintained and reviewed on a monthly basis, such as the following:

- A 30/60/90 day outstanding accounts receivable list that could assist in determining whether the deposits were posted to the correct account
- An outstanding deposits list that could assist in determining whether all expected deposits were deposited in the financial institution account(s)

Any expected deposits that have not been deposited in the financial institution account(s) will be reported by the employee to the Director of Finance immediately.

5.3 Petty Cash

A limited number of petty cash accounts if required, and as determined by the Director of Finance and based on business needs, will be created to pay for small items when payment by cheque is not practical or possible; however, every effort will be made to pay by cheque or electronic transfer. Petty cash will be managed as follows:

- the creation of a petty cash account must be approved by the Director of Finance
- the total amount of the fund will not exceed \$500
- the person responsible for petty cash will maintain an activity log, supporting documentation, and reconciliation
- petty cash reconciliations will occur monthly
- petty cash funds and receipts must be kept in a locked drawer or safe with controlled access
- accounts payable will replenish the petty cash only upon receipt of a completed petty cash reconciliation

5.4 Cheque Stock

All blank cheque stock will be stored in a locked cabinet or safe with controlled or limited access.

Cheque stock should be sequentially pre-numbered.

No accounts payable employees, or employees authorized to print out cheques, are authorized to sign cheques or approve fund transfers.

No one person or employee will be allowed to enter invoices, select invoices for payment and then print and sign cheques. At minimum, this process requires at least two individuals to make sure there is segregation of duties.

Cheque signers will not sign blank cheques under any circumstances.

Signature plates and signature stamps will be stored in a locked cabinet or safe with controlled or limited access.

5.5 Credit Lines

The Director of Finance will authorize the draw down on any line of credit or overdraft facilities.

5.6 Opening a Financial Institution Account

Once the opening of a financial institution account has been approved, the Director of Finance outlines the following:

- name of account
- instructions regarding purpose of account
- names of signatories and authority limits
- address where all statements and correspondence is to be sent
- financial institution contact person

The financial institution accounts will be created such that all non-deposit transactions (such as cheques, electronic transfers, etc.) require two signatures for approval according to the Authorization and Delegation Table and the Expenditures policy.

Once the financial institution account is opened, the Director of Finance instructs the appropriate employee to set up the account in the general ledger.

5.7 Closing a Financial Institution Account

The request to close a financial institution account must include:

- name of account
- financial institution account number
- closing bank balance and statement
- approval by Director of Finance

Upon approval, a financial institution account-closing letter will be prepared and delivered to the financial institution with instructions to transfer any remaining account balance. The letter will be signed by at least two authorized signatories of the First Nation.

Once the financial institution account has been closed, the Director of Finance will instruct the appropriate employee to disable the account in the general ledger.

5.8 Transfers between Bank Accounts

Two approvals from authorized Council signatories are required for all transfers of funds between bank accounts via cheque or EFT.

5.9 Financial Agreements

The First Nation may enter into the following financial agreements in the name of the First Nation (lines of credit or overdraft credit):

- For the purpose of efficient management of the First Nation's financial assets, agreements with financial institutions and related services agreements
- For the purpose of reducing risks or maximizing benefits in relation to the borrowing, lending or investing of the First Nation's financial assets, agreements with financial institutions respecting currency exchange, spot and future currency, interest rate exchange and future interest rates

The Director of Finance may enter into any financial agreements referred to above on behalf of the First Nation.

5.10 Account Reconciliation

Each of the First Nation's financial institution accounts will be reconciled to the accounting system records on a monthly basis and independently reviewed within 30 business days of month end.

An independent review must be undertaken by an employee or external person who does not report to the employee who prepared the financial institution account reconciliation.

Reconciliation and documentation records to support the amounts recorded on the reconciliation will be retained according to the Information Management Policy...

The employee preparing the financial institution account reconciliation will monitor and investigate unreconciled and outstanding amounts carrying forward beyond 30 business days of month end and will complete the following:

- monitor outstanding cheques and inquire to determine whether the cheques are valid, void or stale-dated
- monitor outstanding deposits and inquire if not cleared by the financial institution

The employee preparing the reconciliation will sign and date it as evidence that the reconciliation is complete and submit the reconciliation to Director of Finance.

The Director of Finance will submit all financial institution account reconciliations for independent review.

5.11 Independent Review

Each financial institution account's monthly reconciliation must be independently reviewed for completeness, timeliness and accuracy to ensure the following:

- reconciliation balances
- all amounts recorded on the reconciliation are appropriately supported by documentation such as financial institution statements and financial system reports

- adjustments are reasonable, routine in nature (e.g. financial institution fees), supported by documentation, and are not carried over for multiple months on the reconciliation
- unusual adjustments are well explained, supported, and, if material in nature, are brought to the attention of the Finance and Audit Committee

The independent review must be undertaken by someone other than the preparer who does not report to the preparer.

5.12 Irregularities

Irregularities, such as significant reconciliations that do not balance or unusual adjustments, will be reported by the Director of Finance to the Finance and Audit Committee as soon as practical.

References and Related Authorities

FMB's Financial Management System Standards

- Standard 19.0 – Financial Management and Controls

FMB's Financial Administration Law Standards

- Standard 18.0 – Financial Management and Controls

Attachments

1. Financial Institution Account Reconciliation Template

FINANCIAL INSTITUTION ACCOUNT RECONCILIATION TEMPLATE

[] First Nation

Financial Institution Account Reconciliation

Month: [XXXX, 20XX]

Financial Institution name: [_____ Bank]

Financial Institution account name: [XXXX, XXXXX]

Financial Institution account #: [000-0000-000]

GL #: [_____ Bank]

Ending bank balance \$ [XXX.XX]

ADD: Deposits in transit \$[XXX.XX] [XXX.XX]

LESS: Outstanding cheques

	Cheque #	Amount
	[#]	[XXX.XX]
	[#]	[XXX.XX]
	[#]	[XXX.XX]
		<u>[XXX.XX]</u>
Total outstanding cheques		[XXX.XX] [XXX.XX]
Adjusted bank balance		<u>\$[XXX.XX]</u>
Ending general ledger (GL) balance		\$[XXX.XX]
ADD/LESS: Unrecorded transactions		
	Monthly bank fee	<u>[X.XX]</u>
Adjusted GL balance		<u>\$[XXX.XX]</u>
Difference:		<u>[XXX.XX]</u>

ADD/LESS: Unrecorded transactions Recorded?
[✓]

Prepared by: _____ Title: _____ Date: _____

Approved by: _____ Title: _____ Date: _____

6. PURCHASING

POLICY

Policy Statement

It is Council's policy to establish a process around the purchase of goods and services that demonstrates due diligence, transparency, fairness, quality, and value for money.

Purpose

The purpose of this policy is to provide guidance to the First Nation on how purchases will be planned, managed, approved and paid. Having clear rules around purchasing makes sure that the goods and services meet the First Nation's quality and cost expectations.

Scope

This policy applies to the Council, Officers and any other First Nation employees involved in purchasing goods, services and assets on behalf of the First Nation.

Responsibilities

The Council is responsible for:

- ensuring effective control of purchasing of goods, services and assets through documented policies and procedures

The Chief Administrative Officer is responsible for:

- communicating the policies and procedures to all parties who are affected
- assisting in the selection, evaluation, and monitoring of contractors and suppliers

The Director of Finance is responsible for:

- developing, documenting and maintaining policies and procedures relating to the procurement process for goods, services, and assets
- managing and monitoring expenditures and identifying and reporting on budget variances

ADMINISTRATIVE PROCEDURES

Procedures

6.1 Purchasing of Goods and Services

All employees will comply with the Authorization and Delegation Table in the Governance policy as it relates to potential expenditure limits.

- (1) Procurement of low value good and services \$1.00 to \$2,500

Employees will ensure that the goods or service selected is the best value for the First Nation.

- (2) Procurement of moderate value goods and services \$2,501 to \$149,999. A documented analysis of the costs and benefits of at least three options will be performed and where practical, informal quotes will be obtained through advertisements, direct solicitations to suppliers and other methods to compare prices and select the best option for the First Nation.

When appropriate, the First Nation will promote the use of local content in the procurement of goods and services in accordance with the attachment.

- (3) Procurement of goods and services above \$150,000 when Council approval is required per the Authorization and Delegation Table, a competitive purchasing process must occur.

Contracts with a service period of less than 12 months will follow the Authorization & Delegation Table. Contracts with a service period of greater than 12 months require Council approval.

6.2 Competitive Purchasing Process

Under a competitive purchasing process, Council will decide, in consultation with external legal counsel as needed, whether specific suppliers as part of a Request for Proposal (RFP) process will be invited to submit proposals or an open invitation as part of a formal open tender process will be issued.

The Officer responsible for managing an RFP will include, but is not limited to the following:

- background and context
- scope of work
- period of contract
- qualifications (e.g. experience, skills, education, and certifications)
- criteria and weighting (if applicable) by which proposals will be assessed
- proposal due date
- planned contract award date
- First Nation contact person and information
- disclaimer(s) limiting liability of the First Nation in the RFP process; (e.g. This Request for Proposal does not represent a call for tender. Except as expressly and specifically permitted in this RFP, no contractor shall have any claim for compensation of any kind whatsoever as a result of participating in this RFP, and by submitting a proposal, each contractor shall be deemed that it has agreed it has no claim")

The relevant Officer(s), representatives from Council, and any relevant employees will form a review panel and review the proposals received against the pre-determined selection criteria for the RFP as outlined in the attachment. The review panel will provide Council with a recommended course of action.

6.3 Exceptions to the Competitive Purchasing Process

Under rare and limited circumstances and only upon approval from Council, a sole source contract may be awarded to a supplier in the following situations:

- if there were no bids received during the RFP process
- when the good or service is available only through a sole source
- in an emergency where a delay in purchasing the good or service would result in severe loss or damage to the First Nation

Any exceptions to the purchasing process outlined above will be documented to demonstrate the rationale and approval.

6.4 Approval, Initiation and Monitoring

On a monthly basis, the Director of Finance will review the contract progress, noting and communicating budget variances to the Chief Administrative Officer exceeding the materiality threshold as approved by Council and outlined in the Authorization and Delegation Table.

6.5 Documentation Requirements

All purchasing documents (including but not limited to requisitions, invoices, purchase orders, RFPs) will clearly indicate the details of the goods and services requested.

Approvals and budget appropriations and accounts from which certain goods or services may or must be purchased will be documented on relevant internal purchasing documentation.

A file will be created for each competitive purchasing process that contains the results of each supplier evaluation.

6.6 Monitoring of Suppliers

On an ongoing basis, the Chief Administrative Officer will monitor the quality of the work and the working relationship with the supplier. Issues noted will be documented in the supplier file and resolved by the Chief Administrative Officer.

Performance evaluation should be tailored to job size and complexity. A review of both the project quality and the service quality should be conducted using a standard set of criteria and applying weight factors established at the time of award.

6.7 Encouraging new suppliers

Contracts will be reviewed on an annual basis (or other timeframe as deemed appropriate by the Chief Administrative Officer for the nature and complexity of the goods or services in question) and a request for other suppliers initiated.

References and Related Authorities

FMB's Financial Management System Standards

- Standard 19 – Financial Management and Controls
- Standard 25 – Tangible Capital Assets

FMB's Financial Administration Law Standards

- Standard 8.0 – First Nation Council
- Standard 18.0 – Financial Management and Controls
- Standard 27.0 – Contracts and Tendering

Attachments

1. Local Content
2. Contractor/Supplier Evaluation Template

LOCAL CONTENT REQUIREMENTS

The First Nation should promote the use of local content when appropriate in the procurement of goods and services. For construction contracts on reserve lands, the First Nation may include a clause that requires the contractor to employ local labour and resources. Another option is to add a training component to the contract that requires the contractor to train local labourers. Where applicable, the RFP package should also require bidders to stipulate the extent to which they will use local materials, local equipment, and provide a formal training program for local labour employed by the contractor.

Pre-RFP Considerations for Local Content

Before developing the tender documents, the First Nation should establish:

- extent of labour and trades available locally
- quantities and firm prices of locally available materials
- local equipment available and firm rental rates
- training requirements and trade apprenticeships

Once the contract has been awarded, special clauses reflecting the agreed upon local content requirements will be incorporated in the contract with the successful vendor.

CONTRACTOR/SUPPLIER EVALUATION TEMPLATE

SUPPLIER EVALUATION				
Organization name:				
Service/goods to be provided:				
RFP reference #:				
Value of contract:				
	Criteria	Details / Comments	Value	Score
1.	RFP or other requirements [list here] [xxxx] [xxxx] [xxxx]	<i>Describe any areas of concern or where requirements were not met....</i>	[#]	[#]
2.	Qualifications and experience	<i>Do they have the appropriate qualifications and experience to perform the work?</i>	[#]	[#]
3.	Terms and conditions	<i>Are their terms and conditions acceptable to the First Nation?</i>	[#]	[#]
4.	Has the organization worked previously with the First Nation? Provide details and an evaluation of the work.	<i>Evaluate the First Nation's previous experience with this supplier</i>		
5.	[xxxx]			
6.	[xxxx]			
7.	[xxxx]			
8.	[xxxx]			
9.	[xxxx]			
10.	[xxxx]			
11.	Price	<i>Evaluation of the price, results of previous criteria.</i>		
12.	Other considerations?	<i>Anything not covered above that should be included in evaluation the supplier i.e. inclusion of local content</i>		
Evaluation			Score:	[XX/XX]
Overall comments / recommendation:				%

Attachments:

1. Contractor/Supplier response to RFP
2. Results of any previous contractor/supplier evaluations
3. Other supporting information as required

7. EXPENDITURES

POLICY

Policy Statement

It is Council's policy to establish a process around expenditures paid to suppliers or reimbursed to Councillors and First Nation employees for valid First Nation activities.

Purpose

The purpose of the policy is to make sure that all expenditures from First Nation's funds are in support of valid First Nation services and activities and that processing of payments are subject to proper approvals and budget controls. Having rules in place for how spending can get approved and for what is an important part of a First Nation's ability to operate smoothly.

Scope

This policy applies to the Council, committees of Council, Officers, employees of the First Nation and any other persons conducting activities in connection with the financial administration of the First Nation.

Responsibilities

Individual(s) identified in the Authorization and Delegation Table are responsible for:

- before approving an expenditure, ensuring that it is permitted under the current First Nation annual budget and as required in the Financial Administration Law and ensuring there are available funds within their budget remaining that have not already been earmarked for other commitments
- reviewing reimbursable expenditure claims to make sure that the requirements of this policy have been met before approving for payment
- approving expenditures per the relevant policies

The employee(s) assigned responsibility for paying accounts are responsible for:

- making sure that all expenditures have the required approvals per relevant policy and the Authorization and Delegation Table before processing for payment
- making sure that all required documentation accompanies each payment and is retained in the financial records of the First Nation in accordance with the Record Information Management policy

Employees, committees and Council members are responsible for:

- ensuring that all reimbursable expenditures claimed are in accordance with this policy and the Authorization and Delegation Table
- preparing a reimbursable expenditure claim that includes all required documentation

The Chief Administrative Officer is responsible for:

- approving expenditures for emergency purpose not anticipated in the budget if the expenditure is not expressly prohibited by or under the Financial Administration Law or another First Nation law

The Director of Finance is responsible for:

- updating and communicating the reimbursable expenditure claim form to current rates

ADMINISTRATIVE PROCEDURES

Procedures

7.1 General and Operational Expenditures

All expenditures will be made in accordance with the relevant purchasing policies and procedures, and the Authorization and Delegation Table.

In emergency situations, the Chief Administrative Officer, per the Authorization and Delegation Table, may approve the purchase of goods or services that were not anticipated in the budget and are not procured in accordance with the relevant policies and procedures. The rationale for these purchases must be documented by the Chief Administrative Officer and reported immediately to the Finance and Audit Committee and to Council.

Receiving documents will be reviewed and initialed by the individual receiving the goods that all goods on the document have in fact been received in satisfactory condition and that any goods not received are clearly identified as such. The receiving documentation should be forwarded with the requisition for payment to the employee responsible for accounts payable.

If goods are received without receiving documents, the employee receiving those goods is to create a receiving slip noting which goods were received, date of receipt, delivery agent, First Nation contact person (normally the person who initiated the expenditure), and the supplier. The receiving document will be initialed by the delivery agent and the employee receiving the goods, and then forwarded with the requisition for payment to the employee responsible for accounts payable.

All requests for payments for performance of work or services or supply of goods must be initiated through a requisition for payment that includes a statement certifying that:

- the work or services have been performed or the goods supplied, any conditions in an agreement respecting the work, services or goods have been met and the price charged or amount to be paid is in accordance with an agreement or, if not specified by an agreement, is reasonable

- if payment is to be made before completion of the work or services, delivery of the goods or satisfaction of any conditions in an agreement, the payment is in accordance with the agreement

All requisitions for payment must identify the appropriate financial institution or trust account out of which payment is to be made and must include a statement certifying that the expenditure is not prohibited and that it is in accordance with the appropriation identified in the certified statement and the Financial Administration Law.

Funds in a trust account must not be used for any purpose other than that authorized per the trust agreement. Payment out of the trust account may only authorize as per the trust agreement

Funds in a local revenue account must not be used for any purpose other than that authorized in a local revenue law or as permitted under section 13.1 of the Act. The Tax Administrator must authorize payment out of the local revenue account.

Funds in a tangible capital assets reserve account must not be used for any purpose other than that described per the capital asset reserve policy. The Chief Administrative Officer or the Director of Finance must authorize payment out of the capital asset reserve account.

7.2 Payroll

Employee payroll will be paid on a [bi-weekly] basis.

Hourly employees will record their time daily and submit timesheets on a weekly basis to their immediate supervisor for review. Both the employee and supervisor will sign and date the time sheet to demonstrate its accuracy and approval for payment.

Supervisors of salaried employees will submit any adjustments for vacation, sick or other types of leave to the individual responsible for payroll.

Based on the weekly timesheets for hourly employees and any adjustments required from the salaried employees, a payroll authorization sheet will be created listing all payment amounts and deductions for the previous two-week period.

Payroll remittance packages will be reviewed and approved by the Director of Finance prior to payroll being released for payment.

Payroll reconciliations will be completed within 30 business days of month end. The reconciliation will compare the payroll authorization report, input instructions to the payroll service provider, financial institution account statements and the general ledger payroll accounts.

Payroll reconciliations and packages will be signed and dated within 30 business days of month end by an independent reviewer.

Any irregularities will be reported to the Chief Administrative Officer.

7.3 Reimbursable Expenses

Employees will clearly demonstrate and document that all amounts they are claiming for reimbursement were directly related to authorized activities performed on behalf of the First Nation.

Expenses reimbursed by hosts or other third-party funding arrangements must not be claimed. Declaration of such third-party reimbursements must be made in accordance with the First Nation's relevant policy.

Travel authorization: Prior to travel, employees will submit a request to their immediate supervisor stating the purpose, dates, and estimated costs for the proposed travel. The immediate supervisor will review it to make sure the proposed travel is in support of official First Nation business and that there is sufficient budget available.

An employee is deemed to be on official "travel status" for an approved trip for the period when an employee departs their residence or office until they return to their residence or office.

Travel expenditures eligible for reimbursement include:

Transport

Commercial transport will be the preferred method of travel for distances greater than 100 kilometers. For each type of travel, the lowest price alternative will be purchased.

The standard class for rail or air travel will be economy or the equivalent.

The standard car rental, vehicle class will be mid-size. Gas purchases and full vehicle insurance will be reimbursed for rental cars.

Business class travel will be permitted only in exceptional circumstances and must be authorized by the Chief Administrative Officer before booking. If travel is for the Chief Administrative Officer, the Chair of the Finance and Audit Committee must authorize business class travel. In each case, the pre-authorization will be attached to the reimbursable expense claim for payment.

Private Vehicles

Private vehicle mileage will be reimbursed at a rate of \$0.61 per kilometer from the administration office location. All other non-business-related vehicle costs are the responsibility of the individual.

Individuals using a private vehicle for work related travel must have the minimum insurance coverage legally required for work related use by their province or territory of residence. The First Nation will not be held responsible for any claims, accidents or damage to a private vehicle.

The lowest cost hotel option will be selected. The standard for accommodation is a single room, in a safe environment, conveniently located and comfortably equipped.

Per Diems and Incidentals

A maximum per diem amount will be reimbursed for each day on approved travel status on behalf of the First Nation to cover meal expenses and incidentals. Per diems may be claimed according to [insert relevant rate reference example: Treasury Board of Canada rates, Union of Ontario Indians rate]

Meals will only be reimbursed for those incurred during approved travel status.

If a meal is provided as official hospitality from another individual/organization in the course of their duties on approved travel status, a meal allowance will not be claimed by the individual on travel status.

Incidentals can only be claimed for each night away on travel status. Part days on travel status will not be eligible for incidentals.

The purpose of the daily 'incidentals' amount is to cover general expenses during official travel. This amount covers items such as: dry cleaning, tips and other personal expenses incurred while on travel status.

Receipts are not required for meals when per diems are claimed or for items that fall under the incidental category.

Other Travel Expenses

Other travel and business-related expenses that are directly attributable to travelling or business on the First Nation's behalf may be reimbursed, including internet access, business long-distance phone calls, parking, airport taxes, tolls, taxi fares, and public transit fares.

Memberships

Memberships in professional organizations that are required for an individual's position or are meeting a demonstrated need of the First Nation will be reimbursed provided that the appropriate immediate supervisor has approved each membership.

For other expenses not listed in this policy, pre-approval is necessary from the Chief Administrative Officer before initiating the expense and submitting a reimbursement claim.

7.4 Reporting and Documentation

For general and operational expenditures, the following should be submitted to accounting for payment

- original contract/agreement (if applicable)
- original invoice
- purchase order (if applicable)
- receiving documents/packing slips
- requisition for payment that has signed approval according to the relevant policy and the Financial Administration Law

Reimbursable expense claims must be complete, sufficiently supported, and recorded on the prescribed expense claim form. Before submitting expenses to Accounting for approval and payment, the employee will make sure that they have prepared a complete claim that includes:

- the employee's signature and date signed, acknowledging that all amounts claimed are accurate and in support of First Nation official business
- original receipts for all amounts claimed; depending on the nature of the claim, these can include
 - invoices
 - itineraries for air/train travel
 - itemized restaurant bills (where per diems do not apply)
 - support for any exchange rates used in the expense claim. Sufficient support includes receipts from exchange bureaus for funds exchanged or credit card bills showing the exchange rate received. When neither is available, the Bank of Canada official rate will be used
 - signed travel authorization from the employee's manager (for the Chief Administrative Officer a member of Council will approve, for Council members the Chair of the Finance and Audit Committee will approve)
 - if applicable, a signed pre-authorization supporting business class travel
 - proof of payment for items claimed, which includes credit card or debit receipts

Credit card receipts alone are not sufficient, the original itemized receipt or invoice from the supplier must be included in every reimbursement or expense claim.

For all expenditures, claims with the appropriate support as described previously must be submitted to Accounting within 30 days of the expense being incurred.

7.5 Approval for Payment

No funds will be paid out of any financial institution account without a requisition for payment, which includes restricted funds, such as the tangible capital asset reserve fund. All funds paid out of an account will be for intended purposes as per the contractual agreement or in absence of an agreement as per Council approval as documented in the annual budget.

In addition to the steps below, all payments out of a Trust Account must be in accordance with the Trust Agreement and per the authorization process in the Trust Agreement.

Invoices received must be immediately forwarded to the finance department with a requisition for payment who will then process them to:

- match with the purchase order and the receiving document
- make sure that all required documentation has been submitted to support payment
- verify mathematical accuracy
- make sure that any taxes are correctly calculated and processed if applicable for tax exemption claims
- confirm that funds are available to pay the invoice
- identify and note the authorized general ledger account coding

The individual that approves the expenditure cannot be the same individual who approves the requisition for payment.

Reimbursable expense claims will be reviewed by the finance department to make sure that the:

- expense claim is mathematically correct and that taxes are identified and accounted for correctly
- authorized general ledger account coding instructions are identified
- expenses claimed are for authorized activities
- expenses claimed are eligible and comply with this policy and procedure
- documentation attached is adequate and sufficient
- the documentation includes the required approvals

Reimbursable expense claims for Council members require two approvals:

- two non-claimant Councillors
- one non-claimant Councillor and one Officer

Any exceptions to the above will require authorization from the Director of Finance for payment.

Invoices or reimbursable expense claims that are still being processed or approved at the end of an accounting period, that are applicable to that accounting period, will be recorded as an accrued liability in that accounting period .

Claims that do not meet the requirements outlined in this policy will be denied reimbursement.

7.6 Payments

Accounts payable will be paid within terms of the receipt of an invoice or reimbursable expense claim, except for those invoices or expense claims, which require management approval.

The finance department will prepare cheques every [insert timeframe – i.e. second Thursday].

The payments package will be provided to two authorized signatories, and will be accompanied by:

- a listing of all payments prepared noting the payee, amount, and payment date
- supporting documentation for each payment (e.g. cheque, transfer) including
 - approved invoices, expense claims, purchase orders, and receiving documents
 - evidence that the finance department has completed the processing of the payment, including account coding

All documentation supporting payment will be retained in accordance with the relevant policy.

Accounts Payable employees will notify the Director of Finance immediately of any instances of:

- non-compliance with policy requirements that cannot be resolved
- suspected fraud

References and Related Authorities

FMB's Financial Management System Standards

- Standard 8.1 – Delegated/Assigned Responsibilities
- Standard 19.0 – Financial Management and Controls

FMB's Financial Administration Law Standards

- Standard 8.0 – First Nation Council
- Standard 18 – Financial Management and Controls

Attachments

1. Reimbursable Expenses Claim Template

REIMBURSABLE EXPENSES CLAIM TEMPLATE

Employee name: _____ Title: _____

Reason for claim:
*Description of the claim and why it was necessary for the First Nation's business.
 Declare any third-party funding / reimbursements received for this activity.*

Receipt No.	Date	Description	Type of expense	Amount	Exchange rate	CAD amount
1, 2	Sep 1	Return flight to Toronto Aug 7-9	Airfare	\$500.00	-	\$500.00
			Taxi			
			Hotel			
			Per diem / incidentals			
			Membership			
			Etc.			
Total Claimed:						[\$XXX.XX]
Less: travel advance (if applicable)						[\$XXX.XX]
Total to be reimbursed:						[\$XXX.XX]

I certify that the above statements are true and that false claims are grounds for dismissal.

Employee signature: _____ Date: _____

Approval signature: _____ Date: _____

8. LENDING, GUARANTEES AND INDEMNITIES

POLICY

Policy Statement

It is Council's policy to establish a process around lending, loan guarantees and indemnities that may include loans to members if Council has approved a lending program to members.

Purpose

The purpose of this policy is to provide the First Nation with an effective and transparent process for the approval, collection and documentation of lending, loan guarantees and indemnities given by the First Nation as permitted in the Financial Administration Law.

Scope

This policy applies to lending, loan guarantees and/or indemnities entered into between the First Nation and:

- a Councillor
- a Finance and Audit Committee member
- an employee of the First Nation
- a First Nation member or entity in which a First Nation member has an interest
- any other third party whether an individual or business entity including government business enterprises

Responsibilities

Council is responsible for:

- approving and signing all lending, guarantees and indemnities within amounts specified in the Authorization and Delegation Table
- ensuring that any lending program approved by Council be universally accessible, have published terms and conditions, and be transparent
- approving the application form template, terms and conditions including interest rates (if applicable) to be applied to all members, any entity in which a member has an interest or any other party with respect to lending, guarantees and indemnities
- approving the lending program status report of the Director of Finance and the Finance and Audit Committee

The Finance and Audit Committee is responsible for:

- reviewing the lending program report made by the Director of Finance and making any recommendations to Council
- monitoring the status of First Nation's lending, loan guarantees and indemnities and reporting to the Council

The Chief Administrative Officer is responsible for:

- approving and signing all lending within amounts specified in the Authorization and Delegation Table
- making sure the lending, loan guarantee and indemnity process is transparent by providing First Nation members access to the requirements, standard terms and conditions
- monitoring the administration of any lending to members and any amendments
- making sure the publication and distribution of the terms and conditions of lending program to members

The Director of Finance is responsible for:

- reporting to the Finance and Audit Committee, any risks associated with entering a new program of loans to be made to members, or entities in which members have an interest, and the costs of administering such a program
- approving and signing all lending, guarantees and indemnities within amounts specified in the Authorization and Delegation Table
- preparing loan, loan guarantee and indemnity agreement templates using the standard clauses approved by Council
- making sure that lending allowances and write-offs (if any) are reported to the Finance and Audit Committee and accurately recorded and disclosed in the financial statements
- making sure adequate supporting documentation is retained for all loans, loan guarantees and indemnities
- on an annual basis, preparing a report for the Finance and Audit Committee setting out all payments made for loan guarantees and indemnities
- on an annual basis, preparing a report for the Finance and Audit Committee setting out all loans, loans forgiven, and payments received

ADMINISTRATIVE PROCEDURES

Procedures

8.1 Requirements

Subject to the Financial Administration Law and any applicable First Nation policies and procedures, any authorized lending issued is subject to the following conditions:

Loan Guarantees:

Loan guarantees will only be granted in the following circumstances [to be determined by the First Nation]:

- housing loan guarantees for members who are pre-qualified by their financial institution
- guarantee debt incurred by separate legal entities (e.g. economic development corporation)

The amount of the loan guarantee must not exceed the amount specified in the Authorization and Delegation Table approved by Council. Loan guarantees will be approved by Council upon

consideration of the report of the Director of Finance. Approval will be enacted by signing the agreement with the individual requesting the loan guarantee and will only be granted if the risk of non-payment or non-fulfillment of an obligation is at an acceptable level for the First Nation.

The report from the Director of Finance must identify any risks associated with giving the loan guarantee, evaluate the likelihood of having to honour and make payments under the guarantee, describe information collected and any judgments or estimates used to make this evaluation and assess the financial ability of the First Nation to honour the loan guarantee should it be required to do so.

A binding legal agreement will be made between the First Nation and individual requesting the loan guarantee. The agreement will contain standard clauses that are consistently applied to every individual that applies for and secures a loan guarantee from the First Nation. The following items, at a minimum, will be present in the agreement:

- name of the individual
- amount of the loan guarantee
- duration of the loan guarantee agreement
- amount, maturity and repayment terms of the underlying loan or obligation
- purpose and use of the underlying loan (e.g. details of the asset being acquired or leased, or investment being made)

Approval will be enacted by signing the agreement with the individual requesting the loan guarantee

The First Nation will obtain a copy of the legal [asset purchase / lease] [investment] agreement requiring the issuance of a loan guarantee and retain on file with the loan guarantee agreement

Indemnities:

In exceptional circumstances only, indemnities will be granted in the following circumstances [to be determined by the First Nation]:

The First Nation must not give an indemnity unless it is:

- authorized to do so under the Financial Administration Law
- necessary and incidental to and included in another agreement to which the First Nation is a party
- in relation to a security granted by the First Nation that is authorized under the Financial Administration Law or another First Nation law]

The First Nation will obtain a copy of the [asset agreement] under loan guarantee and retain on file with the loan guarantee agreement

Standard Clauses:

Standard agreement clauses for loans, loan guarantees, and indemnities (including interest provisions) will be reviewed and reported on by the Finance and Audit Committee and approved by Council as necessary and at least annually. Any deviations from the standard agreement clauses require Council approval and consultation with legal counsel.

Payroll Advances:

Employees may request a payroll advance from the First Nation. Payroll advances are allowed only on a case-by-case basis. Payroll advances will be approved by the Chief Administrative Officer. All payroll advances must be repaid prior to the end of the fiscal year.

Honorarium Advances:

Chief and Council may request a honorarium advance from the First Nation. Honorarium Advances are allowed only on a case-by-case basis. Honorarium Advances will be approved by CAO and 1 councilor. All honorarium must be repaid prior to the end of the fiscal year.

Expense Reimbursement Advances:

Employees may request an advance for valid out-of-pocket expenses (e.g. parking, accommodations), that will be incurred within the current fiscal year and that will ultimately be reimbursed by the First Nation in accordance with the current expense policy and the Authorization and Delegation Table approved by Council.

8.2 Leases

Granting of a Lease by the First Nation:

Follow loan procedures in section 8.1.

Entering into a lease to buy arrangement:

The First Nation must comply with the terms and conditions of any capital or operating lease agreements it enters into.

The Council or the person with delegated authority as outlined in the Authorization and Delegation Table approved by Council should make sure that the First Nation enters into a lease agreement, provided that the amounts payable under the lease are within the budget for the related program or department.

8.3 Accessibility

Subject to the Financial Administration Law, and only if the Financial Administration Law permits loans to members, all members must be able obtain a loan from the First Nation subject to any conditions outlined in this policy.

The Chief Administrative Officer will make sure that the requirements to obtain a loan, loan guarantee or indemnity, as well as the standard terms and conditions of these agreements are accessible to all First Nations members, if applicable. This information will be available to all members who request a copy from the local office either in person, by phone or by email.

8.4 Collection

Any additional financing arrangements or amendments to existing loan agreements to improve the likelihood of repayment between the First Nation and an individual with payments in Arrears will be determined by the Director of Finance and approved by the Chief Administrative Officer.

8.5 Debt Forgiveness

All reasonable steps should be taken to attempt to collect the outstanding balance. However, when it becomes obvious that the First Nation will be unable to collect the outstanding balance, a report should be compiled by the Director of Finance and approved by the Chief Administrative Officer detailing the following:

- individual and amount in arrears
- principal and interest outstanding on the loan
- length of time in arrears and measures taken to collect on payments in arrears
- rationale for debt forgiveness

Approvals for debt forgiveness must follow the Authorization and Delegation Table. Amounts requiring Council approval must be reviewed and recommended by the Finance and Audit Committee before being approved by Council.

8.6 Write-offs

When all reasonable steps to collect have been taken and debt has not been collected or forgiven, the Director of Finance will make sure that the loan and its outstanding principal and interest payments are reclassified in the financial statements as bad debt.

8.7 Monitoring and Reporting

All loans (including any loans made under a member loan program), loan guarantees, and indemnities will be reported in a special purpose report annually to the Finance and Audit Committee. The special purpose report will contain the following information for each loan, loan guarantee, and indemnity and will be included or referenced in the First Nation's annual report:

- purpose of the loan (e.g. housing), loan guarantee or indemnity
- amount of the original loan, loan guarantee or indemnity
- principal repayment component
- interest earned and collected
- actual payments made, if any, against loan guarantees
- actual payments made to compensate for damages, if any, against indemnities
- list of payments in arrears, subject to applicable privacy law
- for loans made under a member loan program – subject to applicable privacy laws, the names of those receiving a loan
- any expected payments required as a result of the First Nation having to fulfill or honour a guarantee or indemnity agreement based on the Director of Finance's knowledge of the contracts in place and changes in their underlying financial condition

8.8 Record Keeping

All agreements and payment records associated with loans, loan guarantees and indemnities and security given for capital asset projects on First Nation's lands will be stored in the First Nation's financial records in accordance with the relevant policy.

Records of debt forgiveness will be retained if in future, through changed circumstances, some or all of the debt may be collected.

Records of the authority under which the debt was incurred including any Council Resolution and membership involvement.

References and Related Authorities

FMB's Financial Management System Standards

- Standard 19.0 – Financial Management and Controls

FMB's Financial Administration Law Standards

- Standard 18.0 – Financial Management and Controls

9. INVESTMENTS

POLICY

Policy Statement

It is Council's policy that First Nation's investments will be managed and administered to preserve capital and generate sufficient income and growth to meet the First Nation's operational or strategic objectives.

Purpose

The purpose of this policy is to provide a framework for management of the First Nation's investments to achieve short and long-term operational and strategic objectives within an acceptable level of risk.

Scope

This policy applies to Council, the Finance and Audit Committee, and Officers of the First Nation.

Responsibilities

Council is responsible for:

- determining and approving the short- and long-term investment strategy and objectives of the First Nation
- determining allowable use of funds and making sure restricted funds are only invested in investments specified by the Financial Administration Law
- approving preliminary risk assessment of funds
- appointing of an investment manager
- approving the opening of an investment account
- approving funds to be invested
- approving the redemption of invested funds not related to operational financial institution accounts

The Finance and Audit Committee is responsible for:

- providing input into the preliminary risk assessment and making recommendations to Council on steps to mitigate potential risks identified prior to investing
- providing Council with recommendations for an investment strategy and appointment of investment manager
- monitoring performance
- the redemption of invested funds not related to operational financial institution accounts and the rebalancing of funds

The Chief Administrative Officer is responsible for:

- reporting any significant changes to the investment portfolio to the Finance and Audit Committee for recommendation to Council
- liaising with the Finance and Audit Committee, investment manager, Director of Finance, and investment consultants, as required
- providing the Finance and Audit Committee with recommendations in relation to preliminary risk assessment of funds, appointing of the investment manager, funds to be invested, monitoring performance, rebalancing portfolios, and the redemption of invested funds

The Director of Finance is responsible for:

- analyzing proposals received from investment managers
- performing a preliminary risk assessment analysis against criteria to be met prior to investing decisions are made by Council
- overseeing rebalancing of the investment portfolios asset mix according to Council instructions
- overseeing or executing transfers between investment account(s) according to Council instructions
- receiving or preparing a quarterly investment monitoring report including investment performance and summary of portfolio management fees (if any)
- recommending transfers, rebalancing, monitoring actions, investment manager changes, and any other recommendations

ADMINISTRATIVE PROCEDURES

Procedures

9.1 Determine Investment Management Strategy

Council will establish and implement a documented investment management strategy for First Nation funds that meet the requirements of the Financial Administration Law.

The investment management strategy will:

- include both short and long-term strategies
- will determine the allowable uses of available funds in accordance with the First Nation's Financial Administration Law
- identify criteria that must be met before an investing decision is made by Council
- require an annual review of investments to confirm they meet the requirements of the First Nation's Financial Administration Law and are consistent with the approved investment management strategy
- be reviewed on an annual basis

9.2 Risk Assessments

New Investments:

Prior to making any investment decisions, the Director of Finance will lead the preparation of a preliminary risk assessment (including whether the activity will result in a material liability of the First Nation or expose the First Nation's financial assets, property or resources to significant risk).

The preliminary risk assessment should address all risks related to the investment and the resulting overall impacts on the First Nation.

For each risk, a detailed mitigation plan with assigned responsibility will be developed.

The complete preliminary risk assessment will be presented first to the Chief Administrative Officer for review and recommendation and then to the Finance and Audit Committee for review and recommendation to Council for approval of the investment via a Council Resolution. Council will ensure that any approved investments comply with the First Nation's Financial Administration Law and any applicable First Nation policies.

Existing Investments:

The annual risk management plan will include identification of risks related to existing investments and detailed mitigation plan and assigned responsibility for each risk identified.

The Chief Administrative Officer will be responsible for ongoing monitoring of risk assessments and risk mitigation plans related to investments.

9.3 Investment Account

If the First Nation has established an investment account, the First Nation may invest funds in that account in:

- a company that is incorporated under the laws of Canada or of a province or territory and in which the First Nation is a shareholder;
- a trust in which the First Nation is a beneficiary;
- securities issued by the First Nations Finance Authority or by a local, municipal or regional government in Canada
- a limited partnership in which the First Nation is a partner
- a member investment program described in the Lending, Guarantees and Indemnities Section of this policy

9.4 Selection of Investment Manager

Council will select the investment manager. The Director of Finance may review and analyze the proposals, or Council may engage an independent consultant to facilitate the selection process of investment manager:

- investment manager proposals will be analyzed using several criteria including: experience, qualifications, investment management style, costs, past performance, volatility of returns, management fees and any other criteria identified by Council

Investment management agreement will be consistent with this procedure and must facilitate execution of the short- and long-term investment strategies. The agreement must be executed before any funds are transferred into the investment account.

9.5 Termination of Investment Manager

Council will specify within the investment management agreement the terms and conditions for termination of the agreement, which could include:

- failure to achieve performance goals and investment returns
- changes in the First Nation or its investment strategy which would no longer require the services of an investment manager
- changes in investment manager personnel, firm or ownership structure, investment philosophy, style or approach which might adversely affect the potential return and risk level

9.6 Designation and Transfers of Investment Funds

The Director of Finance will notify the Finance and Audit Committee in writing when there are funds available for transfer to the investment account. The written notification must identify the source of the available funds (i.e. government transfer, local revenues, or unrestricted) and whether they are to be invested according to the investment strategy.

Council must approve the transfer of funds to and from the investment account.

The Director of Finance will communicate and oversee approved requests to redeem investments and transfer the proceeds to the First Nation.

9.7 Government Transfer Funds and Local Revenues Permitted Investments

Government transfer funds and local revenues (if collected by the First Nation), may only be invested in:

- securities issued or guaranteed by Canada or a province
- securities of a local, municipal, or regional government in Canada
- investments guaranteed by a bank, trust company or credit union
- deposits in a bank or trust company in Canada or non-equity or membership shares in a credit union
- securities issued by the First Nations Finance Authority or a municipal finance authority established by a province
- as per the Government Transfer Agreement

9.8 Monitoring of Investments

The Director of Finance will reconcile the investment accounts to the general ledger and investment statements.

The Director of Finance will verify the investment management fees charged to make sure they are consistent with the underlying contracts.

The Director of Finance will prepare a quarterly monitoring report and provide that report to the Chief Administrative Officer. The report will summarize:

- the performance of the investments under management to relevant benchmarks
- the weighting of the investment portfolio and comparison to the target portfolio asset allocation
- any relevant media or news articles about the investment manager
- any ownership or staffing changes within the investment manager organization

The Chief Administrative Officer will review the report, may provide further recommendations, and submit to the Finance and Audit Committee.

The Finance and Audit Committee will review the quarterly monitoring report, may provide further recommendations, provide the report to Council for approval.

The investment manager may attend a Council meeting and discuss investment performance, changes in personnel and investment strategy.

On an annual basis, the Director of Finance will review all investments to confirm they meet the requirements of the First Nation's Financial Administration Law and are consistent with the approved investment management strategy of the First Nation. The results of this review will be provided to the Finance and Audit Committee.

9.9 Re-balancing of the Investment Portfolio

An Officer will communicate any rebalancing instructions to the investment manager once approved by Council.

9.10 Record Keeping

All records regarding investment decisions will be retained in accordance with the Information Management Policy.

References and Related Authorities

FMB's Financial Administration System Standards

- Standard 20.0 – Risk Management

FMB's Financial Administration Law Standards

- Standard 19.0 – Risk Management

10. CAPITAL ASSETS

POLICY

Policy Statement

It is Council's policy to establish a process around capital assets that includes a life-cycle approach to effectively plan, manage, account for and dispose of assets according to the First Nation's capital asset strategy and to accurately reflect these in the First Nation's financial statements.

Purpose

The purpose of this policy is to provide guidance on the planning, management, and accounting treatment for capital assets over the entire capital asset life cycle so the First Nation can manage its resources efficiently and effectively to meet its goals and priorities.

Scope

This policy applies to the Council, Finance and Audit Committees, Officers and employees directly involved in capital asset management.

Responsibilities

Council is responsible for:

- approving policies for the safeguarding of capital assets in accordance with the Financial Administration Law
- approving the capital asset register and capital plan
- making sure capital project budgeting requirements are implemented
- establishing a capital asset reserve fund and approving capital asset reserve fund transactions
- establishing asset recognition criteria
- establishing the capital project trigger threshold amount and approving capital project plans for projects above the trigger threshold amount, as per the Authorization and Delegation Table
- informing or involving First Nation members about capital asset projects and borrowings for capital projects for projects above the trigger threshold amount, as per the Authorization and Delegation Table

The Finance and Audit Committee is responsible for:

- reviewing on or before January 15 the capital asset register and capital plan
- reviewing and recommending to Council procedures for the safeguarding of assets
- reviewing status reports on the capital asset reserve fund and making recommendations to Council relative to the funding contribution

- reviewing any scheduled capital project plans including supplemental information and their budgets and developing recommendations for Council

The Chief Administrative Officer is responsible for:

- developing the life-cycle management program in accordance with the requirements of this policy and the Financial Administration Law and making recommendations to the Finance and Audit Committee on matters concerning the management of the First Nation’s capital assets
- maintaining the capital asset register as required in this policy and the Financial Administration Law, including arranging for an annual inspection to obtain updated information of each capital asset (e.g. physical condition, remaining useful life, etc.)
- making sure First Nation members are informed and involved in capital asset projects and borrowings for construction as required in the Financial Administration Law and the First Nation’s communication procedures, as noted in the Annual Planning and Budgeting section of this policy.
- establishing the criteria including monetary threshold for defining a capital asset and capital project as per the Authorization and Delegation Table and recommending to Council for approval

The Director of Finance is responsible for:

- the accurate and timely recording and reporting of capital assets in the financial statements in accordance with Canadian GAAP
- updating and monitoring the application of this policy on a regular basis
- preparing on or before March 31 annually the capital asset register and capital plan Administration Law and this policy
- preparing the quarterly reporting to the Finance and Audit Committee, or more frequently if necessary, on the status of the capital asset reserve fund
- developing and recommending procedures for the safeguarding of assets and making sure approved procedures are followed
- developing the budget for capital project plans and capital plan

Employees involved in the life-cycle management program are responsible for:

- maintaining capital asset information and implementing asset security and safeguarding measures as provided through the application of these policies and safeguarding procedures approved by Council
- recording and reporting changes in capital assets to the Chief Administrative Officer

ADMINISTRATIVE PROCEDURES

Procedures

10.1 Capital Asset Register

A capital asset register will be established and updated by the Chief Administrative Officer. The asset register will reflect the life-cycle management program including maintenance,

rehabilitation, and replacement activities as well as provide an accurate inventory of capital assets.

The capital asset register will include information as required in the First Nation's Financial Administration Law and, at a minimum, it will include:

- location or address
- acquisition date
- acquisition cost
- remaining useful life in years
- estimated repairs and maintenance costs
- cumulative repairs and maintenance costs to date
- insured value
- disposal value (current year disposal of asset only)
- inspection date
- any other information required by Council
- general comments

The finance department will regularly reconcile the capital asset register to the general ledger.

10.2 Annual Inspection and Review

On or before Feb 27, the Director of Capital Projects will initiate an annual inspection of the First Nation's capital asset inventory. Employees in the property management department will be assigned by the Chief Administrative Officer to complete the inspection. Where appropriate or necessary the Chief Administrative Officer may choose to engage the services of an external specialist to assist in the valuation of assets.

Any changes to the capital asset register will be documented and communicated to the Director of Capital Projects for review and approval. Once reviewed and approved by the Director of Capital Projects, the changes will be recorded in the capital asset register.

The Director of Capital Projects will report to the Finance and Audit committee on the outcome of the annual inspection and review of assets, noting any significant developments or findings.

If there is evidence of damage to or a loss of an asset identified during the inspection process or at any other time of the year, the Director of Capital Projects will investigate the matter and initiate the insurance claim process if applicable. The capital asset register will be updated based on this new information.

When conditions indicate that a capital asset no longer contributes to the First Nation's ability to provide goods and services, or that the value of future economic benefits associated with the capital asset is less than its net book value, the cost of the capital asset should be reduced to reflect the decline in the asset's value.

The net write-downs of capital assets should be accounted for as expenditures in the statement of operations.

A write-down cannot be reversed.

10.3 Safeguarding Assets

Physical security arrangements over capital assets will be reviewed annually by the Director of Capital Projects and the results of this review will be reported to and reviewed by the Finance and Audit Committee and Director of Finance with any recommendations to Council.

Insurance coverage for capital assets will be obtained and remain in force unless an asset is to be self-insured based on a risk management assessment that balances any potential loss with the cost of insurance, replacement value of items, etc. Insurance will be obtained in accordance with the relevant policy.

10.4 Maintenance of Assets

The Director of Capital Projects will prioritize capital assets in the register according to importance and impact on the safety and well-being of the First Nation. The highest ranked assets will be given priority for replacement or rehabilitation in future planning.

A list of any capital assets identified as no longer in use will be prepared and reported to the Director of Capital Projects. Steps will be taken to decommission and appropriately dispose of the assets in accordance with any applicable laws or regulations.

All warranty and related work including inspections will be undertaken in a timely manner.

The Director of Capital Projects will make sure that appropriate staff training on the use of the capital asset will be provided.

Officers will make sure the capital asset register and accounting records are updated and make recommendations to the Finance and Audit Committee for changes to the capital plan based on the results of the inspections performed for the year.

10.5 Life Cycle Management Program

Based on the information in the capital asset register and contributions from relevant employees, the Director of Finance will prepare the capital plan by March 31 of each year.

The capital plan will include short- and long-term projections for asset maintenance, rehabilitation or replacement (including acquisition and/or construction). The plan will include the information that the Director of Finance is required to prepare in the Financial Administration Law and, at a minimum, the following details:

- asset description
- rationale
- estimated cost
- estimated timeframe and schedule of maintenance, rehabilitation or replacement (acquisition and/or construction) of each asset
- budget and multi-year financial plan impact

The Finance and Audit Committee will review the capital plan and capital assets register.

The Finance and Audit Committee will review by the capital plan by April 15 and report to Council on its findings and recommendations by April 30 for review and consideration of the annual budget for the upcoming fiscal year.

10.6 Capital Projects

The Chief Administrative Officer, with input from the Director of Finance, will develop a plan for each capital project (project with total cumulative cost greater than the Capital Project Trigger Threshold amount in the Authorization and Delegation Table). The plan will include a business case for the capital project, that will contain, at a minimum, the following:

- the financial viability of the project (i.e. how it will be funded/financed, what the expected return on investment will be, etc.)
- project operating requirements (e.g. annual operating and maintenance costs, cash flow considerations, etc.)
- a project risk assessment
- evaluation of all other options considered

The Chief Administrative Officer will coordinate planning, design, engineering, RFP, supplier selection, and environmental requirements for each capital project with each step carried out in accordance to the relevant policy for Purchasing and Risk Management.

Capital project external advisors may be engaged to carry out these obligations.

The Director of Finance will coordinate project costing, budgeting, financing and approval for each capital project with each step carried out in accordance to the relevant policy for Purchasing and Risk Management.

The capital plan and recommendations from the working committee will be provided to the Finance and Audit Committee.

The Finance and Audit committee will review the capital plan on or before [January 15] and forward their recommendation to Council for approval.

Council will inform or involve members about capital projects and borrowings (if any) for capital projects in accordance with the First Nation's communication procedures, as noted in the Annual Planning and Budgeting section of this policy. At minimum, Council will post a public notice of each Council meeting when borrowing for a new tangible capital asset project is presented for approval and allow members of the First Nation to attend that part of the Council meeting, per the Authorization and Delegation Table.

10.7 Construction Management

The Director of Capital Projects will obtain appropriate course of construction insurance for each capital project in accordance with the Insurance Policy and will require guarantees and bonding from the supplier...

The Director of Finance will process supplier progress payments, manage construction holdbacks and payments. This process will include appropriate audit procedures of the capital project.

The Director of Finance will report to the Finance and Audit Committee on each capital project respecting:

- year to date borrowings, loans and payments
- the status of the project including
 - a comparison of the expenditures to date against the project budget
 - a detailed description of any identified problems with the project
 - problem or issue resolution, if any

10.8 Acquisition of Capital Assets

The acquisitions of capital assets are subject to the Purchasing policy and the Authorization and Delegation Table.

All purchases or leases of capital assets are to be made in accordance with the annual budget, capital plan, and approval limits in the Authorization and Delegation Table.

Any significant variance between budgeted and actual cost of the capital asset will be reported to the Chief Administrative Officer and the Finance and Audit Committee.

10.9 Capital Asset Reserve Fund

The Council will establish a capital asset reserve fund to be applied for the purposes of construction, acquisition, maintenance, rehabilitation and replacement of the First Nation's capital assets.

10.10 Disposal of Capital Assets

The fair market value must be determined for all disposals as a prior condition of approval. The Chief Administrative Officer will consult with external specialists in establishing the fair market value, if necessary.

Members of the First Nation shall have an equal opportunity to purchase surplus assets through a competitive disposal process.

All items to be sold are on an "as is, where is" basis with no warranties or guarantees expressed or implied.

References and Related Authorities

FMB's Financial Management System Standards

- Standard 25.0 – Tangible Capital Assets

FMB's Financial Administration Law Standards

- Standard 25.0 – Tangible Capital Assets Management

11. INSURANCE POLICY

POLICY

Policy Statement

It is Council's policy to establish a process around insurance coverage for its operations, staff and Councillors as part of its overall risk management strategy.

Purpose

The purpose of this policy is to provide guidance on the establishment and maintenance of an insurance program to make sure material risks are addressed for the First Nation and its Council, Officers, and employees.

Scope

This policy applies to Council, the Finance and Audit Committee, Officers and all other employees involved in insurance matters at the First Nation.

Responsibilities

Council is responsible for:

- purchasing and maintaining in force all insurance coverage that is appropriate and aligned with the risks under the care or control of the First Nation based on the recommendation of the Finance and Audit Committee
- if Council chooses, purchasing and maintaining insurance for the benefit of a Councillor or an Officer against any liability arising from that person being or having been a Councillor or an Officer

The Finance and Audit Committee is responsible for:

- providing its insurance coverage recommendation to Council for approval; the Finance and Audit Committee may retain external expertise to assist in its deliberations given the technical nature of insurance decisions

The Chief Administrative Officer is responsible for:

- leading and managing the risk identification and assessment process
- leading and managing the RFP process for selection of an insurance provider
- recommending a preferred insurer and coverage options to the Finance and Audit Committee and Council
- monitoring insurance coverage expiration and payment dates to make sure coverage does not lapse
- on an annual basis reviewing insurance coverage to make sure that it continues to meet the needs of the First Nation

ADMINISTRATIVE PROCEDURES

Procedures

11.1 Identify Significant Material Risks

The Chief Administrative Officer, with input from members of the management team, the Finance and Audit Committee and Council, will develop a list of potential significant material risks to the First Nation's financial assets and operations. This will include an examination of:

- potential sources of liability of the First Nation arising from its operations
- value and use of assets under control of the First Nation
- potential sources of liability for individuals such as Councillors, Officers and employees
- other risk areas that could result in a loss to the First Nation and could be insured

11.2 Identify and Purchase Insurance Products

Based on the risk analysis performed, the Chief Administrative Officer will identify the risks where insurance coverage is appropriate.

The Chief Administrative Officer will review options from different insurance providers and will make a recommendation to the Finance and Audit Committee. Recommendation may include:

- cost of the coverage
- scope of coverage

Where appropriate, legal advice will be sought as required to make sure that the terms and conditions of coverage sought are appropriate for the First Nation.

11.3 Approval for Insurance Coverage

Council will review, approve, and document the selected option.

Once approved by Council, purchase of the insurance coverage will follow the Purchasing and Expenditures policies.

11.4 Maintenance of Insurance Coverage

The Director of Finance will maintain a schedule of insurance policy expiration dates and payment dates and monitor on a regular basis to make sure that coverage does not lapse.

The Chief Administrative Officer will review insurance coverage on an annual basis to make sure that it continues to adequately address the risks and meet the needs of the First Nation.

References and Related Authorities

FMB's Financial Management System Standards

- Standard 20.0 – Risk Management

FMB's Financial Administration Law Standards

- Standard 19.0 – Risk Management

12. RISK MANAGEMENT

POLICY

Policy Statement

It is Council's policy to establish a process around identifying, managing and monitoring risks related to the financial management system and the achievement of the First Nation's goals.

Purpose

The purpose of this policy is to provide guidance on risk management as part of the integrated planning process and ongoing governance activities of the First Nation.

Scope

This policy applies to Council, Officers, the Finance and Audit Committee and all other employees involved in risk management at the First Nation.

For the purpose of this section, the for-profit business activities referred to include the following:

Internal - The for-profit business activities that are not a separate legal entity and stay within the management of the First Nation Administration.

External - The for-profit business activities that a First Nation invests in through a separate legal entity.

Responsibilities

Council is responsible for:

- providing input to the annual risk assessment, including consideration of fraud risks
- consideration of risks associated with investing in internal for-profit activities
- reviewing and monitoring the annual First Nation risk management plan and fraud risk assessment
- approving the annual First Nation risk management plan and fraud risk assessment
- subject to the Financial Administration Law, approving
 - the undertaking of for-profit internal business activities, consolidated entities and ventures
 - the investment strategy and investment risk assessment
 - lending, guarantees or indemnities
 - insurance coverage
 - emergency and operations continuity plan
- the monitoring of any approved for-profit internal business activity
- consideration of risks associated with investing in external for-profit business activities
- the monitoring of any approved external for-profit business activity

- establishing policies and procedures respecting the limitation or management of the risks associated with the First Nation's external for-profit business activities

The Finance and Audit Committee is responsible for:

- providing input to the annual risk assessment including consideration of fraud risks and risks associated with for-profit business activities
- reviewing the risk management plan and fraud risk assessment on a regular basis
- providing input to the annual risk assessment including risks associated with external for-profit business activities
- reviewing the monitoring reports on external for-profit business activities, if applicable

The Chief Administrative Officer is responsible for:

- establishing and maintaining a positive workplace environment which supports integrity, honesty, accountability and transparency
- managing the annual risk assessment process and preparing the risk management plan both which will include fraud risk
- identifying and assessing risks associated with specific material business activities, lending, guarantees, indemnities, investments, general operations, financial reporting and fraud risks
- identifying risks associated with proposed for-profit business activity, steps taken to limit the risks, approvals required to undertake for-profit business activity and monitoring of any approved for-profit business activity
- reviewing and updating the risk management plan and fraud risk assessment on a regular basis
- reporting any significant changes to the risk management plan and fraud risk assessment to the Finance and Audit Committee
- preparing documentation that assesses the qualification and competency of individuals engaged or hired in the control activity process of the financial management systems
- obtaining a written confirmation from the persons engaged in the First Nation's financial management system that they understand their responsibilities
- identifying risks associated with proposed external for-profit business activity, steps taken to limit the risks, approvals required to undertake the external for-profit business activity and monitoring of any approved external for-profit business activity
- reviewing the monitoring reports provided by the Director of Finance with regards to external for-profit business activities and providing to the Finance and Audit Committee for review, if applicable

The Director of Finance is responsible for:

- ensuring all for-profit business activities are separately reported periodically to the Finance and Audit Committee
- developing and recommending procedures for identifying and mitigating risks, including financial reporting and fraud risks for the annual risk management plan
- monitoring the control activities and its impact on the First Nation and the risk management plan
- compiling the monitoring reports for external for-profit business activities and providing to the Chief Administrative Officer for review

ADMINISTRATIVE PROCEDURES

Procedures

12.1 Annual Risk Management Planning

As part of the integrated planning process, a risk assessment will be developed by the Chief Administrative Officer. Risks identified will include any risks that could impact the achievement of its strategic goals or its operations in general.

Risks will be recorded in the risk management plan. The Chief Administrative Officer will analyze the potential impact and likelihood of each risk identified and develop an appropriate risk mitigation plan.

The risk management plan must separately address risks related to specific business activities, lending, guarantees, indemnities, investments, general operations and financial reporting so that these may be managed and monitored.

The risk management plan will be presented to the Finance and Audit Committee for review and recommendation to Council for approval, as part of the integrated planning process.

On a quarterly basis, the Chief Administrative Officer will review the risk management plan with the risk owners to update the risk and mitigation plans. Any significant changes will be reported to and reviewed by the Finance and Audit Committee and approved by Council.

12.2 Fraud Risk Assessment

On an annual basis as part of the integrated planning process, a fraud risk assessment will be performed by the Chief Administrative Officer. Fraud risks identified will be included in the overall risk management plan and will include analysis of the potential impact and likelihood and an appropriate risk mitigation plan.

Council must establish procedures for the identification and assessment of the following types of potential fraud in the First Nation:

- fraudulent financial reporting – an intentional act that is designed to deceive users of financial reports and that may result in material omission from or misstatement of financial reports
- fraudulent non-financial reporting – an intentional act that is designed to deceive users of non-financial reports
- misappropriation of assets – theft of First Nation assets in circumstances where the theft may result in a material omission or misstatement in financial reports
- corruption and illegal acts

12.3 Monitoring and Reporting on Financial Management System Controls

On an annual basis, the Chief Administrative Officer will prepare a document that assesses the qualifications of individuals engaged in the First Nation's financial management system activities

to confirm they are qualified and competent to perform the services for which they have been engaged or hired.

On a periodic basis, the Chief Administrative Officer will ensure that the individuals involved in the First Nation's financial management system activities confirm in writing that they understand their responsibilities.

On an annual basis, the Chief Administrative Officer will prepare and deliver a report to the Finance and Audit Committee, who will report to Council, to confirm the individuals involved in the First Nation's financial management system activities are qualified and competent to perform the services for which they have been engaged or hired and an update on the First Nation's control environment and control activities.

12.4 For-profit Business Activity Risk Management Considerations

Existing For-Profit Business Activities:

The annual risk management plan will include identification of risks related to existing for-profit business activities and detailed mitigation plan and assigned responsibility for each risk identified.

The Chief Administrative Officer will be responsible for ongoing monitoring of the for-profit business activity. Deviations from the approved business plan will be presented to the Finance and Audit Committee for review and recommendation to Council.

The monitoring will be done as follows:

- for each for-profit business activity, the individual responsible for managing that activity will provide a quarterly report to the Chief Administrative officer within 40 days of quarter end that will include:
 - a statement of revenue and expenses containing comparison to the approved annual budget
 - a statement of financial position
 - non-financial report to accompany the quarterly financial statements
- within 40 days of quarter end, the Chief Administrative Officer will review the approved Risk Management Plan for and record an update on each risk mitigation plan related to all for-profit business activity risks identified from the person assigned responsibility for each risk
- within 42 days of quarter end, the Chief Administrative Officer will provide a summary of the financial and non-financial reports and update of the risk mitigation plans related to for-profit business activities to the Finance and Audit Committee
- within 45 days of quarter end, the Finance and Audit Committee will provide an update to Council on all for-profit business activities, including the quarterly financial statements and an update on all for-profit business activity risk mitigation plans
- The Chief Administrative Officer will be responsible for ongoing monitoring of the external for-profit business activities. Deviations from the approved investment plan will be presented to the Finance and Audit Committee for review and recommendation to Council.

New For-Profit Business Activities:

Prior to beginning any for-profit business activity, the Chief Administrative Officer will lead the preparation of a business case supporting the activity. The business case should contain, at a minimum, a detailed description of the proposed activity, costs, projected revenues and benefits, funding arrangements, strategic impact, and a risk assessment (including whether the activity will result in a material liability of the First Nation or expose the First Nation's financial assets, property or resources to significant risk).

The risk assessment should address all risks related to the project and the resulting overall impacts on the First Nation.

For each risk, a detailed mitigation plan with assigned responsibility will be developed.

The complete business case and risk assessment will be presented to the Finance and Audit Committee for review and recommendation to Council for approval of the activity via a Council Resolution.

Prior to beginning an external for-profit business activity, refer to the investment section of this policy.

Management of For-Profit Business Activities:

1. Under the conditions set out in section 2, 3, and 4, the First Nation may:
 - a. carry on business as a proprietor;
 - b. acquire an interest in a partnership as a general partner; or
 - c. act as a trustee respecting property used for, or held in the course of, carrying on a business.
2. The First Nation may carry on a business that
 - a. is ancillary or incidental to the provision of programs or services or other funds of First Nation governance; or
 - b. derives income from the granting of a lease or license of or is in respect of
 - i. an interest in, or natural resources on or under, the First Nation's lands or lands own in fee simple by, or in trust for, the First Nation, or
 - ii. any other property of the First Nation.
3. The First Nation may carry on business activities for the primary purpose of profit if the Council determines that the business activities
 - a. do not result in a material liability for the First Nation; or
 - b. do not otherwise expose the First Nation's financial assets, property or resources to significant risk.
4. Council may impose terms and conditions on the conduct of any for-profit business activity in order to manage any risks associated with that activity.

12.5 Lending, Guarantees and Indemnities

For any lending, guarantees or indemnities, the Director of Finance must annually document their evaluation of the risks to the First Nation of extending credit. The following are risks to be considered:

- ability of the individual or group to repay
- potential for negative impact on the First Nation's reputation
- extent of other similar agreements the First Nation has entered into
- ability of the First Nation to honour the guarantee or indemnity should it be required to do so
- in the case of a program for lending to members of the First Nation, the risks associated with the program and the costs of administering the program

Approval and management of lending, guarantees and indemnities is detailed in the relevant section of this policy.

12.6 Investment Risk Assessment

Monitoring, reporting and approval of the investments strategy and performance is detailed in the relevant section of this policy.

12.7 Financial Reporting Risks

The Director of Finance will identify and document any activities that could result in the risk of the following occurring:

- a material misstatement in information in the quarterly and annual financial statements
- failure to achieve planned levels of financial performance
- failure to perform the First Nation's obligations

12.8 Insurance and Emergency Operations Continuity Plans

Refer to the relevant section of this policy for guidance on the risk assessment and management of investments, insurance and emergency planning.

References and Related Authorities

FMB's Financial Management System Standards

- Standard 20.0 – Risk Management

FMB's Financial Administration Law Standards

- Standard 19.0 – Risk Management

13. EMERGENCIES AND OPERATIONS CONTINUITY

POLICY

Policy Statement

It is Council's policy to establish a process around emergency and operations continuity planning that addresses the key risks facing the First Nation.

Purpose

The purpose of this policy is to provide guidance on preparing for emergencies through a documented emergency and operations continuity plan designed to meet the size, risk and impact of potential emergencies that could affect the First Nation and its ability to achieve its goals and priorities.

Scope

This policy applies to Council, Officers, committee members, employees and members of the First Nation.

Responsibilities

Council is responsible for:

- approving the emergency and operations continuity plan

The Chief Administrative Officer is responsible for:

- ensuring that an emergency and operations continuity plan is prepared and approved
- ensuring that the emergency and operations continuity plan is communicated to the affected First Nation staff and members as part of its implementation along with any necessary training
- updating the emergency and operations continuity plan on an annual basis

ADMINISTRATIVE PROCEDURES

Procedures

13.1 Analyze the Current Situation

The Chief Administrative Officer will conduct a risk assessment to identify all risks that could have an impact on the operations and finances of the First Nation, including potential threats such as fires, natural disasters, and environmental risks.

For each of the risks identified, the Chief Administrative Officer will determine the likelihood of the threat occurring and the potential impact on the First Nation's operations.

13.2 Develop the Emergency and Operations Continuity Plan

Based on the likelihood and impact, the Chief Administrative Officer, with input from outside expertise as required, will determine which risks will be addressed in the emergency and operations continuity plan. The plan should identify critical systems or operations and how these will be managed in the event of an emergency to minimize effects on the First Nation's overall operations and finances.

Areas, which should be examined, and examples of issues to address for each risk include the following:

Buildings and sites

How will operations continue if the site is inaccessible or destroyed?

What safety precautions need to be taken in the event of damage to the building?

Critical equipment

Are there backups in place for critical equipment (i.e. an extra item in storage)?

How quickly can repairs be made and by whom?

Are there outside vendors that can be used to replace an unavailable piece of equipment?

Information Technology

Can the computer network be accessed from offsite (e.g. virtual private network)?

Are there adequate numbers of laptops, cell/satellite phones, etc. to maintain communication remotely during an emergency?

Are critical systems and databases regularly backed up? Is the backup stored offsite?

People

How will the First Nation communicate with staff/members during the emergency?

Do the critical finance and operations staff members have designated and trained back-ups?

Is there an offsite location where limited but critical operations can continue during an emergency?

Are there any potential health and safety issues associated with a particular risk? How would these be dealt with?

Responsibilities for each component of the emergency and operations continuity plan will be clearly identified and communicated with the assigned individuals. Alternates for key individuals will be identified and provided with information on their duties.

The Chief Administrative Officer will develop an emergency notification procedure to explain how to enact the plan should an emergency occur.

13.3 Implement the Plan

The Chief Administrative Officer will develop a communication procedures, as noted in the Annual Planning and Budgeting section of this policy to make sure all affected staff and First Nation members have access to the emergency and operations continuity plan.

All staff who have been assigned responsibilities within the emergency and operations continuity plan will be provided training to carry out their role in the event of an emergency.

The emergency and operations continuity plan will be tested by the Chief Administrative Officer. Testing could include mock disaster exercises, communication and off-site computing tests, fire drills, etc.

The emergency and operations continuity plan documentation will be maintained at all First Nation's site locations and key employees will keep a copy at home. It should include all required information to enact the plan (i.e. emergency contact, responsibilities list, vendor lists, fire drill routes, etc.).

13.4 Annual Review

On an annual basis, the Chief Administrative Officer and key employees will review the plan and associated documentation to make sure it remains relevant and up to date. Updates will be performed, and new versions of the plan and associated documentation distributed to the sites and individuals noted above.

Changes to the plan will be approved by Council.

References and Related Authorities

FMB's Financial Management System Standards

- Standard 20.0 – Risk Management

14. FINANCIAL MANAGEMENT SYSTEM IMPROVEMENT

POLICY

Policy Statement

It is Council's policy to establish a process around continuous improvement in the First Nation's financial management system.

Purpose

The purpose of this policy is to provide guidance on the First Nation's continuous improvement of its financial management system. Regularly reviewing and making improvements to the financial management system of the First Nation helps to make sure the policies and procedures are meeting its needs.

Scope

This policy applies to the Council, Officers, the Finance and Audit Committee, and employees involved in the financial administration of the First Nation.

Responsibilities

The Finance and Audit Committee is responsible for:

- reporting to Council as soon as practicable any gaps or areas of non-compliance between the First Nation's financial management systems and practices and the First Nations Financial Management Board Standards and monitoring actions taken to bring the First Nation into compliance

The Chief Administrative Officer is responsible for:

- planning, scheduling, and conducting internal assessments
- ensuring issues or concerns identified through the internal assessment process are resolved
- holding an annual meeting to review the financial management system for the previous fiscal year
- performing self-assessments of the First Nation's financial management systems and practices against the First Nation Financial Management Board's Standards and monitoring to make sure that any gaps or areas of non-compliance are resolved as soon as possible
- reporting to Council and the Finance and Audit Committee the results of reviews
- ensuring issues and concerns regarding the financial management system are collected, tracked, managed, reported and resolved as required in this policy

ADMINISTRATIVE PROCEDURES

Procedures

14.1 Financial Management System Review

Annually on a date scheduled by the Finance and Audit Committee, the Chief Administrative Officer will review the financial management system for the period of the previous four quarters and up to the date of the meeting.

The agenda items will include, but are not limited to, the following:

- review of the system's processes and procedures
- review of applicable laws for compliance
- review of external and internal assessment results
- review of identified process improvement opportunities including their resolution
- review of all committees' terms of reference
- review of the First Nation's corporate and personnel organization charts

The Chief Administrative Officer will prepare a report for distribution to the Finance and Audit Committee that includes the following:

- statement of whether the financial management system has, during the review period, been operated in compliance with all applicable laws, policies, procedures and directions
- recommendations for any changes to those laws, policies, procedures and directions that would be beneficial to the financial management system

The Chief Administrative Officer will make the report available to Council and auditors.

14.2 Internal Assessments

The employee performing the internal assessment will be independent of the operations or activities being assessed. This employee will be assigned by the Chief Administrative Officer and must be independent of the operation or activity under review.

Operations or activities under review by the employee assigned by the Chief Administrative Officer includes the following:

- Reviewing all policies under the Financial Administration Law
- Reviewing all procedures, within the policies, under the Financial Administration Law
- Reviewing the Terms of Reference for the Finance and Audit Committee
- Any other documentation with regards to the Financial Management System of the First Nation

A documented report will be prepared by the reviewer for each internal assessment performed. The report will contain the reviewer's findings and resolutions of any concerns identified in the findings.

Reports will be issued to the Chief Administrative Officer.

14.3 Continual Improvement Process

The Director of Finance will be responsible for ensuring that any concerns or issues regarding the financial management system brought to their attention are tracked, managed, and resolved on an ongoing basis.

14.4 Review of Financial Administration Law

Annually, the Finance and Audit Committee will review the Financial Administration Law to:

- determine if it facilitates effective and sound financial administration of the First Nation
- identify any amendments to this Law that may better serve this objective

The Finance and Audit Committee will report to the Council and auditors on the results of its review including any recommendations it makes for amendments to the Financial Administration Law.

14.5 Membership Information or Involvement

In the event that recommendations from the Finance and Audit Committee require amendments to the Financial Administration Law, Council will make sure that First Nation members are provided the information or involved in consideration of any proposed amendments to the Law as required in the Financial Administration Law. Membership will be informed and involved of the amendments in accordance with the First Nation's communication procedures, as noted in the Annual Planning and Budgeting section of this policy.

References and Related Authorities

The FMB's Financial Management System Standards

- Standard 27.0 – FMB Standards
- Standard 29.0 – Financial Management System Improvement

The FMB's Financial Administration Law Standards

- Standard 33.0 – FAL Review
- Standard 29.0 – FMB Standards