

Statement of Policy and Procedure	
Policy No.	
Department Ownership	
Issue/Effective Date	Dec 1, 2020

**Adams Lake Indian Band**

## Finance Policy

**Approved by Council on Dec 1, 2020**

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## 1. Definitions

### Definitions

“Annual Integrated Planning Process”	refers to the annual process whereby all planning and budgeting activities throughout every level of the organization are effectively linked, coordinated, and driven by the First Nation’s vision and strategic objectives.
“Approved Travel Status”	Travel on official First Nation business that has been pre-approved by an individual’s immediate supervisor. Approved Travel Status begins once the individual leaves their place of residence for the approved destination and ends once they return to their place of residence or their regular place of employment (e.g. the First Nation office).
“Arrears”	refers to an unpaid, overdue debt, or an unfulfilled obligation.
“Assets”	include Tangible Capital Assets such as equipment, buildings and land that have been purchased or constructed by the First Nation.
“Asset Recognition Criteria”	means the criteria to be used to set the threshold for determining whether a tangible capital asset must be included in the tangible capital asset register and in the Life-Cycle Management Program.
“Best Value”	refers to the optimal combinations of experience, knowledge, expertise, geographic location, performance, quality, time, initial costs, operation and maintenance, cost, life cycle costs, service, performance characteristics, spare parts availability, warranties and guarantees etc.
“Capital Project”	means the construction, Rehabilitation or replacement of the First Nation’s Tangible Capital Assets and any other major Capital Projects in which the First Nation or its related bodies are investors.
“Capital Project Plan”	means a plan to carry out a Capital Project and an annual capital plan means all of the Capital Project Plans to be budgeted for undertaken in a fiscal year.
“cash”	is currency, cheques, money orders, and equivalent financial instruments.

“Cost”	is the gross amount of consideration given up to acquire, construct, develop or better a tangible capital asset, and includes all costs directly attributable to acquisition, construction, development or betterment of the tangible capital asset, including installing the asset at the location and in the condition necessary for its intended use. The cost of a contributed tangible capital asset, including a tangible capital asset in lieu of a developer charge, is considered to be equal to its Fair Value at the date of contribution. Capital grants would not be netted against the cost of the related tangible capital asset.
“Deferred Maintenance”	is maintenance that was not performed when it was scheduled, or that was delayed for a future period and may result in a decrease in service levels and can affect the life expectancy of the asset. It is noted in the asset register.
“Encumbrance Accounting”	refers to the process of setting money aside (to hold it) for a specific purpose. Money then, is essentially earmarked for certain future purposes and cannot be re-allocated for any other purpose than stated.
“Fairness”	refers to giving qualified firms and individuals an equal opportunity to compete for the contract work; and to evaluating tenders and proposals in accordance with accepted practices.
“Fair Value”	is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.
“Financial Institutions”	means the First Nations Finance Authority, a bank, credit union or caise populaire.
“Financial Reporting Risk”	is the possibility of an undetected material misstatement in financial information due to the existence of ineffective Internal Control or fraud resulting from manipulation or alteration of accounting records, misrepresentation or intentional omissions of transactions, or intentional misapplication of accounting principles.
“Financial Reports List”	means the list of financial statements and reports that are to be prepared on a regular basis.
“Fraud Risk”	is the potential for an employee, agent or other person connected to the financial administration of the First Nation to use deception to dishonestly make a personal gain for oneself or a loss for

	another. This commonly includes activities such as theft, corruption, embezzlement, or bribery etc.
“Fraudulent Financial Reporting”	means an intentional act in financial reporting that is designed to deceive users of financial reports and that may result in a material omission from or misstatement of financial reports.
“Fraudulent Non-Financial Reporting”	means the intentional act in non-financial reporting that is designed to deceive users of non-financial reports.
Immediate Family	spouse or common law partner, employees father and mother and the spouses of the father and mother, employees children and the children of the employees spouse or common-law partner, employees grandchildren, employees brothers and sisters, grandmother and grandfather of the employee, father and mother of the employees spouse or common-law partner and the spouse or common-law partner of the mother and father.
“Indemnity”	refers to the right of a person to recover the amount of a financial loss or a liability to a third party.
“Independence”	<p>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</p> <p>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</p>
“Internal Assessment”	is a 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 and sufficiency of controls related to the specific activity or process.

“Internal Control”	<p>is a process, effected by the First Nation’s Council, Finance and Audit Committee, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:</p> <ul style="list-style-type: none"> <li>• effectiveness and efficiency of operations;</li> <li>• reliability of reporting; and</li> <li>• compliance with applicable laws and regulations.</li> </ul>
“Invited Tender”	<p>refers to a tender that is distributed to a certain number of contractors who are invited to bid on a specific project. Industry standards indicate that at least three contractors should be invited to ensure that the process is fair and there is sufficient competition.</p>
“Life-Cycle Management Program”	<p>means the program of inspection, review and planning for the management of the First Nation’s Tangible Capital Assets as described in the Financial Administration Law and this policy.</p>
“Life-Cycle Planning”	<p>is a key component of a Life-Cycle Management Program as it provides information for understanding the condition and assessing the performance of capital assets, anticipates the needs for replacements in the short and long term, and assesses the cost and sustainability of existing programs.</p>
“Loan Guarantee”	<p>is a 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.</p>
“Loan Receivable”	<p>is a financial asset of the First Nation (as the lender) represented by a promise by a borrower to repay a specific amount, at a specified time or times, or on demand, usually with interest.</p>
“Misappropriation of Assets”	<p>means the theft of first nation assets in circumstances where the theft may result in a material omission or misstatement in financial reports.</p>
“Net Book Value”	<p>of a tangible capital asset is its cost, less both accumulated amortization and the amount of any write-downs.</p>
“Open or Public Tender”	<p>is the process by which tenders are advertised publicly. Open tenders should allow any qualified potential bidders the opportunity to bid on a project.</p>
“Planning Documents”	<p>are the combination of a strategic (community development) plan, capital budget, multi-year financial plan, and annual budget.</p>

“Portfolio Rebalancing”	refers to the realigning of the weightings of the First Nation’s portfolio of assets and involves periodically buying or selling assets in the portfolio to maintain the original desired level of asset allocation.
“PSAS”	refers to Public Sector Accounting Standards of the Canadian Public Sector Accounting Board, as amended or replaced from time to time.
“Rehabilitation”	includes alteration, extension and renovation but does not include routine maintenance.
“Replacement”	includes substitution, in whole or in part, with another of the First Nation’s Tangible Capital Assets.
“Requisition”	refers to a purchase order used by the First Nation when documenting expenditures.
“Residual Value”	is the estimated net realizable value of a tangible capital asset at the end of its Useful Life to the First Nation.
“Restricted Investments”	are investments made with funds the source of which is either government transfers, local revenues, or other revenues with restrictions on use.
“RFP”	stands for Request for Proposal, which is the process generally followed before awarding a major service contract. RFPs identify the need and leave it up to the prospective contractors to make a proposal that is appropriate.
“Risk”	is defined as anything of variable uncertainty and significance that interferes with the achievement of a First Nation’s strategies and objectives. In insurance terms is the possibility of a loss or other adverse event that has the potential to interfere with an organization’s ability to fulfill its mandate, and for which an insurance claim may be submitted.
“Risk Tolerance”	means the degree of uncertainty the First Nation is willing to accept in the achievement of its goals.
“Sole Source”	means a person or company from whom the First Nation may purchase goods and/or services.
“Special Purpose Report”	means the report described in subsection [10](2)] of the Financial Administration Law. For the purpose of this policy it refers to the annual report on remuneration, and expenses

“Tangible Capital Assets”

are non-financial assets having physical substance that:

- are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other Tangible Capital Assets;
- have useful economic lives extending beyond an accounting period;
- are to be used on a continuing basis; and
- are not for sale in the ordinary course of operations.

“Tender Process”

refers to the process where documents outlining the requirements and specifications of a project are put in the hands of prospective contractors or suppliers interested in submitting bids.

“Terms of Reference”

is a documented statement of the mandate, objectives, purpose, scope, functions and rules under which a Committee is expected to operate.

“Unrestricted Investments”

are investments made with funds the source of which is not government transfers or local revenues.

“Useful Life”

is the estimate of either the period over which a tangible capital asset is expected to be used by the First Nation, or the number of production or similar units that can be obtained from the tangible capital asset by the First Nation. The life of a tangible capital asset may extend beyond the Useful Life of a tangible capital asset to the First Nation. The life of a tangible capital asset, other than land, is finite, and is normally the shortest of the physical, technological, commercial and legal life.

## **2. Annual Planning and Budgeting**

### **A. Policy**

It is Council's policy to establish an annual planning and budgeting process that is integrated with the operational and long-term strategy of the First Nation.

### **B. Purpose**

The purpose of this policy is to ensure that a comprehensive planning process is established to support the on-going decision making of the First Nation.

### **C. Scope**

This policy applies to Council and employees of the First Nation involved in the planning and budgeting process.

### **D. Responsibilities**

(1) Council is responsible for:

- a. reviewing and approving the annual budget and ensuring that it was prepared in accordance with the First Nation's Financial Administration Law and other applicable First Nation laws, is based on plausible assumptions and provides for required program and services;
- b. 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;
- c. reviewing and approving other Planning Documents including but not limited to a strategic (community development) plan, capital budget, and a multi-year financial plan;
- d. reviewing and approving any changes or amendments to the annual budget or other Planning Documents;
- e. establishing specific goals and service priorities to guide resource and allocation decisions during the budget planning sessions;
- f. ensuring that a process is in place to address membership priorities in the Strategic Plan and other Planning Documents as appropriate;
- g. ensuring that the membership of the First Nation is informed about or involved in the preparation of the annual budget, multi-year financial plan, forecast budget deficits or forecast extraordinary expenditures as set out in the First Nation's Financial Administration Law;



- h. establishing general budget policies or guidelines such as requirements for balanced budget and use of cash reserves.

(2) The Finance and Audit Committee is responsible for:

- a. Reviewing the draft annual budget and multi-year financial plan and recommending them to Council for approval;
- b. Providing recommendations to Council respecting plans to eliminate any budget deficit in a future year;
- c. Reviewing any draft amendments of the annual budget and recommending them to Council for approval; Reviewing information, schedules and proposed budget for Rehabilitation or replacement of Tangible Capital Assets and plans for new construction of Tangible Capital Assets.

(3) The Executive Director is responsible for:

- a. arranging early budgeting planning sessions with Council and other key stakeholders essential in developing the budget;
- b. arranging planning sessions for the development of other key Planning Documents;
- c. ensuring that the budgeting calendar is met;
- d. reviewing draft budgets in consultation with the Finance and Audit Committee;
- e. reviewing other draft Planning Documents in consultation with the Finance and Audit Committee;
- f. communicating the approved budget to management and staff;
- g. conducting regular financial monitoring to compare actual income and expenses to those budgeted;
- h. maintaining a current register of all First Nation's Tangible Capital Assets and arrange for an annual inspection of them.

(4) The Chief Financial Officer is responsible for:

- a. creating a budget development calendar and ensuring deadlines are met – subject to the First Nation's Financial Administration Law;
- b. establishing the format for draft budgets;
- c. participating in budget planning sessions with Council, the Finance and Audit Committee, Executive Director and other key stakeholders;
- d. collaborating with department heads in setting draft expenses for their department;

- e. preparing the draft budget or consolidating and evaluating draft budgets from department heads for accuracy, reasonableness, applicable guidelines, and anticipated resources in accordance with Section [26] of the Financial Administration Law;
- f. developing revenue forecasts based on reviews of fiscal transfer agreements and collaboration with other officers on own source revenues forecasts;
- g. presenting draft annual budgets to the Executive Director and to the Finance and Audit Committee on an annual basis;
- h. Implementing financial monitoring, including preparing and analyzing budgeted versus actual revenue and expense reports for the Finance and Audit Committee use and overseeing any Council approved corrective action (i.e. budget amendments), after the annual budget is approved;
- i. Make forecasts and prepare budgets for Tangible Capital Assets; and
- j. Any other responsibilities as outlined in the Financial Administration Law.

## **E. Procedures**

### **(1) Annual Integrated Planning Process**

- a. An annual planning session will be held five months prior to the start of the fiscal year being planned for. The planning session will generally include:
  - i. Council members, members of the Finance and Audit Committee, the Executive Director, the Chief Financial Officer, and other representatives from Department or functional areas of business;
  - ii. establishment or communication of current year and next fiscal year operational goals and objectives based on priorities established by Council in consultation with membership;
  - iii. presentation of budget development calendar;
  - iv. establishment or update of key budgetary assumptions, budgetary constraints, and cost drivers for current year and the next fiscal year plan;
  - v. establishment or update of a multi-year capital plan schedule to ensure the effective management of capital assets which identifies and prioritizes expected needs, costs, and expected sources of financing;
  - vi. establishment or update of strategies, goals and objectives for the strategic plan – the plan that details the First Nation’s long term priorities and the plan for resources needed to meet the objectives of the plan.

## **(2) Budget**

- a. Based on the annual integrated planning session, the initial operating budget estimates will be prepared and the next fiscal year Capital budget estimates will be prepared or updated accordingly;
- b. Budget assumptions will be documented and updated throughout the budget preparation process with budget adjustments made as required;
- c. Capital budgeting estimates should include all capital improvement projects (purchase, construction, or renovation of physical facilities) and all capital equipment expenditures;
- d. Any projected deficit must be accompanied by a report that outlines the contributing factors and circumstances and the plan by which it will be eliminated in a future year;
- e. Non Government funded programs that require an allocation of OSR or other internal resources must develop and present a budget and a report outlining the need for the funding and how it compliments the strategic plan/community to the FAC for consideration prior to it being presented to the C&C for approval. Allocation of OSR will be determined on contractual obligation as well as community needs and priorities as outlined in the Strategic Plan.
- f. Payroll will provide detailed financial information on staffing and benefits for each department;
- g. The draft budget will be presented for discussion at a Finance and Audit Committee meeting. The Committee may accept the estimates as presented or request amendments, within the context of the operating objectives and the strategic plan;
- h. 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;
- i. The final draft budget recommended for approval to Council by the Finance and Audit Committee will be approved by Council no later than March 31<sup>st</sup> of the fiscal year preceding the budget year;
- j. 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) Strategic Plan**

- a. Based on the annual integrated planning session, (that will include Sr. Management and C&C) a comprehensive and holistic strategic plan will be prepared that will include:
  - i. Developing a community vision that provides the guiding principle of the plan;
  - ii. Developing a community priorities list (e.g. housing, education, etc.);

- iii. Setting a realistic timeframe to implement the plan;
  - iv. 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);
  - v. Determining how the implementation of the plan will be resourced.
- b. The plan should include community input on the vision and priorities.
  - c. The draft strategic 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 vision and priorities of the First Nation.
  - d. The final multi-year strategic plan recommended for approval to Council by the Finance and Audit Committee will be approved by Council as a formal planning document no later than March 31<sup>st</sup> of each fiscal year.

#### **(4) Multi-Year Financial Plan**

- a. Based on the annual integrated planning session, a multi-year financial plan that has a planning period of five years comprised of the current fiscal year and the four succeeding fiscal years will be prepared that will also include the following:
  - i. revenue projections by major revenue type that demonstrate trends in existing revenue streams;
  - ii. in respect of projected revenues sets out separate amounts for income from taxes, fees and charges, transfers from Canada or a provincial or territorial government, grants and business operations and proceeds from borrowing;
  - iii. in respect of projected expenditures, sets out separate amounts for payments, including payments of principal and interest on debt, payments required for Capital Projects as defined in the Financial Administration Law, payments required to address any deficits and payments for all other purposes;
  - iv. is based on projections of revenues, expenditures and transfers between accounts;
  - v. in respect of transfers between accounts, sets out the amounts from the tangible capital asset reserve account;
  - vi. reserves/fund balances that estimate the available reserves available to help short-term fiscal shortfalls or unanticipated or planned expenditures;
  - vii. shows all categories of restricted cash;
  - viii. indicates whether in any of the five (5) years of the plan a deficit or surplus is expected from the projected revenues and expenditures that year; and

- ix. a cover sheet that describes the broad assumptions and judgments used in the developments of the plan.
- b. 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.
- c. 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 31<sup>st</sup> of each fiscal year.

#### **(5) Adjustments to the Plans and Budgets**

- a. An annual adjustment process in the Budget Calendar will be included to adjust the plans and budgets.
- b. The circumstances to make adjustments to budgets are limited to substantial change in the forecasted revenues or expenses of the First Nation or in the expenditure priorities of the Council; which may include the following:
  - i. External factors that impact funding arrangements;
  - ii. impacts related to Capital Project adjustments;
  - iii. unforeseen changes to budget assumptions;
  - iv. Council approved changes to priorities or operating objectives.
- c. Proposed amendments to the strategic plan or multi-year plan will be brought forward to the next annual planning session.
- d. Significant time-sensitive adjustments should be brought to the Finance and Audit Committee for review and recommendation to Council.
- e. On or before June 15 of each year the Chief Financial Officer 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.
- f. 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
- g. 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

#### **F. References and Related Authorities**

- (1) FMB's Financial Management System Standards

- a. Standard 15.0 – Integrated Process
  - b. Standard 16.0 – Financial Plans
  - c. Standard 17.0 – Budgets
  - d. Standard 24.3 – Life-Cycle Planning
  - e. Standard 24.4 – Capital Project Plans
- (2) FMB’s Financial Administration Law Standards
- a. Standard 14.0 – Financial Plans
  - b. Standard 15.0 – Budgets

## **G. Attachments**

- (1) **Appendix A** – Sample planning and budgeting schedule template

### **3. Financial and Operational Reporting**

#### **A. Policy**

Financial statements and reports will be prepared on a regular basis in accordance with Canadian Public Sector Accounting Standards. An annual operations report, including the audited annual financial statements, Special Purpose Reports and an assessment of progress towards financial and operational goals of the First Nation, will be published within 180 days of the fiscal year end and will be provided to First Nation members, council, and other organizations as required.

#### **B. Purpose**

The purpose of this policy is to establish financial reporting requirements and practices to facilitate the preparation and reporting of timely, accurate and relevant financial information on which to assess progress toward goals.

#### **C. Scope**

This policy applies to all of the financial operations and activities of the First Nation including those operations that the First Nation controls. The persons affected by this policy include the Council, Finance and Audit Committee, Executive Director, Chief Financial Officer and managers of the First Nation.

#### **D. Responsibilities**

(1) Council is responsible for:

- a. Reviewing the quarterly financial statements and reports and the Finance and Audit Committee's corresponding recommendations;
- b. Deciding whether to approve the Financial Reports List, the financial statements and reports; and
- c. 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 FAL, and;
- d. Documenting procedures for identification of risks.

(2) The Finance and Audit Committee is responsible for:

- a. Determining the Financial Reports List contents and frequency of reporting it requires from the First Nation's management team; and
- b. Reviewing the Financial Reports List, the monthly reports, quarterly and annual financial statements and reports and the Executive Director's corresponding recommendations, and making appropriate recommendations to Council.

(3) The Executive Director is responsible for:

- a. Preparing and updating the Financial Reports List;
- b. Reviewing the monthly financial statements and reports and making appropriate recommendations to the Finance and Audit Committee;
- c. Identifying, assessing, monitoring and reporting on Financial Reporting Risks to the Finance and Audit Committee;
- d. 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;
- e. Ensuring that Financial Reporting Risk assessment and management practices have been performed in relation to quarterly and annual financial statements; and
- f. Periodically reviewing these policies in consultation with the Chief Financial Officer and other staff as appropriate and recommending any updates to the Finance and Audit Committee.

(4) The Chief Financial Officer is responsible for:

- a. Preparing the financial statements and reports in accordance with PSAS and this policy and procedure;
- b. Assessing and managing Financial Reporting Risk and reporting risks to the Executive Director; [and]
- c. Developing and recommending procedures for identifying and mitigating Financial Reporting Risks and Fraud Risks and ensuring approved procedures are followed [. / ; and]
- d. [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*.]

(5) Managers are responsible for:

- a. Providing all requested information in relation to the preparation of financial statements and reports and the assessment and management of Financial Reporting Risk.



## **E. Procedures**

### **(1) Financial Reports List**

- a. Council and the Finance and Audit Committee, with the assistance of the Executive Director, is responsible for preparing a list of all financial statements and reports that are to be prepared on a regular basis.
- b. The Financial Reports List must include the required monthly information, as well as quarterly and annual financial statements.
- c. Monthly reports prepared by the Chief Financial Officer will be tailored to the needs of the First Nation's management team for monitoring purposes in the form and content recommended by the Finance and Audit Committee.
- d. If the first nation has borrowed money from the FNFA secured by other revenues, these other revenues must be accounted for and reported on separately.
- e. For each report or financial statement listed, the following information must also be identified:
  - i. A brief description or contents of the report;
  - ii. The person responsible for its preparation;
  - iii. When it is to be made available and its frequency; and
  - iv. The report's distribution list.
- f. The Finance and Audit Committee will review and update the Financial Reports List quarterly and annually, and submit the list to Council quarterly and annually for their review and recommendation.
- g. Council will review and approve the Financial Reports List quarterly and annually.

### **(2) Financial statement preparation**

- a. The Chief Financial Officer will prepare monthly information respecting 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 person identified as responsible for its preparation.
- b. Each quarterly financial statement will include the following for the First Nation and all its related bodies:
  - i. A statement of revenue and expenditures containing a comparison to the approved annual budget;
  - ii. A statement of financial position;

- iii. Financial institution account reconciliations;
  - iv. [Financial information for the local revenue account as required by the Financial Administration Law [and the Local Revenue Policy];
  - v. [If the First Nation has borrowed money from the First Nations Finance Authority secured by other revenues: Financial information respecting these other revenues;]
  - vi. [If a Land Code is in force: Breakdown of revenue by categories contained in the First Nation's land code;] and
  - vii. Any other information requested by the Finance and Audit Committee or Council.
- c. Each annual financial statement will include the following for the First Nation:
- i. The financial information and disclosures for the First Nation for the fiscal year prepared in accordance with PSAS;
  - ii. A Special Purpose Report setting out all payments made to honour guarantees and indemnities;
  - iii. A Special Purpose Report setting out the information required in section [10] of the Financial Administration Law (Reporting of Remuneration and Expenses);
  - iv. A Special Purpose Report setting out all debts or obligations forgiven by the First Nation;
  - v. A Special Purpose Report setting out the information required in paragraph [64(3)(c)] of the Financial Administration Law (Lending program to First Nation members);
  - vi. [If the First Nation has a land code in force, a report setting out moneys of the First Nation derived from First Nation lands, categorized and shown separately from other revenues and that includes a sub-category respecting revenues from natural resources obtained from First Nation lands;] and
  - vii. Any other report required under the Act or an agreement.
- d. Annual financial statements will be prepared according to a standard "financial closing and reporting process checklist".
- e. Annual financial statements, the corresponding completed financial closing and reporting process checklist, and the highlights memo (if applicable), will be signed by the Chief Financial Officer and presented to the Finance and Audit Committee along with his / her comment(s) and recommendation(s), no later than [45] days following the end of the fiscal year for which they were prepared.
- f. The Finance and Audit Committee will review the annual financial statements, the accompanying information, and the Chief Financial Officer'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 [60] days following the end of the fiscal year for which they were prepared.

- g. Council will review the annual financial statements, the accompanying information, and the recommendation(s) of the Finance and Audit Committee and the Executive Director, and make a decision to approve or not approve the annual financial statements.
- h. In the event that the financial statements are not approved by Council, a documented rationale will be communicated to the responsible party(ies) for corrective action. The financial statements will be re-submitted for approval within the timeframe stated by Council.
- i. A “financial reporting record” file will be created for each annual financial statement. The financial statement record file will at a minimum contain the:
  - i. Financial statements presented to Council for approval;
  - ii. 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 Executive Director’s recommendation(s);
  - iii. Completed financial closing and reporting process checklist;
  - iv. Completed highlights memo (if applicable).
- j. The financial reporting record file will be classified as confidential and secure, and maintained according to the Records and Information Management Policy and Procedure. Retention period will be seven years unless otherwise specified by council policy

### **(3) Financial Reporting Risks**

- a. The Chief Financial Officer will review the financial reporting list to ensure that all identified financial statements and reports have been prepared and submitted for review and approval by the dates specified.
- b. Annually, as part of the evaluation process, the Executive Director will ensure that the persons engaged in the financial management system:
  - i. Have the necessary knowledge, skills and competence to perform the services for which they have been engaged;
  - ii. Confirm in writing that they understand their responsibilities.
- c. The Chief Financial Officer will develop a “financial closing and reporting process checklist” for use at the end of each accounting period, which will include procedures to mitigate Financial Reporting Risk. The financial closing process checklist will include the following minimum procedures:

- i. Reconciliation / analysis of all statement of financial position accounts with approval by the Chief Financial Officer. In those instances, where the Chief Financial Officer prepared the reconciliation or analysis, then the Executive Director will be required to approve the reconciliation or analysis (or alternatively a member of the Finance and Audit Committee);
- ii. Review of trade, loan and other receivable balances to identify late payments. Late payments followed up on and have been reviewed for collectability. Any necessary adjustment to the allowance for doubtful accounts has been prepared;
- iii. Reconciliation of general ledger balances with sub-ledger balances (e.g. trade accounts receivable, trade accounts payable, contribution receivable, etc.);
- iv. Search for unrecorded liabilities and preparation of accrual journal entries, including:
  - a) Reconciliation of supplier statements;
  - b) Review of unmatched receiving information;
  - c) Review of unmatched purchase orders;
  - d) Review of numerical continuity of purchase orders;
  - e) Review of current contracts for supplies or services, including follow-up with supplier when necessary;
  - f) Enquiries of departmental managers for any invoices, expense reports, commitments or any other knowledge of liabilities incurred at reporting date.
- v. Analysis of revenue and expense accounts for budgetary variances and for reasonability. Where necessary, an account analysis will be prepared.
- vi. Reconciliation of payroll expense to the payroll register and bank account balance.
- vii. Preparation of non-recurring journal entries and journal entries not in the ordinary course of business, with supporting documentation.
- viii. Approval of material non-recurring journal entries and journal entries that are not in the ordinary course of business by Finance and Audit Committee.
- ix. Recurring journal entries have been prepared, approved by the Chief Financial Officer, and recorded.
- x. The financial statements have been reviewed for accuracy, additions, and cross-references. The financial statements agree with the general ledger.
- xi. The presentation of the financial statements has been reviewed. Necessary disclosures and reclassification entries have been prepared and have been approved by the Chief Financial Officer.

- xii. Draft departmental financial statements have been provided to managers for their review, comment and budgetary variance explanations. Any issues or questions have been resolved.
- xiii. The Chief Financial Officer is satisfied that the financial statements are accurate and presented in accordance with PSAS.
- d. The Chief Financial Officer will prepare a highlights memo for each set of quarterly and/or annual financial statements prepared. The highlights memo will, at a minimum, report
  - i. Financial Performance, specifically:
    - a) An assessment of the overall financial situation for the First Nation (i.e. surplus, deficit, adequate reserves, etc.);
    - b) A review of progress towards financial and operational goals set during the planning process;
    - c) Identification and explanation of material budgetary variances;
    - d) Current ratio and any ratios required to be maintained by contract (e.g. financial covenants contained in borrowing agreements);
    - e) Doubtful accounts receivable, with changes since last quarter summarized;
    - f) Payment status of statutory and contractual obligations. Specifically, a listing of all late payments with explanations;
    - g) Remediation options where financial performance is not in accordance with plans.
  - ii. Exceptions to expected financial and system performance. Specifically:
    - a) Unanticipated problems preparing the financial statements and the resolution;
    - b) Unusual or unexpected accounting balances or transactions;
    - c) Accounting entries not in the ordinary course of business;
    - d) Explanation of transactions where measurement or accounting treatment was uncertain or where there were choices under PSAS;
    - e) Weaknesses in, and, suggestions to improve, the financial management system;
    - f) Instances of financial administration law or system non-compliance, fraud and / or unauthorized activities.
  - iii. Forecast to end of year. Specifically:
    - a) Forecast of annual operations and budgetary performance, and annual cash flow and expected cash surplus or financing requirement;

- b) Statement of assumptions used in the budget process and any changes in assumptions that affect the budget;
  - c) Identification of emerging financial performance risks and opportunities;
  - d) Remediation options where forecast financial performance is not in accordance with plans.
- e. Changes to the accounting software (i.e. new system or major changes to the current system set-up) require authorization from the Chief Financial Officer 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 Chief Financial Officer or designate.

#### **(4) Fiscal year**

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

#### **(5) Annual Report**

- a. 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.
- b. The annual report will contain, at a minimum, the following:
  - i. A description of the services provided by the First Nation and its operations;
  - ii. A review of the First Nation's achievement towards its values, goals and objectives;
  - iii. A progress report on any established financial objectives and performance measures of the First Nation;
  - iv. The audited annual financial statements for the previous fiscal year including any Special Purpose Reports.
- c. The annual report will be made available to all members of the First Nation [at the principal offices of the First Nation, on the First Nation website, etc.] 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.
- d. The Council must ensure 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.

## **F. References and Related Authorities**

### **(1) FMB's Financial Management System Standards**

- a. Standard 14.0 - Fiscal Year
- b. Standard 19.6 - Financial Reporting Risks
- c. Standard 20.0 - Financial Reporting
- d. Standard 22.0 Annual Report

### **(2) FMB's Financial Administration Law Standards**

- a. Standard 18.0 - Financial Reporting
- b. Standard 20.0 - Annual Report

## **G. Attachments**

None

## **4. Financial Institution Account and Cash Management**

### **A. Policy**

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

### **B. 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, processing transactions, borrowing funds. It is also to ensure that all financial institution accounts be operated solely for the identified purposes and by properly authorized persons, be reconciled in a timely manner, be independently reviewed and approved, be properly recorded in the book of accounts, be reported in the First Nation's financial statements, and that records be maintained of all financial institution transactions.

### **C. Scope**

This policy and procedure applies to Council, the Executive Director, Chief Financial Officer, and any other First Nation employee who has been assigned financial institution account responsibilities.

### **D. Responsibilities**

(1) Council is responsible for:

- a. approving the addition or the removal of authorized signatories for each financial institution account used by the First Nation;
- b. designating the Financial Institutions that the First Nation may conduct banking activities with;
- c. approving the establishment of an operating line of credit or overdraft account.

(2) The Finance and Audit Committee is responsible for ensuring significant irregularities or unusual reconciling items are investigated.

(3) The Senior Finance Officer is responsible for:

- a. representing the First Nation in dealing with Financial Institutions;
- b. approving financial service agreements with Financial Institutions;
- c. controlling the opening, maintenance and closing of any of the First Nations bank accounts;
- d. assigning banking duties and ensuring that adequate segregation of duties is maintained;
- e. ensuring physical safeguards are implemented over any handling of cash and blank cheques;



- f. ensuring all money received by the First Nation is deposited as soon as practicable into the appropriate accounts described;
- g. approving and doing an independent monthly bank reconciliation for each financial institution account;
- h. ensuring that a reconciliation is performed each month for every financial institution account;
- i. documenting and alerting the Finance and Audit Committee of any irregularities in the reconciliation process;

The accounting officer / finance staff / clerk(s) is /are responsible for:

- j. recording revenue deposited in the accounting system; and
  - k. ensuring all anticipated recurring deposits have been received. The appropriate accounting officer will alert the Chief Financial Officer when expected receipts have not been received.
- (4) The employees assigned banking duties by the Chief Financial Officer are responsible for:
- a. receiving cheques and cash;
  - b. preparing cheques and cash for deposit to the appropriate financial institution account; and,
  - c. reconciling petty cash accounts on a regular basis.
- (5) The employee designated by the Chief Financial Officer to prepare financial institution account reconciliations is responsible for:
- a. preparing a monthly reconciliation for each of the First Nation's financial institution accounts by the 15<sup>th</sup> of the following month;
  - b. ensuring that supporting documentation and records are retained for each reconciliation; and,
  - c. alerting the Chief Financial Officer of any irregularities.

## **E. Procedures**

### **(1) Financial institution account management**

- a. The Chief Financial Officer maintains correspondence and official documents relating to the opening, maintenance, and closing of all financial institution accounts.
- b. The Chief Financial Officer is the First Nation's primary representative in dealing with Financial Institutions and at least annually provides the designated financial institution representative with necessary financial reporting information and updates on the First Nation operations and forecasts in order for the Financial Institutions to respond to the First Nation's financial service requirements.

- c. The Chief Financial Officer and/or the Executive Director are the only individuals authorized by Council to negotiate financial service agreements on behalf of the First Nation.
- d. The Chief Financial Officer 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.
- e. The list of individuals with authorized signing authorities for each financial institution account will be maintained by the Chief Financial Officer. All changes to signing authorities must be approved by Council.
- f. Online financial institution access will be permitted and controlled as follows:
  - i. the employee responsible for account reconciliations will be granted read-only access to the account he/she has been assigned to reconcile;
  - ii. only employees with the appropriate authority will be provided with online banking access to perform transactions;
  - iii. transaction completion activities, such as electronic funds transfers, will be controlled in a similar manner as cheques. Two employees will be required to approve each transaction. Each employee will have a separate login and individual password.

## **(2) Cash receipts**

- a. 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.
- b. Cheques received by direct mail will be recorded in a receipt log and endorsed (stamped) as "for deposit only" by a designated person. The log will include the date, source amount and reason for payment.
- c. The cheque receipts log will be delivered to the designated employee within the Finance Department responsible for accounts receivable. This person will reconcile the remittance / deposit slip and the cheque receipts log.
- d. Cash received will be recorded in the accounting software upon receipt of the cash and an electronic receipt will be issued to the payee. For off site collection of cash a triplicate receipt book is used with one copy to the customer, one copy for off site office and one copy for the finance/accounting department..
- e. 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.
- f. Cash will be deposited once the total amount received reaches \$1,000 or on a weekly basis, whichever occurs first.

- g. A list of anticipated ongoing deposits will be maintained and reviewed on a monthly basis. Any expected deposits that have not been deposited in the financial institution account(s) will be reported by the accountant to the Chief Financial Officer immediately.

**(3) Online financial institution access will be permitted and controlled as follows:**

- a. The employee performing account reconciliations will be granted read-only access to the account they have been assigned to reconcile.
- b. Only employees with delegated signing authority by C&C will be provided with online banking access to perform on-line banking transactions.
- c. Transaction completion activities, such as electronic funds transfers, will be controlled in a similar manner as cheques. (Eg: if two members of Council are authorized signatories on the financial institute account, two members of C&C 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).

**(4) Petty Cash**

- a. A limited number of petty cash accounts as determined by the Chief Financial Officer 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:
  - i. the creation of a petty cash account must be approved by the Chief Financial Officer;
  - ii. the total amount of the fund will not exceed \$[500.00];
  - iii. the maximum transaction that can be paid using petty cash will not exceed \$[75.00];
  - iv. All transactions must have prior authorization of the applicable department manager/ED before petty cash funds are disbursed.
  - v. The person receiving funds from petty cash must sign a disbursement slip as evidence of receipt. The person disbursing the funds must also sign the slip as witness.
  - vi. All payments out of the petty cash fund should be supported by an original itemized receipt

- vii. the person responsible for the security of the fund will maintain an activity log, supporting documentation, and reconciliation;
- viii. petty cash reconciliations will occur monthly or more frequently if required;
- ix. petty cash funds and supporting documentation (vouchers, receipts) must be kept in a safe location (locked drawer or safe); and
- x. accounts payable will replenish the petty cash fund only with complete documentation and a completed petty cash fund reconciliation.

#### **(5) Cheque stock**

- a. All blank cheque stock will be stored in a locked cabinet or safe with controlled or limited access.
- b. Cheque stock should be sequentially pre-numbered.
- c. No accounts payable personnel, or the person authorized to print out cheques, shall be authorized to sign cheques or approve money transfers.
- d. 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 ensure a minimum segregation of duties.
- e. Cheque signers will not sign blank cheques under any circumstances. Electronic Signatures and Transfers – policy will be amended when this comes into affect.
  - i.

#### **(6) Credit Lines**

- a. The Senior Finance Officer will authorize the draw down on any line of credit or overdraft facilities.

#### **(7) Opening a Financial Institution Account**

- a. A written request in the form of a briefing note, to open a new financial institution account must be reviewed and approved by the Chief Financial Officer, must include the purpose of the account and presented to C&C for approval
- b. Once the financial institution account has been approved, the Chief Financial Officer or designate prepares an account inventory form, which includes the following elements:
  - i. Name of account;
  - ii. Instructions regarding purpose of account;
  - iii. Names of signatories and authority limits;
  - iv. Address where all statements and correspondence is to be sent; and

- v. The contact person or department at the financial institution.
- c. The account establishment letter must be signed by any one of the four administrative signing authorities : , and a quorum of Council..
- d. The financial institution accounts will be created such that all non-deposit transactions (such as cheques, electronic transfers, etc.) require two signatures, which must include one of the four administrative signing authorities and one Council member, for approval according to the Delegated and Assigned Responsibilities Policy.
- e. Once the financial institution account is opened, the Chief Financial Officer notifies the appropriate Finance Department personnel to activate the account in the general ledger.

#### **(8) Closing a Financial Institution Account**

- a. A written request in the form of a briefing note, to close a financial institution account must be reviewed and approved by the Chief Financial Officer and C&C
- b. The request to close must include:
  - i. Name of account;
  - ii. Financial institution account number;
  - iii. Closing bank balance and statement; and
  - iv. Approval by appropriate First Nation personnel
- c. 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 a quorum of C&C of the First Nation.
- d. Once the financial institution account has been closed, the Chief Financial Officer notifies the appropriate Finance Department personnel to deactivate the account in the general ledger.

#### **(9) Account Reconciliation**

- a. Each of the First Nation's financial institution accounts will be reconciled to the accounting system records on a monthly basis within [15] business days of the end of the month.
- b. An independent review must be undertaken by an individual who does not report to the employee who prepared the financial institution account reconciliation.
- c. Reconciliation records will be retained. Documentation to support the amounts recorded on the reconciliation, such as accounting system general ledger reports, financial institution statements, outstanding cheque reports, etc., will be included in the reconciliation file.
- d. The employee preparing the financial institution account reconciliation will monitor and investigate adjustments that carry over from month to month.

- i. Outstanding cheques will be monitored and any cheques outstanding for more than six months will be investigated with the employee responsible for preparing cheques (i.e. Accounts Payable) to determine whether the cheques remain valid or if they should be stale-dated.
- ii. In transit deposits will be investigated immediately if not cleared by the financial institution within one week.
- iii. Unusual, or unresolved entries that carry over for more than one month, will be reported to the Chief Financial Officer.
- e. The employee preparing the reconciliation will sign it as evidence that the reconciliation is complete and that they have carried out their duties as described in this policy.

**(10) Independent Review**

- a. The Chief Financial Officer will ensure each financial institution account's monthly reconciliation must be independently reviewed for completeness, timeliness and accuracy. The Chief Financial Officer will review to ensure the following:
  - i. the reconciliation balances;
  - ii. all amounts recorded on the reconciliation are appropriately supported by documentation such as financial institution statements and financial system reports;
  - iii. 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;
  - iv. unusual adjustments are well explained, supported, and, if material in nature, are brought to the attention of the Finance and Audit Committee.
- b. The Chief Financial Officer performing the independent review, must not be the preparer and will sign and date the reconciliation to indicate they have carried out their duties as described in this policy.

**(11) Irregularities**

- a. Irregularities, such as significant reconciliations that do not balance or unusual adjustments, will be reported by the Chief Financial Officer to the Finance and Audit Committee as soon as practical.

**F. References and Related Authorities**

- (1) FMB's Financial Management System Standards
  - a. Standard 18.1 – Financial Institution Accounts
  - b. Standard 18.2 – Account Deposits

- c. Standard 18.3 – Financial Institution Account Reconciliation
- (2) FMB’s Financial Administration Law Standards
  - a. Standard 16.1 – Funds and Revenues
  - b. Standard 16.2 – Expenditures

## **G. Attachments**

- (1) **Appendix B** – Financial Institution Account Reconciliation Template

## **5. Procurement**

### **A. Policy**

The procurement of goods, services and assets will be conducted with sufficient due diligence to demonstrate transparency, fairness, quality, and value for money in meeting the First Nation's requirements.

### **B. Purpose**

The purpose of this policy is to provide guidance to the First Nation on how purchases will be planned, managed, approved and paid.

### **C. Scope**

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

### **D. Responsibilities**

(1) The Council is responsible for:

- a. Ensuring effective control of procurement of goods, services and assets through documented policies and procedures.

(2) The Executive Director is responsible for:

- a. Ensuring the procurement process is fair, open, and demonstrates accountability to obtain the Best Value for time and money;
- b. Communicating the policies and procedures to all parties who are affected.

(3) The Chief Financial Officer is responsible for:

- a. Developing, documenting and maintaining policies and procedures relating to the procurement process for goods, services, and assets;
- b. Assisting in the selection, evaluation, and monitoring of contractors and suppliers;
- c. Managing and monitoring expenditures and identifying and reporting on budget variances;
- d. Ensuring that procurement staff receives appropriate guidance and assistance in the performance of their duties.



## **E. Procedures**

### **(1) Procurement of low value items goods and services**

- a. Goods and services under the 'low' value threshold can be procured by the individuals noted in Appendix C for each threshold of value. All purchases over \$25.00 require an authorized purchase order prior to purchasing.
- b. The responsible employee noted in Appendix C will ensure that the goods or service selected is the Best Value for First Nation.
- c. The responsible employee noted in Appendix C will sign the invoice indicating that the goods or services have been received under the terms in the agreement between the First Nation and the vendor.

### **(2) Procurement of moderate value goods and services**

- a. The responsible employee noted in Appendix C will perform a documented analysis of the costs and benefits of at least three options to procure the good or service.
- b. Where practical, informal quotes will be obtained through advertisements, direct solicitations to contractors/suppliers and other methods in an effort to compare prices and select the best option for the First Nation.
- c. When appropriate, the First Nation will promote the use of local content in the procurement of goods and services in accordance with Appendix E.

### **(3) Procurement of high value goods and services**

- a. Goods and services classified as high value according to Appendix C will be procured using a competitive tendering process.
- b. When appropriate, the First Nation will promote the use of local content in the procurement of goods and services in accordance with Appendix E.
- c. Under a competitive tendering process, the First Nation must use either an Invited Tender or an open tender to award a contract.
- d. For each tendering process an RFP will be issued and will include the following components:
  - i. Date by which proposals are due;
  - ii. Background to the requirement (e.g., context, challenges);
  - iii. Specific requirements of the proposal including any requirements set out in Council policy for the management of Capital Projects (e.g. course of construction insurance, performance guarantees and bonding;
  - iv. Qualifications of the ideal supplier (e.g. track record, experience, integrated services);

- v. Criteria and weighting (if applicable) by which proposals will be assessed;
  - vi. Planned contract award date;
  - vii. Process for entertaining questions regarding the RFP and sharing responses with other potential suppliers;
  - viii. Caveat providing the First Nation with the right to pick any proposal or none;
  - ix. A checklist of other special terms and conditions (e.g., maximum price expected, delivery dates or constraints) that would be critical for an organization to build into their response to meet the needs of the First Nation.
- e. The Executive Director, [2] representatives from Council, and any required staff possessing relevant expertise will form a review panel and review the proposals received against the pre-determined selection criteria for the RFP. The review panel will provide Council with a recommended course of action.
- f. To maintain consistency in the procurement process, a standard methodology will be used to evaluate each contractor/supplier (Appendix D). The methodology will include, at a minimum, an evaluation of:
- i. How the contractor/supplier meets the RFP or tender requirements and specifications;
  - ii. The contractor/supplier's qualifications;
  - iii. The price quoted; and
  - iv. Results and quality of all work the contractor/supplier has previously done for the First Nation.
- g. Other requirements will be added to the methodology as deemed necessary by the Executive Director.
- h. Normally an RFP process as described above will be followed to procure goods and services. Exceptions to this process (i.e. granting a Sole Source contract, non-competitive contract award) will be rare and limited to the following situations:
- i. If there were no bids received during the tender call or RFP process;
  - ii. When the good or service is available only through a Sole Source;
  - iii. In an emergency situation where a delay in procuring the good or service would result in severe loss or damage to the First Nation.
- i. Any exceptions to the procurement process will be documented to demonstrate the rationale and approval of a non-standard procurement process.

#### **(4) Approval, initiation and monitoring**

- a. Approval of procurement decisions should be documented on the relevant purchasing document (i.e. Requisition, purchase order, or contract, depending on the nature of the procurement activity).
- b. Once approved, the Chief Financial Officer will ensure that an Encumbrance Accounting system is in place for each procurement activity over \$[100.00] and for each contracted procurement so that money is set aside and used specifically for those goods or services.
- c. On a monthly basis, the Chief Financial Officer will review the status of procurement encumbrances, noting and investigating any over budget commitments. Procurement activities over budget by 10% will be reported to the Executive Director and FAC
- d. At each Finance and Audit Committee the Executive Director will report on the status of a Capital Project including a comparison of expenditures to date with the project budget and a detailed description of any identified legal, financial, technical, scheduling or other problems and the manner in which it has been or will be addressed.

#### **(5) Documentation requirements**

- a. All procurement documents (including but not limited to Requisitions, invoices, purchase orders, request for proposals or tender calls) will clearly indicate the details of the goods and services requested.
- b. Approvals and budget appropriations and accounts from which certain goods or services may or must be purchased will be documented on relevant internal procurement documentation
- c. A file will be created for each RFP/Tendering process that contains the results of each supplier evaluation.

#### **(6) Monitoring of Contractors/Suppliers**

- a. On an ongoing basis, the Executive Director will monitor the quality of the work and the working relationship with the contractor/supplier. Any issues noted will be documented in the contractor/supplier file and resolved by the Executive Director.
- b. 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. Any adjustments to the criteria weighting should not be made without the [contractor/supplier's concurrence].

#### **(7) Encouraging new contractors/suppliers**

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

## **F. References and Related Authorities**

- (1) FMB's Financial Management System Standards
  - a. Standard 18.6 - Procurement
  - b. Standard 18.7 - Procurement of suppliers
  - c. Standard 24.5 - Contract and tendering requirements
- (2) FMB's Financial Administration Law Standards
  - a. Standard 8.3 - Policies, Procedures and Directions
  - b. Standard 16.2.1 - Expenditure Controls
  - c. Standard 22.5 - Contracts and tendering provisions

## **G. Attachments**

- (1) **Appendix C** – Purchasing Approval Limits
- (2) **Appendix D** – Sample Contractor/Supplier Evaluation Template
- (3) **Appendix E** – Local Content

## **6. Expenditures**

### **A. Purpose**

Expenditures paid to suppliers or reimbursed to Councillors and First Nation employees will be in support of valid First Nation activities, duly authorized, accurately recorded in the financial system and sufficiently supported through original documentation.

### **B. Purpose**

The purpose of the policy is to ensure that all expenditures from First Nation's funds are in support of valid First Nation programs and activities and that processing of payments are subject to proper approvals and budgetary controls.

### **C. Scope**

This policy and procedure 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.

### **D. Responsibilities**

- (1) The individuals listed in the Delegation Table from the [Delegated/Assigned Responsibilities Policy] are responsible for:
  - a. Before approving an expenditure, ensuring that it is permitted under the current First Nation annual budget and as required in the Financial Administration Law;
  - b. Reviewing reimbursable expenditure claims to ensure that the requirements of this policy have been met before approving for payment; and
  - c. Approving expenditures per the [Delegated/Assigned Responsibilities Policy].
- (2) The employees assigned responsibility for paying accounts will:
  - a. Ensure that all expenditures have the required approvals per this policy and the Delegated/Assigned Responsibilities Policy before processing for payment; and
  - b. Ensure that all required documentation accompanies each payment and is retained in the financial records of the First Nation in accordance with the [Information Management Policy].
- (3) Employees, committees and council members are responsible for:
  - a. Ensuring that all reimbursable expenditures claimed are in accordance with this policy;
  - b. Preparing a reimbursable expenditure claim that includes all required documentation; and

- c. Seeking approval from the Executive Director for items that are not addressed in this policy before proceeding.

(4) The Executive Director is responsible for:

- a. Providing pre-approvals for expenditures that have not been specifically addressed in this policy but that he/she deems to meet the intent of the policy and as are permitted in the Financial Administration Law; and
- b. Approving expenditures for emergency purpose that was not anticipated in the budget if the expenditure is not expressly prohibited by or under the Financial Administration Law or another First Nation law.

## **E. Procedures**

### **(1) General and Operational Expenditures**

- a. All purchases of goods or services will be made in accordance with the Procurement Policy and procedure and the Delegated/Assigned Responsibilities policy and procedure.
- b. Sufficient funds exist in the applicable budget for the purpose for which the expenditure is being made;
- c. The relevant supporting documents have been properly signed (e.g. contracts, sponsorship applications) with original documents filed in Finance.
- d. In emergency situations, the Executive Director may approve the purchase of goods or services that were not anticipated in the budget and are not procured in accordance with the Procurement Policy and procedure and the Delegated/Assigned Responsibilities policy and procedure. The rationale for the purchases must be documented by the Executive Director and the purchases must be reported immediately to the Finance and Audit Committee and to Council. If possible, the payment of the purchases should be in accordance with the Procurement Policy and procedure and the Delegated/Assigned Responsibilities Policy and procedure.
- e. 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.
- f. If goods are received without receiving documents, the employee receiving those goods is to create a receiving slip noting what 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.

- g. All requests for payments for performance of work or services or supply of good must be initiated through a Requisition for payment that includes a statement certifying that:
  - i. 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; or
  - ii. 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.
- h. All Requisitions for payment must identified the appropriate or trust account out of which payment is to be made and that it is
  - i. in accordance with the appropriation identified in the certified statement; or
  - ii. allowed without the authority of an appropriation under the Financial Administration Law.
- f. Requires payment to be supported by appropriate documentation and authorizations demonstrating that the expenditures were for legitimate purposes and are consistent with Band policy, goals and objectives.
- g. Requisition for payment, must be originals, must be accompanied by supporting documentation, and must bear original signatures of the appropriate spending authority and designated receiver and must have the appropriate accounting codes.
- h. Payment requisition that fail to satisfy the requirements of this policy shall not be approved for payment and shall be returned promptly to the applicable department.

#### Prepayments

- a) Requisition for prepayment of goods and/or services to be delivered later, are subject to approval of the Executive Director. Prepayments may only be permitted/approved in the following circumstances:
- b) There is ability for recovery from the supplier after payment if services or supplies are not received.
- c) Where payment is made prior to receipt of goods and services, the requisitioner is required to submit appropriate documentation after-the-fact to substantiate receipt of goods and services.

## **(2) Payroll**

- a. Employee payroll will be paid on a bi-weekly basis.
- b. Hourly employees will record their time daily and submit timesheets on a bi-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.
- c. Salaried employees will record their time daily and submit timesheets on a bi-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.
- d. Based on the bi-weekly timesheets for both hourly and salaried employees, a payroll authorization sheet will be created listing all payment amounts and deductions for the previous two-week period. The payroll authorization report will then be authorized (through signature and date) by the Chief Financial Officer.
- e. Payroll reconciliations will be performed by an individual independent of the payroll process on a monthly basis. The reconciliation will compare the payroll authorization report, input instructions to the payroll service provider, financial institution account statement and the general ledger payroll accounts. Any irregularities will be reported to the Executive Director.

## **(3) Reimbursable Expenditures**

- a. The Executive Director must be notified and pre-approve all employee travel in order to be eligible for reimbursement (see d). 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. Expenditures charged to a credit card for travel expenses that have not been preapproved will result in the credit card being suspended for a period of one to three months.
- b. Chief must be notified and pre-approve all Council travel and any member of C&C can approve the Executive Directors travel in order to be eligible for reimbursement (see d)
- c. Expenses reimbursed by hosts or other third-party funding arrangements must not be claimed by the individual travelling and must be claimed by Adams Lake Band Declaration of such third-party reimbursements must be made in accordance with the First Nation's Conflict of Interest policy.
- d. 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 ensure the proposed travel is in support of official First Nation business and that there is sufficient budget available. Travel advances will be



reconciled to actual expenses upon return. A report on the purpose of the travel will be provided to either the Executive Director or Chief and Council.

- e. 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 he or she returns to their residence or office.
- f. Employees/Council members, due to unforeseen circumstances, do not fulfill the travel obligation, will have the associated travel advance deducted from their next pay.
- g. Travel expenditures eligible for reimbursement include:

#### **Transport**

- i. Commercial transport will be the preferred method of travel for distances greater than 400 kilometres. For each type of travel, the lowest price alternative will be purchased (In extreme weather employees may take the safest mode of travel).
- ii. The standard class for air travel will be economy or the equivalent and should be booked early to take advantage of any seat sales.
- iii. The standard car rental vehicle class will be mid-size. Gas purchases and full vehicle insurance will be reimbursed for rental cars.
- iv. Employees will use ALIB vehicles for travel on ALIB business whenever possible.
- v. All ALIB vehicles are to be made available when not in use by their department for their primary purpose for travel by ALIB employees as long as it does not interfere with their intended purpose.

#### **Private Vehicles**

- vi. Private vehicle mileage will be reimbursed at a rate of \$.55 per kilometer. All other non-business-related vehicle costs are the responsibility of the individual.
- vii. 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.
- viii. The most economical hotel option will be selected. The standard for accommodation is a room, in a safe & clean environment, conveniently located and comfortably equipped.
- ix. Employees will be reimbursed \$50.00 per night (no receipt required) if they stay in a private residence.

#### **Per Diems and Incidentals**

- x. A maximum per diem amount of \$102.50 will be reimbursed on Approved Travel Status on behalf of the First Nation to cover meal expenses and incidentals. Per diems/partial may be claimed according to the following table:

Breakfast	\$18
Lunch	\$23
Dinner	\$44
Incidentals	\$17.50

- xi. Meals will only be reimbursed for those incurred during Approved Travel Status. (i.e. if an individual begins travelling on behalf of the First Nation at 4pm, the individual is only eligible for the 'Dinner' meal allowance on that day)
- xii. 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.
- xiii. Incidentals can only be claimed for each night away on travel status. Part days on travel status will not be eligible for incidentals.
- xiv. The purpose of the daily 'incidentals' amount is to cover general expenses during official travel. This amount covers items such as: dry cleaning, tips, personal phone calls, and other personal expenses incurred while on travel status.
- xv. Receipts are not required for meals or for items that fall under the incidental category as noted above in statement xi.
- xvi. Out of Country travel expenses will be reimbursed at the daily foreign exchange rate on the day of travel.

#### **Other Travel Expenses**

- xvii. Other travel and business related expenses that are directly attributable to travelling or business on the First Nation's behalf will be reimbursed (must provide receipts), including internet access, business long-distance phone calls, parking, airport taxes, tolls, taxi fares, and public transit fares. Any other travel or business related expense will only be reimbursed with the approval of the claimant's immediate supervisor (for the Executive Director a member of Council will approve, for Council members, the Chief or his designate will approve).

#### **(4) Meals and Travel (Hospitality)**

- a. Travel budgets will be set at the beginning of the fiscal year through the integrated planning process.
- b. For meal expenses, the individual requesting reimbursement must clearly document the purpose of the meal/event, objectives, and individuals (name, position, organization) that are in attendance. Documentation may be on the receipt(s) or in a memo attached to the expense report.
- c. Travel funds are available for official First Nation business only. Restrictions on travel fund usage include:
  - i. Family members must not benefit from travel funding;
  - ii. Gifts cannot be purchased using travel funds. However, small tokens of a nominal value (Under \$100.00) may be given to key contacts;
  - iii. Alcohol/Cannabis or nonceremonial tobacco must not be purchased using travel or any funds.

#### **(5) Memberships**

- a. 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.
- b. For other expenditures not listed in this policy, pre-approval is necessary from the Executive Director before initiating the expenditure and submitting a reimbursement claim.

#### **(6) Cellular Telephone**

1.1 Employees may be provided with access to cellular telephones for business related purposes where alternative communications technology is not efficient or effective. Access will be based on a legitimate business need and will include:

- a) Individual Assigned Cellular Telephone – For employees who conduct a significant amount of ALIB business outside of their work location or who need to maintain timely communication with the Office.
- b) Floater Cellular Telephone – For employees who are required to perform duties outside of their work location on an infrequent basis and need to maintain timely communication with the Office
- c) Personal Cellular Telephone – For employees who do not conduct a significant amount of ALIB business outside of their work location but whose job duties require them to maintain timely communication on business related matters that cannot be effectively or efficiently accommodated through a floater cellular phone or any alternative communications.

## 1.2 Lost, Stolen, or Damaged Cell Phones

- i) Employees are responsible for the care and safekeeping of cell phones and its accessories.
- ii) Employees are required to replace or repair ALIB cell phones when required due to negligent care.
- iii) Cell phones which are stolen will require the employee to file a police report on the incident. If it is determined that the employee did not safeguard the phone as they ought to have, they will be responsible for the replacement.

## 1.3 Cellular Telephone Allowances

- a) The monthly cell phone allowance shall be issued on a monthly basis.
- b) Monthly cell phone allowances shall be paid to the employee on the first cheque processing date each month. No advances on cell phone allowances shall be issued.
- c) The employee must make the cell phone number available to ALIB reception to be included in ALIB's contact list.
- d) It is the employee's responsibility to account for lost or damaged cell phone equipment (ALIB will not be held responsible).
- e) ALIB is not responsible for any cellular related bills such as usage charges, cell phone options or base contract commitment.
- f) Employees are not to use cellular telephones while operating a vehicle unless: They are using hands-free cell phones and are not in a prolonged conversation, in heavy traffic, or in poor weather/road conditions.

## (7) Other

- a. For reimbursable expenditures related to First Nation activities that are funded through an outside source (i.e. a Federal government contribution agreement), requirements of that source will be monitored by the Chief Financial Officer to ensure proper adherence to all accepted terms and conditions. When the standards for reimbursable expenditures differ between the First Nation and the funding agreement, the First Nation's rates will apply.

## (8) Expenditure Reporting and Documentation

- a. For general and operational expenditures, the following should be submitted to accounting for payment
  - i. Original contract/agreement (if applicable).
  - ii. Original invoice.
  - iii. Purchase order (if applicable).

- iv. Receiving documents / packing slips.
  - v. For payroll: payroll authorization form, timesheets..
  - vi. Requisition for payment that has signed approval according to the [Delegated/Assigned Authorities Policy] and the Financial Administration Law.
- b. 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 ensure that they have prepared a complete claim that includes:
- i. The employee's signature and date signed, acknowledging that all amounts claimed are accurate and in support of First Nation official business;
  - ii. Original receipts for all amounts claimed. Depending on the nature of the claim, these can include
    - a) Invoices.
    - b) Itineraries for air/train travel.
    - c)
    - d) Support for any exchange rates used in the expense claim. Sufficient support includes receipts from exchange bureaus for money exchanged or credit card bills showing the exchange rate received. When neither is available, the Bank of Canada official rate shall be used.
    - e) Signed travel authorization from the employee's manager (for the Executive Director a member of Council will approve, for Council members the Chief or his/her designate.
    - f)
    - g) Proof of payment for items claimed, which includes credit card or debit receipts.
- c. Credit card & debit receipts alone are not sufficient, the original itemized receipt or invoice from the supplier must be included in every reimbursement or expense claim.
- d. For all expenditures, claims with the appropriate support as described in section (7) b. above must be submitted to Accounting within 10 days of the expense being incurred.

#### **(9) Approval for Payment**

- a. No money may be paid out of any account without a Requisition for payment.
- b. In addition to the steps below, the tax administrator/CFO must authorize payment out of a local revenue account.

- c. Invoices received must be immediately forwarded to Accounting with a Requisition for payment who will then process them to
  - i. Match with the purchase order and the receiving document,
  - ii. Ensure that all required documentation has been submitted to support payment,
  - iii. Verify mathematical accuracy,
  - iv. Ensure that any taxes are correctly calculated and processed if applicable for tax exemption claims,
  - v. Confirm that funds are available to pay the invoice, and
  - vi. Identify and note the authorized general ledger account coding.
- d. Invoices for goods or services that have not been ordered through a purchase order or contracting process, will be approved for payment by the manager of the employee (for the Executive Director a member of council will approve, for Council members the Executive Director will approve) who initiated the purchase. Approval for payment will
  - i. Be evidenced by a dated signature on the invoice,
  - ii. Attest that the good or service has been received in accordance with the terms and conditions of the purchase, and that the invoiced amount is accurate mathematically and also for any taxes calculation, and
  - iii. Identify and note the authorized general ledger account coding.
- e. The individual that approves the expenditure cannot be the same individual who completes the Requisition for payment.
- f. Reimbursable expense claims will be reviewed by Accounting to ensure that
  - i. The expense claim is mathematically correct and that taxes are identified and accounted for correctly,
  - ii. Authorized general ledger account coding instructions are identified,
  - iii. Expenses claimed are for authorized activities,
  - iv. The claimed expenses are eligible and comply with this policy and procedure, and
  - v. Adequate and sufficient supporting documentation is attached.
- g. Any exceptions to the above will require authorization from the Chief Financial Officer for payment.
- h. The Chief Financial Officer will enter invoices and reimbursable expense claims into the general ledger for payment only when they have been appropriately processed and approved according to this policy and procedure and the Financial Administration Law.

- i. Invoices or reimbursable expense claims that are still being processed or approved at the end of an accounting period will be recorded as an accrued liability.
- j. Claims that do not meet the requirements outlined in this policy will be denied reimbursement.

#### **(10) Payments**

- a. Accounts payable will be paid within thirty (30) days of the date of an invoice or reimbursable expense claim, (with the exception of those invoices or expense claims which require Sr. Management approval.)
- b. Accounting will prepare cheques every two weeks. ].
- c. The payments package will be provided to two authorized signatories, and will be accompanied by
  - i. A listing of all payments prepared noting the payee, amount, and payment date for EFT's,
  - ii. Supporting documentation for each payment (e.g. cheque, transfer) including
    - a) Approved invoices, expense claims, purchase orders, and receiving documents, and
    - b) Evidence that Accounting has completed the processing of the payment, including account coding.
- d. Payments will be initiated / distributed by Finance upon receipt of the signed payments from two authorized signatories.
- e. All documentation supporting payment will be retained in accordance with the [Records and Information Policy]. This will include purchase orders, invoices, contracts, packing slips, reimbursable expense claims with receipts, etc.
- f. Accounts Payable employees will notify the Chief Financial Officer immediately of any instances of
  - i. Non-compliance with policy requirements that cannot be resolved, and
  - ii. Suspected fraud.

#### **(11) Credit Cards**

- a. ALIB Credit Cards are to be safeguarded and used only to purchase goods or services on behalf of ALIB in accordance with ALIB Policies.
- b. Eligibility for an ALIB credit card is to be restricted to Council, Executive Management and Departmental Managers and approved by the Executive Director and/or Chief Financial Officer.

- c. Credit card limits will be set by the Executive Director and will be reviewed annually.
- d. All cardholders must read and sign the Credit Card Policy. They are responsible for adhering to the Policy thereby ensuring adequate controls are exercised to minimize the risk that credit cards are used for fraudulent or corrupt purposes.
- e. Credit Cards will not be issued until a copy of the Credit Card Policy has been read, signed and dated by the cardholder and authorized by the Executive Director or Chief Financial Officer.
- f. All credit card use is based on budgetary constraints
- g. Cardholders must retain original receipts to support all charges. Once they receive their monthly Credit Card statement from Finance, they must ensure that they have receipts for all credit card purchases on their statement. Each Credit Card receipt must be signed by the cardholder and coded to an appropriate budget (including both account code and department) and delivered together with their statement back to Finance by the 20th of each month.
- h. Card purchases without receipts are the responsibility of the user. Cardholders must follow up with the appropriate vendors to obtain copies. If copies are unobtainable, for each expenditure a Statutory Declaration Form must be filled out and signed with an explanation for the unsupported expenditure. ALIB reserves the right to recover any unsupported expenditures from the cardholder.
- i. Continued or repeated non-conformance to this Policy may result in cancellation of the Card and such other actions as appropriate. Personal expenses must never be charged to ALIB credit cards as per section k and may be fully deducted from the card holders next remuneration with applicable administration fees.
- j. Reimbursement for return of goods and/or services must be credited directly to the credit card account.
- k. The credit card must not be used:
  - i) to obtain cash advances, bank cheques, traveler's cheques or electronic cash transfers.
  - ii) for expenses other than those incurred by the cardholder named on the Card or on behalf of another staff member.
  - iii) for personal expenses. Charging personal transactions is not acceptable under any circumstances and will be subject to administration fees on all amounts charged – 10% for a first offence, 20% for a second offence and at the discretion of the Chief Financial Officer or Executive Director the credit card may be revoked on any additional offences or a 30% administration fee may be levied on the amount charged. Cardholder transactions will be scrutinized to ensure compliance with this policy.
- l. Cardholders must safeguard their credit card. Lost or stolen cards must be reported immediately to the Royal Bank Lost/Stolen Cards unit and cancelled immediately. The Executive Director and Chief Financial Officer needs to be notified immediately.
- m. Credit card expenditures must be reviewed against the monthly credit card statements by Finance staff to ensure all charges are accounted for. Cardholders who do not return



their monthly Credit Card statements with receipts by the 20th will be reminded of their obligations under this policy by Finance Staff and will be asked to submit their supporting documentation immediately.

- n. Finance Staff are required to verify all transactions each month to ensure the transactions are business related and the cardholder has supplied appropriate supporting documentation. Any unusual transactions must be followed up with the Cardholder immediately. Suspected breaches of policy must be referred to the Chief Financial Officer and/or Finance Supervisor without exception. Administration fees will be levied on personal use of credit cards.
- o. All documentation will be retained by Finance.
- p. ALIB credit cards and other items must be returned to finance office upon termination of employment or unsuccessful council election.

## **I) Fines for Parking & Traffic Offences**

### **1. Policy Objective**

1.1 To safeguard ALIB/ALDC/Other Related Corp. vehicles and minimize band liability by encouraging responsible driving habits and holding employees accountable for charges pertaining to traffic offences.

### **2. Policy Statement**

2.1 Under no circumstances will ALIB be responsible for traffic offences (e.g. speeding tickets) committed by employees and/or Council.

2.2 An employee may be reimbursed for the initial cost of a parking violation ticket (excluding late payment penalties) when all the following conditions are met:

- a) The parking violation ticket was incurred while conducting ALIB business;
- b) All steps required to reduce penalty payment are taken. (Eg: pay within 12 hours);
- b) The parking violation ticket was incurred in an emergency or in a necessary and unavoidable situation.

2.3 For ALIB vehicles, if payments are not made ALIB will pay and arrange for payroll deductions to compensate for the payment of the ticket and any additional charges.

## **J) Reporting & Recovery of Losses**

### **1. Preface**

1.1 Managers are responsible and accountable for the security and proper use of the funds and property entrusted to them. Money and property that is lost through carelessness or weak control measures is a concern to ALIB. It reflects on their competency and their responsibility to protect the funds that have been entrusted to them by the Council.

1.2 When the funds or property are lost through criminal acts by managers and employees, ALIB's image and reputation is damaged.

1.3 All managers and employees in general must be alert to control weaknesses, improper practices and illegal acts that arise in their respective areas of responsibility and they must act promptly to resolve these problems.

1.4 All losses of money and property and allegations of offences, illegal acts against ALIB, and other improprieties are to be fully investigated;

b) Suspected offences are to be reported to the responsible law-enforcement agency;

c) Losses and offences are to be reported to the Chief and Council;

d) Losses must be recovered whenever possible;

e) Measures are to be implemented to prevent future recurrences of losses and offences;

f) Disciplinary actions (up to and including dismissal of the employee) are to be taken when the circumstances warrant such actions;

g) Managers who fail to take appropriate action or who directly or indirectly tolerate or condone such improper activity may also be held to account.

## **F. References and Related Authorities**

### **(1) FMB's Financial Management System Standards**

- a. Standard 8.1 - Council delegation procedures
- b. Standard 8.2 - Assignment procedures
- c. Standard 18.4 - Expenditures
- d. Standard 18.8 - Reimbursable expenses

### **(2) FMB's Financial Administration Law Standards**

- a. Standard 8.2 - Delegation
- b. Standard 16.2 - Expenditures

## **G. Attachments**

- (1) **Appendix F** – Sample Reimbursable Expenses Claim Template

## **7. Long-Term Debt**

### **A. Policy**

All proposals for funding through long-term debt obligations will be submitted to the Finance and Audit Committee for review and recommendation and to Council for review and approval and will be supported by a financing proposal. Long-term debt obligations will be recorded, monitored, reconciled and reported to Council quarterly through the Finance and Audit Committee and any exceptions or issues identified and resolved.

### **B. Purpose**

The purpose of this policy is to establish an effective and accountable borrowing framework for the First Nation.

### **C. Scope**

This policy applies to the Executive Director, Chief Financial Officer, Tax Administrator, Finance and Audit Committee, Council, and those persons with the authority to recommend or approve long-term debt.

### **D. Responsibilities**

(1) Council is responsible for

- a. Reviewing and approving any proposed long-term debt financing, including the terms and conditions, recommended by the Finance and Audit Committee up to \$1,000,000. Any amount over \$1,000,000 must go to the community for approval.

(2) The Finance and Audit Committee is responsible for

- a. Reviewing any long-term debt financing proposal report presented by the Executive Director and Chief Financial Officer and recommending a course of action to Council;
- b. Monitoring borrowings, loans and payments in respect of each Capital Project.

(3) The Executive Director is responsible for

- a. Reviewing any long-term debt financing proposal report prepared by the Chief Financial Officer and recommending a course of action to the Finance and Audit Committee.

(4) The Chief Financial Officer (in conjunction with the Tax Administrator for local revenue account related debts) is responsible for

- a. Preparing any long-term debt financing proposal report for each proposed financing and presenting it to the Executive Director for review and comment,
- b. Ongoing monitoring and management of all long-term debt obligations, including timely payments, maintaining sufficient documentation, and performing regular reconciliations of debt transactions, and
- c. Reporting and disclosing the long-term debt obligations in the financial statements in accordance with PSAS, the Financial Administration Law and any agreements under which the long-term debt obligations were incurred.

## **E. Procedures**

### **(1) Determination of need and evaluation of options**

- a. The Executive Director and Chief Financial Officer will document the requirement for the First Nation to incur a long-term debt obligation by examining the strategic plans, multi-year financial plan, annual budget, current financial situation, and any planned activities requiring funding. Once the need and amount of funding required is determined, the Chief Financial Officer will work with the Executive Director to outline the various financing options available to the First Nation.
- b. The Chief Financial Officer (and members of the finance team under the supervision of the Chief Financial Officer as appropriate) will prepare a long-term debt financing proposal report which includes the following:
  - i. Need for financing and alternatives considered;
  - ii. Evaluation of available financing options;
  - iii. Recommended financing option;
  - iv. Proposed security for the financing option;
  - v. The purpose, use and application of funds;
  - vi. Description of re-payment plans based on cash flow analysis;
  - vii. Linkage to the First Nation integrated planning process, including the strategic plan, multi-year financial plan, annual budget, and cash flow statements;
  - viii. Identification of any provisions in the Financial Administration Law or in any other applicable law that limits debt which can be incurred by the First Nation or that imposes requirements or conditions which must be met before debt may be incurred;
  - ix. Requirement for consultation with members of the First Nation before any Capital Project-related debt over \$1,000,000 is incurred by the First Nation.

- c. The Chief Financial Officer will consider at least the following for each financing alternative identified in the report:
  - i. Impact on future budgets and projected cash flow;
  - ii. The cost to the First Nation;
  - iii. Level of risk involved (i.e. covenant risks, refinancing, earnings dilution, interest rate risk, project completion risk);
  - iv. First Nation's ability to service the long-term debt and repayment schedules;
  - v. An analysis of the terms and conditions and how these would impact the First Nation;
  - vi. Any financial reporting implications.
- d. The Executive Director will review and approve the content of the long-term debt financing proposal report prepared by the Chief Financial Officer, including a recommended course of action to the Finance and Audit Committee.
- e. The Executive Director will obtain concurrence from legal counsel on the long-term debt financing proposal.

## **(2) Approval**

- a. The Executive Director and Chief Financial Officer will present the long-term debt financing proposal report to the Finance and Audit Committee for their review. The Finance and Audit Committee will review the report and make a recommendation to Council on whether to incur the long-term debt and which option it recommends.
- b. Council will review the long-term debt financing proposal report and accompanying recommendations. Subject to the Financial Administration Law, Council will vote on whether to approve the requirement for entering into a long-term debt obligation. If the requirement to incur debt is approved, Council must also approve, through a Council Resolution, the terms and conditions of the long-term debt financing option that will be used.

## **(3) Management and monitoring of debt obligations**

- a. The Council will manage and monitor the long-term debt obligation by:
  - i. Ensuring the multi-year financial plan of the First Nation demonstrates how and when this deficit will be addressed and how it will be serviced;
  - ii. Ensuring the deficit does not have a negative impact on the credit worthiness of the First Nation; and
  - iii. Ensuring that any financial covenants contained in lending agreements are reported upon to the appropriate stakeholders in a timely manner.

- b. The Chief Financial Officer will manage and monitor the long-term debt obligation by:
  - i. Ensuring that timely payments are made according to the terms and conditions/repayment schedule of the long-term debt obligation;
  - ii. Performing [monthly/quarterly] reconciliations between the First Nation's financial records and statements from the lender; and
  - iii. Calculating any financial covenants contained in lending agreements and evaluating whether compliance with the terms of the covenants have been met.

#### **(4) Reporting**

- a. The Executive Director will deliver a report to each meeting of the Finance and Audit Committee summarising for each long-term debt obligation:
  - i. the gross amount outstanding;
  - ii. the amounts issued specifically by the First Nation on behalf of government business enterprises;
  - iii. the net amount reported on the consolidated statement of financial position;
  - iv. the gross interest paid or payable for the period related to the debt described in (a);
  - v. the interest revenue for the period received or receivable from government business enterprises on debt issued specifically by the government on behalf of government business enterprises; and
  - vi. the net amount of interest expense reported on the consolidated statement of operations.
- b. The Chief Financial Officer will ensure that the long-term debt obligation is reported to the Finance and Audit Committee on a quarterly basis in the financial statements in accordance with PSAS and any requirements of the Financial Administration Law.

#### **(5) Records management**

- a. The Chief Financial Officer will ensure that records pertaining to each long-term debt obligation are created, maintained and retained in accordance with the Records Management Policy. For each long-term debt obligation, the following will be documented:
  - i. The loan agreement and any ancillary agreements;
  - ii. The long-term debt financing proposal report on which council based its decision;
  - iii. Documented council approval and required membership information or involvement;
  - iv. An interest and principal repayment schedule (if applicable) that includes the dates of all payments required under the loan agreement or plan for extinguishing the debt;

- v. The cost of borrowing including interest payments and service or other charges;
- vi. The purpose for which the long-term debt has been incurred;
- vii. Reconciliations of the long-term debt with lender records.

#### **F. References and Related Authorities**

(1) FMB's Financial Management System Standards

- a. Standard 18.5 - Debt

(2) FMB's Financial Administration Law Standards

- a. Standard 16.3 - Borrowing

#### **G. Attachments**

None



## **8. Loan Guarantees**

### **A. Policy**

The First Nation will ensure that any Loan Guarantees given will be made in accordance with written agreements which include standard clauses, are appropriately approved, are monitored for compliance with agreement terms regularly, and are reported to the Finance and Audit Committee on a regular basis. 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 Loan Guarantees given by the First Nation as authorized in its Financial Administration Law.

### **B. Scope**

This policy and procedure applies to Loan Guarantees entered into between the First Nation and:

- (1) a Councillor;
- (2) a Finance and Audit Committee member;
- (3) an employee of the First Nation;
- (4) a First Nation member or entity in which a First Nation member has an interest

### **C. Responsibilities**

- (1) Subject to the Financial Administration Law, Council is responsible for:
  - a. Approving and signing Loan Guarantee agreements for amounts up to \$350,000
  - b. Approving debt forgiveness for amounts exceeding \$750,000;
  - c. Approving the standard template, clauses, and interest rates (if applicable) to be applied to all First Nation members, any entity in which a member of the First Nation has an interest or any other party with respect to Loan Guarantees;
- (2) The Finance and Audit Committee is responsible for:
  - a. Reviewing a report made by the Chief Financial Officer respecting a loan guarantee program for members;
  - b. Monitoring the status of First Nation's Loan Guarantees and reporting to the Council;
- (3) The Executive Director is responsible for:

- a. Approving employee travel expense advances up to 80% of travel advance request for Directors and Directors are responsible for approving employee travel expense advances up to 80% of the travel advance request for their employees.
  - b. Ensuring the Loan Guarantee process is transparent by providing First Nation members access to the requirements, standard terms and conditions;
- (4) The Chief Financial Officer is responsible for:
- a. Preparing , Loan Guarantee using the standard clauses approved by Council;
  - b. Loan Guarantees
  - c. On an annual basis, preparing a report for the Finance and Audit Committee setting out all payments made to honour the First Nation's Loan Guarantees;
  - d. On an annual basis, preparing a report for the Finance and Audit Committee setting out all obligations for loan guarantees forgiven by the First Nation.

## **D. Procedures**

### **(1) Requirements**

Subject to the Financial Administration Law,

- a. Loan Guarantees will only be granted in the following circumstances [to be determined by the First Nation]:
  - i. The amount of the Loan Guarantee must not exceed \$350,000. Loan Guarantees will be approved by Council upon consideration of the report of the Chief Financial Officer. 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.
  - ii. The report from the Chief Financial Officer 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.
  - iii. 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:
    - a) Name of the individual;

- b) Amount of the Loan Guarantee;
    - c) Duration of the Loan Guarantee agreement;
    - d) Amount, maturity and repayment terms of the underlying loan or obligation; and
    - e) Purpose and use of the underlying loan (e.g. details of the asset being acquired or leased or investment being made).
  - iv. Approval will be enacted by signing the agreement with the individual requesting the Loan Guarantee.
  - v. 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.
- b. Standard agreement clauses for, Loan Guarantees, (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.

## **(2) Leases**

- a. The First Nation must comply with the terms and conditions of any lease agreements it enters into.
- b. The Council [or the person with delegated authority] should ensure 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.
- c. Lease agreements respecting the First Nation must be made in accordance with the land code or applicable land management laws and policies.

## **(3) Accessibility**

- a. Subject to the Financial Administration Law, all members must be able obtain a loan from the First Nation subject to any conditions outlined in this policy.
- b. The Executive Director will ensure that the requirements to obtain a , Loan Guarantee or , as well as the standard terms and conditions of these agreements are accessible to all First Nations members. This information will be available to all members who request a copy from the local office either in person, by phone or by email.
- i.

#### **(4) Debt Forgiveness**

- a. All reasonable steps should be taken to attempt to collect the outstanding balance. However, when it becomes evident that the First Nation will be unable to collect the outstanding balance, a report should be compiled by the Chief Financial Officer and approved by the Executive Director detailing the following:
  - i. Individual and amount in Arrears;
  - ii. Principal and interest outstanding on the loan;
  - iii. Length of time in Arrears and measures taken to collect on payments in Arrears;
  - iv. Rationale for debt forgiveness.
- b. All amounts require review and recommendation by the Finance and Audit Committee and approval by Council.

#### **(5) Write-offs**

- a. When all reasonable steps to collect have been taken and debt has not been collected or forgiven, the Chief Financial Officer will ensure that the loan and its outstanding principal and interest payments are reclassified in the financial statements as bad debt.

#### **(6) Monitoring and Reporting**

- a. Loan Guarantees will be reported annually to the Finance and Audit Committee. The annual report will contain the following information for each , Loan Guarantee:
  - i. Subject to applicable privacy law, name of the individual;  
purpose of the Loan Guarantee or amount of the original Loan Guarantee or
  - ii. List of payments in Arrears by individual, subject to applicable privacy law;
  - iii. Any expected payments required as a result of the First Nation having to fulfill or honour a guarantee based on the Chief Financial Officer's knowledge of the contracts in place and changes in their underlying financial condition.

#### **(7) Record Keeping**

- a. All agreements and payment records associated with , Loan Guarantees will be stored in the First Nation's financial records in accordance with the [Records and Information Policy].
- b. Records of debt forgiveness will be retained in the event that in future, through changed circumstances, some or all of the debt may be repaid.

### **E. References and Related Authorities**

- (1) FMB's Financial Management System Standards

- a. Standard 19.2.1 - Compliance with FAL
- b. Standard 19.2.2 - Additional policies
- c. Standard 19.2.3 - Policy content
- d. Standard 19.2.4 - Records procedure

(2) FMB's Financial Administration Law Standards

- a. Standard 17.2 - Guarantees and indemnities
- b. Standard 17.4 - Lending

**F. Attachments**

None

## **9. Investments**

### **A. Policy**

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

### **B. 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.

### **C. Scope**

This policy and procedure applies to Council, the Finance and Audit Committee, the Executive Director and the Chief Financial Officer.

### **D. Responsibilities**

(1) Council is responsible for:

- a. determining and approving the First Nation's short and long term investment strategy;
- b. determining allowable uses of available funds and making sure restricted funds are only invested in investments specified by the Financial Administration Law;
- c. approving preliminary risk assessment of funds;
- d. appointing an investment manager investment manager;
- e. approving the opening of an investment account;
- f. approving funds to be invested ; by BCR and as per the investment strategy/policy
- g. approving the redemption of invested funds not related to operational financial institution accounts;
- h. making sure the approved investment strategy is periodically reviewed for effectiveness

(2) The Finance and Audit Committee is responsible for:

- a. providing Council with recommendations in relation to the funds to be invested;
- b. monitoring performance; and
- c. the redemption of invested funds.

(3) The Executive Director is responsible for:

- a. monitoring the performance of all parties to whom duties have been delegated;
- b. reporting any significant changes to the investment portfolio to Council;
- c. liaising with the Finance and Audit Committee, Investment Manager, Chief Financial Officer, and Investment Consultants as required; and
- d. providing the Finance and Audit Committee with recommendations in relation to preliminary risk assessment of funds, selection / de-selection of the investment manager(s) and custodian, funds to be invested, monitoring performance, rebalancing portfolios, and the redemption of invested funds.

(4) The Chief Financial Officer is responsible for:

- a. analysis of proposals received from Investment Managers and Custodians;
- b. performing a preliminary risk assessment analysis against criteria to be met prior to investing decisions are made by Council;
- c. overseeing rebalancing of the investment portfolios asset mix according to Council instructions;
- d. executing transfers of funds to / from the investment account(s) according to Council instructions;
- e. preparing an accounting for additions, withdrawals and balances in the investment account;
- f. maintaining a record of the amount of, and market value of, the asset classes and units held within the investment portfolio; and
- g. preparation of a quarterly investment monitoring report including investment performance and a summary of professional advisory fees attributed to the management of the portfolio;
- h. recommending transfers, rebalancing, monitoring actions, Investment Manager changes, and any other recommendations relevant to the successful management of the investments.

## **E. Procedures**

### **(1) Determine Investment Management Strategy**

- a. Council will establish and implement a documented investment management strategy for First Nations funds that meet the requirements of the FAL.
- b. The investment management strategy will include both short and long-term strategies and will determine the allowable used of available funds.

### **(1) Selection of Investment Manager**

- c. Council will select an Investment Manager. The Chief Financial Officer may review and analyze the proposals, or Council may engage an independent consultant to facilitate the selection process of the Investment Manager.
  - i. Investment Manager(s) proposals will be analyzed using a number of criteria including: experience, qualifications, investment management style, costs, past performance, volatility of returns, and any other criteria identified by Council.
- d. An Investment Management agreement(s) will be entered into by the First Nation. Agreements must be consistent with this policy and procedure, and must facilitate execution of the short and long term investment strategies. The agreements must be entered into before any funds are transferred into the investment account(s).

### **(2) Termination of Investment Manager(s)**

- a. Council may terminate an Investment Management agreement for:
  - i. performance results;
  - ii. changes in the First Nation or its investment strategy which would no longer require the services of an Investment Manager;
  - iii. changes in Investment Manager personnel, firm or ownership structure, investment philosophy, style or approach which might adversely affect the potential return and / or risk level; and
  - iv. failure to adhere to this policy and procedure.

### **(3) Designation and transfers of investment funds**

- a. The Chief Financial Officer will notify Council in writing when there is First Nation funds available for transfer to the investment account(s). The written notification must identify the source(s) of the available funds (i.e. government transfer, local revenues, or unrestricted) and whether they are to be invested according to the short-term or long-term strategy.
- b. Council must approve the transfer of funds to and from the investment account(s) and authorize the creation of a new investment account if required by BCR
- c. The Chief Financial Officer will transfer the approved funds into the designated investment account(s) and communicate to the Custodian and Investment Manager whether the funds are restricted or unrestricted, and whether they are to be invested over the short term or long term.
- d. The Chief Financial Officer will communicate and oversee approved requests to redeem investments and transfer the proceeds to the First Nation.



#### **(4) Local Revenues Permitted Investments**

- a. Restricted funds may only be invested in:
  - i. securities issued or guaranteed by Canada or a province;
  - ii. securities of a local, municipal, or regional government in Canada;
  - iii. investments guaranteed by a bank, trust company or credit union;
  - iv. deposits in a bank or trust company in Canada or non-equity or membership shares in a credit union; or
  - v. securities issued by the First Nations Finance Authority.
- b. Unrestricted funds may be invested as designated in the Investment Policy (see appendix x) .

#### **(5) Monitoring of Investments**

- a. The Chief Financial Officer will reconcile the investment and custodian accounts to the general ledger and financial statements in a timely manner (either monthly or quarterly).
- b. The Chief Financial Officer will recalculate the investment management and custodian fees charged to ensure they are consistent with the underlying contracts.
- c. The Chief Financial Officer will prepare a quarterly monitoring report and provide that report to the Executive Director. The report will summarize:
  - i. the performance of the investments under management to relevant benchmark(s);
  - ii. the weighting of the investment portfolio and comparison to the target portfolio asset allocation;
  - iii. any relevant media or news articles about the Investment Manager and / or Custodian;
  - iv. any ownership and / or staffing changes within the Investment Manager organization;
  - v. any instances of non-compliance with the FSMA, the Financial Administration Law, or this policy and procedure;
  - vi. recommendations in relation to rebalancing of the portfolio and / or de-selection of the Investment Manager, or any other recommendation(s).
- d. The Executive Director will review the report, add his / her recommendation(s), and provide the report to the Finance and Audit Committee.
- e. The Finance and Audit Committee will review the quarterly monitoring report, add their recommendation(s), and provide the report to Council.

- f. The Council will review the quarterly monitoring report and accompanying recommendations and make any necessary decisions.
- g. The Investment Manager will be required to attend a Council meeting and discuss investment performance, and changes in strategy, approach or personnel.

**(6) Re-balancing of the Investment Portfolio**

- a. The Executive Director and Chief Financial Officer will transmit any rebalancing instructions to the Investment Manager only if first approved by the Council.

**F. References and Related Authorities**

(1) FMB's Financial Administration System Standards

- a. Standard 19.3 – Investments

(2) FMB's Financial Administration Law Standards

- a. Standard 17.3 – Investments

**G. Attachments**

(1) None

## **10. Tangible Capital Assets**

### **A. Policy**

Tangible Capital Assets will be managed using a life-cycle approach that effectively plans, manages, accounts for and disposes of assets according to the First Nation's asset strategy and that ensures assets are accurately reflected in the First Nation's financial statements.

### **B. Purpose**

The purpose of this policy is to provide guidance on the planning, management, and accounting treatments for Tangible Capital Assets over the entire asset life cycle.

### **C. Scope**

This policy applies to the Council, Finance and Audit Committees, Executive Director, Chief Financial Officer, and senior management of the First Nation, as well as any employees directly involved in capital asset management.

### **D. Responsibilities**

(1) Council is responsible for:

- a. Approving Capital Project Plans and tangible capital asset reserve fund transactions;
- b. Establishing a tangible capital asset reserve fund;
- c. Establishing Asset Recognition Criteria; \$1,000
- d. Approving the Tangible Capital Assets register;
- e. Approving policies and procedures for Capital Projects to address the issues identified in the Financial Administration Law for the proper management of Capital Projects;
- f. Approving procedures for the safeguarding of Tangible Capital Assets;
- g. Ensuring Capital Project budgeting requirements are implemented.

(2) The Finance and Audit Committee is responsible for:

- a. Reviewing on or before [January 15] the financial information provided on the Life-Cycle Management Program by the Chief Financial Officer;
- b. Reviewing and recommending to Council the annual budget for Tangible Capital Assets;
- c. Reviewing and recommending to Council procedures for the safeguarding of assets;

- d. Reviewing status reports on the capital asset reserve fund and if necessary making a recommendation to Council relative to the funding contribution;
- e. Monitoring at a minimum, quarterly the status of all Capital Projects including borrowings, loans and payments for each project, comparison of expenditures to date with the project budget, details of identified problems with the project and how they will be addressed and steps taken for each Capital Project to comply with Council policies for management of Capital Projects;
- f. Reviewing the Executive Director's recommendations on Asset Recognition Criteria and making recommendations to Council for approval;
- g. Reviewing any scheduled Capital Project Plans including supplemental information and their budgets and developing recommendations for Council.

(3) The Executive Director is responsible for:

- a. 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 and Council on matters concerning the management of the First Nation's Tangible Capital Assets;
- b. Maintaining the Tangible Capital Assets 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.);
- c. Ensuring First Nation members are informed in tangible capital asset projects and borrowings for construction where borrowing will exceed \$1,000,000 and as required in the Financial Administration Law;
- d. Developing and recommending to the Finance and Audit Committee the Asset Recognition Criteria and reviewing the criteria annually for possible recommended changes;

(4) The Chief Financial Officer is responsible for:

- a. The accurate and timely recording and reporting of Tangible Capital Assets in the financial statements in accordance with PSAS;
- b. Monitoring the application of this policy and updating the policy on a regular basis;
- c. Preparing on or before [December 31] of each year the financial information related to routine maintenance and Rehabilitation or replacement of Tangible Capital Assets as required in the Financial Administration Law and this policy;

- d. Monitoring the tangible capital asset protection insurance program and making recommendations to the Executive Director in adequate time before each annual renewal, or sooner if circumstances warrant;
- e. Preparing the maintenance and quarterly reporting to the Finance and Audit Committee, or more frequently if necessary on the status of the capital asset reserve fund;
- f. Developing and recommending procedures for the safeguarding of assets and ensuring approved procedures are followed;
- g. Developing the budget for Capital Project Plans and annual capital plan.

(5) Employees involved in the Life-Cycle Management Program are responsible for:

- a. Maintaining tangible capital asset information and implementing asset security and safeguarding measures as provided through the application of these policies and safeguarding procedures approved by Council;
- b. Recording and reporting periodic changes in Tangible Capital Assets to the Executive Director;
- c. Ensuring Tangible Capital Assets are accurately tracked and inventoried, using a predetermined system.

## **E. Procedures**

### **(1) Tangible Capital Asset Register**

- a. A detailed tangible capital asset register is to be established, maintained and kept current by the CFO (or assigned employee). The asset register will reflect the Life-Cycle Management Program including maintenance, Rehabilitation, and replacement activities as well as providing an accurate inventory of Tangible Capital Assets.
- b. The register may include the following information:
  - i. Location and intended purpose of the asset;
  - ii. Ownership and restrictions over ownership (e.g. pledges or collateral agreements);
  - iii. Date of acquisition;
  - iv. Previous inspection date;
  - v. Original expected life of the asset at the time of acquisition;

- vi. Most recent assessment of the condition of the asset and its expected remaining Useful Life<sup>2</sup>;
  - vii. Original cost to acquire or develop the asset;
  - viii. Any costs capitalised subsequent to the initial acquisition or development of the asset (e.g. additions, betterments);
  - ix. Any amounts de-recognised as a result of the sale or disposal of the asset;
  - x. Any proceeds received as a result of the sale of the asset;
  - xi. The amount of depreciation expense calculated for the current period;
  - xii. The total accumulated depreciation expense as at the end of the current period;
  - xiii. Any increase to accumulated depreciation made during the current period to reflect an impairment in the carrying value of the asset;
  - xiv. The total cost, accumulated depreciation and carrying value (i.e. Net Book Value) of the asset as at the end of the current period;
  - xv. Estimated Residual Value of the asset (i.e. the estimated net realizable value of the tangible capital asset at the end of its Useful Life to the First Nation);
  - xvi. Insurance coverage details for the asset;
  - xvii. Any other information required by the Council.
- c. An electronic 'asset notification' record will be prepared by the Finance Department from the accounting records when an asset is acquired that captures the key information required for the tangible capital asset register as described above.
  - d. An asset tracking (i.e. serial) number will be assigned and an activity center code (for the purposes of accounting for depreciation) to each of the First Nations Tangible Capital Assets which is to be recorded in the tangible capital asset register and communicated to the department manager for which the management of the asset is assigned.
  - e. Department managers will be provided with an annual copy of the tangible capital asset register listing the assets assigned to their respective departments. It is the responsibility of the department manager to regularly report any changes (e.g. additions, disposals, indicators of impairment, changes to estimated Useful Life, etc.) that are to be made to the register to the Finance Department.

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<sup>2</sup> The expected remaining Useful Life of each asset must be re-assessed at a minimum annually. Any changes to this estimate must be accounted for prospectively as a change in estimate.

- f. The Finance Department will regularly reconcile the general ledger to the tangible capital asset register.

## **(2) Amortization / Depreciation**

- a. A suitable method for amortizing (or depreciating) each category of Tangible Capital Assets should be selected to form part of the First Nation's accounting policies.
  - i. Different methods of amortizing a tangible capital asset result in different patterns of cost recognition. The objective is to provide a systematic and rational basis for allocating the cost of a tangible capital asset, less any Residual Value, over its Useful Life. A straight-line method reflects a constant charge for the service as a function of time. A variable charge method reflects service as a function of usage. Other methods may be appropriate in certain situations.
- b. The cost, less any Residual Value, of a tangible capital asset with a limited life should be amortized over its Useful Life in a rational and systematic manner appropriate to its nature and use by the First Nation. Amortization (or depreciation) expense should be calculated and recorded on a monthly basis.
  - i. The amortization of the costs of Tangible Capital Assets should be accounted for as expenses in the statement of operations.
  - ii. Land normally has an unlimited life and would not be amortized.
  - iii. Where the First Nation expects the Residual Value of a tangible capital asset to be significant, it would be factored into the calculation of amortization.
  - iv. The Useful Life of a tangible capital asset depends on its expected use by the First Nation. Factors to be considered in estimating the Useful Life of a tangible capital asset include:
    - a) expected future usage;
    - b) effects of technological obsolescence;
    - c) expected wear and tear from use or the passage of time;
    - d) the maintenance program;
    - e) studies of similar items retired; and
    - f) the condition of existing comparable items.
- c. The amortization method and estimate of the Useful Life of the remaining unamortized portion of a tangible capital asset should be reviewed on a regular basis and revised when the appropriateness of a change can be clearly demonstrated.

### **(3) Annual inspection and review**

- a. On or before [November 30], the Executive Director will initiate an annual inspection of the First Nation's capital asset inventory. Employees in the property management department will be assigned by the Executive Director to complete the inspection under his/her supervision. Where appropriate or necessary the Executive Director may choose to engage the services of an external specialist to assist in the valuation of certain specialised assets (e.g. land, buildings, etc.).
- b. Any changes recommended as necessary to the tangible capital asset register will be documented by the employee noting the change, and communicated to the Executive Director for review and approval. Once reviewed and approved by the Executive Director, the changes will be input in the tangible capital asset register by the CFO.
- c. The Executive Director 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.
- d. In the event that 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 Executive Director will investigate the matter and initiate the insurance claim process if applicable. The tangible capital asset register will be updated based on this new information.
- e. When conditions indicate that a tangible 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 tangible capital asset is less than its Net Book Value, the cost of the tangible capital asset should be reduced to reflect the decline in the asset's value.
  - i. The net write-downs of Tangible Capital Assets should be accounted for as expenses in the statement of operations.
  - ii. A write-down can not be reversed.

### **(4) Safeguarding Assets**

- a. The Chief Financial Officer will ensure that there is a tagging or marking identification system in place for all Tangible Capital Assets subject to the risk of theft (e.g. equipment, vehicles, furniture, etc.). Markers should include the date of purchase and an asset identification (reference) number that identifies the asset to be property of the First Nation.
- b. Physical security arrangements over capital assets will be reviewed annually<sup>3</sup> by the Chief Financial Officer and the results of this review will be reported to and reviewed by the Finance and Audit Committee with any recommendations to Council.

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<sup>3</sup> This may occur at the same time as the physical inspection of asset condition is performed



- c. Insurance coverage for Tangible 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 Insurance Policy.

#### **(5) Maintenance of Assets**

- a. Employees in the property management department (or its equivalent) will provide the Executive Director with an annual update on the condition of Tangible Capital Assets over \$5,000 and preventative maintenance reports (including machine and vehicle logs) showing maintenance completed compared to scheduled maintenance. Explanations for deficiencies noted will be obtained and, where appropriate, shared with the Finance and Audit committee.
- b. A list of any Tangible Capital Assets identified as no longer in use will be prepared and reported to the Executive Director. Steps will be taken to decommission and appropriately dispose of the assets within 90 days in accordance with any applicable laws or regulations.
- c. All warranty and related work including inspections will be undertaken in a timely manner.
- d. The Executive Director will recommend that any critical Tangible Capital Assets of an unsafe nature, based on the annual review, are given a priority for replacement (or Rehabilitation) in future planning.
- e. The Executive Director, with the assistance of staff in the property management department, will ensure that appropriate staff training on the use of the particular tangible capital asset will be provided to ensure safety.
- f. For Tangible Capital Assets whose purchase value was over \$10,000 periodic maintenance assessments will be performed. Assessments should include:
  - i. Any Deferred Maintenance;
  - ii. A description of the performance and condition of the asset;
  - iii. An overall rating based on the following scale: Excellent, Good, Fair, Poor, or Failing;
- g. The Department managers will retain a copy of the condition assessment(s) and will provide an electronic copy to the Finance Department.
- h. The Executive Director will ensure the tangible capital asset register and accounting records are updated, and, in conjunction with the Chief Financial Officer, will make recommendations to the Finance and Audit Committee for changes to the annual capital plan based on the results of the condition assessments performed for the year.

## **(6) Life Cycle Management Program**

- a. Based on the information in the tangible capital asset register and contributions from relevant employees, the Chief Financial Officer will prepare the annual capital plan by [December 31] of each year.
- b. The annual capital plan will include short and long term forecasts for asset maintenance, rehabilitation /or replacement (including acquisition and/or construction). The plan will include the information that the Chief Financial Officer is required to prepare in the Financial Administration Law and, at a minimum, the following details:
  - i. A description of each asset to be replaced or refurbished;
  - ii. The rationale for the replacement or refurbishment;
  - iii. Estimated cost, including contingencies, of each proposed acquisition or refurbishment project;
  - iv. Estimated timeframe and schedule for completion of each asset acquisition or proposed refurbishment project;
  - v. Ongoing maintenance requirements and costs and the impact on the First Nation's budget.
- c. The Finance and Audit Committee will review the annual capital plan, in conjunction with the Tangible Capital Assets register. The objective of this review is to:
  - i. Identify any means to reduce costs of each Capital Project;
  - ii. Understand the effect that each proposed Capital Project (Rehabilitation, replacement) on the annual operating costs and routine maintenance costs in future years;
  - iii. Determine whether any significant savings might be affected by coordinating the scheduling of Capital Projects, deferring any projects, or carrying out Rehabilitation projects rather than replacement projects.
- d. The Finance and Audit Committee will review by the annual capital plan by [January 15] and report to Council on its findings and recommendations by [February 15] for review and consideration of the annual budget for the upcoming fiscal year.

## **(7) Capital Projects – define minor & major - \$100,000**

- a. The Executive Director, with input from the Chief Financial Officer, will develop an annual capital plan for all minor Capital Projects from \$10,000 - \$100,000 and major Capital Projects that exceed \$100,000 in cumulative value. The plan will include a business case for the Capital Project, that will contain, at a minimum, the following:

- i. The financial viability of the project (i.e. how it will be financed, what the expected return on investment will be, etc.);
  - ii. Project operating requirements (e.g. annual operating and maintenance costs, cash flow considerations, etc.);
  - iii. Evaluation of all other options considered;
  - iv. A project risk assessment.
- b. The annual capital plan will be integrated with the First Nation's strategic plan (see [Integrated Planning Policy] for further details).
- c. The Capital Projects Manager will coordinate project planning, design, engineering, tendering, bid selection, and environmental requirements for each Capital Project in accordance with Council policies and procedures for management of Capital Projects. Capital Project consultants, including engineers, may be engaged to carry out these obligations at the discretion of the Capital Projects Manager .
- d. The Chief Financial Officer will coordinate project costing, budgeting, financing and approval for each Capital Project in accordance with Council policies and procedures for management of Capital Projects.
- e. To coordinate project management of each Capital Project, an ad hoc working committee - project planning and implementation - may be established as necessary with the Executive Director and Chief Financial Officer as members.
- f. The annual capital plan and recommendations from the working committee will be provided to the Finance and Audit Committee. Scope adjustments, modifications and other significant adjustments made to the projects will be identified and a rationale provided.
- g. The Finance and Audit committee will review the annual capital plan on or before [January 15] and forward their recommendation to Council for approval.
- h. The Council must take reasonable steps to ensure that Capital Projects for construction of buildings or other improvements are financed, planned and constructed in accordance with procedures and to standards that generally apply to the financing, planning and construction of public builds and other improvements of organized communities in the region in which the majority of the First Nation's lands are located. The Executive Director will report to the Finance and Audit Committee on steps taken to ensure these results are met for every Capital Project.

#### **(8) Construction management**

- a. The Executive Director and the CFO will procure appropriate course of construction insurance for each Capital Project in accordance with the Insurance Policy and will require contractors to have project performance guarantees or bonding for each project or as

otherwise permitted or required in the Council policies and procedures for management of Capital Projects.

- b. Depending upon the size of the project, an independent project manager may be retained to provide contract management and control.
- c. The Chief Financial Officer will process contractor progress payments, manage construction holdbacks and payment as required in the Council policy and procedure on management of Capital Projects and will organize audit procedures in conjunction with the annual audit.
- d. The Chief Financial Officer will report to every meeting of the Finance and Audit Committee on each Capital Project respecting
  - i. Year to date borrowings, loans and payments;
  - ii. The status of the project including
    - a) A comparison of the expenditures to date against the project budget,
    - b) A detailed description of any identified problems with the project, and
    - c) The manner in which a problem identified has been or will be addressed, and
  - iii. Steps taken to ensure compliance with Council policies and procedures for management of Capital Projects.
- e. Work approvals, including change orders, will be signed off by the project manager or designate and forwarded to the finance office for retention and clearance against the contractor's invoice.
- f. The Chairperson of the Finance and Audit Committee will bring forward the report on Capital Projects to Chief and Council as part of the FAC report.

#### **(9) Life Cycle Policy Directives**

- a. All assets that meet the definition of a tangible capital asset, meet the Council approved Asset Recognition Criteria, fall within the categories outlined in Appendix G based on their nature, characteristics and Useful Life, shall be recorded in the accounts of the First Nation in accordance with this policy.

#### **(10) Acquisition of Tangible Capital Assets**

- a. Department managers will identify Council and to the Executive Director the asset to be acquired as part of the annual budget and annual capital plan.
- b. The acquisitions of Tangible Capital Assets are subject to the Delegated and Assigned Responsibilities Policy and the Procurement Policy.
- c. Subject to the Delegated Authorities Policy, all purchases or leases of capital assets are to be made in accordance with the annual budget, annual capital plan.

- d. Any significant variance between budgeted and actual cost of the tangible capital asset is to be reported to the Executive Director and the Finance and Audit Committee, and C&C
- e. Following acquisition and delivery of a tangible capital asset, the Finance Department will ensure the asset is reflected in the accounting records and the financial statements of the First Nation. And the asset is added to the Tangible Capital Asset Register of the First Nation.

**(11) Tangible Capital Asset Reserve Fund**

- a. The Council will establish a Tangible Capital Asset Reserve Fund to be applied for the purposes of construction, acquisition, maintenance, Rehabilitation and replacement of the First Nation's Tangible Capital Assets.
- b. The FAC & the Chief Financial Officer will manage the Tangible Capital Asset Reserve Fund.
- c. All withdrawals from the tangible capital asset reserve fund must be approved via a Band Council Resolution at a duly convened Council meeting and in accordance with the annual budget and approved annual capital plan.
- d. Contributions are to be budgeted and made to the tangible capital asset reserve fund on an annual basis..

**(12) Disposal of Tangible Capital Assets**

- a. Department managers will identify to the Executive Director the asset to be disposed of, and the method of disposal, as part of the annual budget and capital plan. .
- b. The fair market value must be determined for all disposals.
- c. All disposals of the First Nation's Tangible Capital Assets with a fair market value in excess of \$5,000 must be approved via a Band Council Resolution at a duly convened Council meeting prior to disposal of said assets, on the recommendation of the Executive Director and the Finance and Audit Committee.
- d. All proceeds from the sale or disposal of the First Nation's Tangible Capital Assets are to be deposited in the Tangible Capital Asset Reserve Fund.
- e. The disposal of the asset should be recorded in accordance with PSAS.
- f. Any item determined to be of no value or unsafe must be disposed of as waste in an appropriate manner that meets all regulatory or statutory requirements.
- g. Members of the First Nation shall have an equal opportunity to purchase surplus assets through a competitive disposal process.
- h. All items to be sold are on an "as is, where is" basis with no warranties or guarantees expressed or implied.

## **F. References and Related Authorities**

- (1) FMB's Financial Management System Standards
  - a. Standard 24.0 - Tangible Capital Assets Including Capital Projects
- (2) FMB's Financial Administration Law Standards
  - a. Standard 22.0 - Tangible Capital Assets Including Capital Projects

## **G. Attachments**

- (1) **Appendix G** – Tangible capital asset categories
- (2) **Appendix H** – Presentation and disclosure requirements

## **11. Insurance Policy**

### **A. Policy**

The First Nation will obtain sufficient insurance coverage for its operations, staff and councillors as part of its overall risk management strategy.

### **B. Purpose**

The purpose of this policy is to provide guidance on the establishment and maintenance of an insurance program to ensure material risks are addressed for the First Nation and its councillors, officers, and staff.

### **C. Scope**

This policy and procedure applies to Council, the Finance and Audit Committee, the Executive Director, the Chief Financial Officer, and all other employees involved in insurance matters at the First Nation.

### **D. Responsibilities**

(1) Council is responsible for:

- a. Procuring and maintaining in force all insurance coverage that is appropriate and commensurate with the risks under the care or control of the First Nation based on the recommendation of the Finance and Audit Committee;
- b. If Council chooses, procuring and maintaining insurance for the benefit of a councillor or a First Nation officer or their personal representatives against any liability arising from that person being or having been a councillor or an officer.

(2) The Finance and Audit Committee is responsible for:

- a. Providing its insurance coverage recommendation to Council (The Finance and Audit Committee may retain external expertise to assist in its deliberations given the technical nature of insurance decisions).

(3) The Executive Director in collaboration with the CFO is responsible for:

- a. Leading and managing the risk identification and assessment process;
- b. Recommending an insurance broker;
- c. Evaluating options from insurance providers, as provided by the insurance broker, to address the risks that require insurance coverage;
- d. Recommending a preferred option to the Finance and Audit Committee and council that meets the needs of the First Nation;

- e. Monitoring insurance coverage expiration and payment dates to ensure coverage does not lapse; and
- f. On an annual basis reviewing insurance coverage to ensure that it continues to meet the needs of the First Nation.

## **E. Procedures**

### **(1) Identify significant material risks**

- a. The Executive Director, 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, Tangible Capital Assets and the operations of the First Nation. This will include an examination of:
  - i. Potential sources of liability of the First Nation arising from its operations;
  - ii. Values and use of Property and equipment;
  - iii. Values and use of Assets under control of the First Nation;
  - iv. Potential sources of Liability for individuals such as councillors, officers and staff members of the First Nation; and
  - v. Other risk areas that could result in a loss to the First Nation and could be insured.

### **(2) Identify and procure insurance products**

- a. Based on the risk analysis performed, the Executive Director will identify the risks where insurance coverage is appropriate.
- b. In accordance with the Procurement Policy, the Executive Director will review options from several different insurance providers, as provided by the First Nations insurance broker, and will make a recommendation to the Finance and Audit Committee on which to accept. The Executive Director's determination of a recommended option will take into consideration the following:
  - i. Cost of the coverage;
  - ii. Attributes and features of the proposed coverage including what is and is not covered and any gaps or exclusions; and
  - iii. Independent advice on the reputation and strength of proposed insurance providers.



**(3) Approval for insurance coverage**

- a. Council will review the proposed option presented by the Finance and Audit Committee and the Executive Director and document their approval.
- b. Once approved by Council, procurement of the insurance coverage will follow the First Nation's Procurement and Expenditure Policies.

**(4) Maintenance of insurance coverage**

- a. The Chief Financial Officer will maintain a schedule of insurance policy expiration dates and payment dates and monitor on a regular basis to ensure that coverage does not lapse.
- b. The Executive Director will review insurance coverage on an annual basis to ensure that it continues to adequately address the risks and meet the needs of the First Nation.

**F. References and Related Authorities**

- (1) FMB's Financial Management System Standards
  - a. Standard 19.4 - Insurance
- (2) FMB's Financial Administration Law Standards
  - a. Standard 17.5 - Insurance

**G. Attachments**

None

## **12. Risk Management**

### **A. Policy**

The First Nation will identify, manage, and monitor risks related to the financial management system and the achievement of its goals.

### **B. 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, including risk assessments, mitigation plans, and specific business activities that are separately evaluated, managed and monitored.

### **C. Scope**

This policy and procedure applies to Council, the Finance and Audit Committee, the Executive Director, the Chief Financial Officer, and all other employees involved in risk management at the First Nation.

### **D. Responsibilities**

(1) Council is responsible for:

- a. Providing input to the annual risk assessment, including consideration of Fraud Risks;
- b. Reviewing and approving the annual First Nation Risk Management Plan (Appendix C) and Fraud Risk assessment;
- c. Subject to the Financial Administration Law, approving:
  - i. For-profit business activities, consolidated entities and ventures;
  - ii. The investment strategy and investment risk assessment;
  - iii. Loans, guarantees or indemnities;
  - iv. Insurance coverages; and
  - v. Emergency plan

(2) The Finance and Audit Committee is responsible for:

- a. Providing input to the annual risk assessment including consideration of Fraud Risks;
- b. Reviewing the risks management plan and Fraud Risk assessment on a regular basis to ensure risks are adequately identified and monitored.

(3) The Executive Director is responsible for:

- a. Managing the annual risk assessment process and preparing the Risk Management Plan;

- b. Managing the annual Fraud Risk assessment process and preparing the Fraud Risk assessment;
- c. Identifying and assessing risks associated with specific material business activities, loans, guarantees, indemnities, investments, general operations, financial reporting and Fraud Risks;
- d. Preparing risks associated with proposed for-profit business activity, steps taken to limit the risks, approvals required to undertake for-profit activity and monitoring of any approved for-profit activity.
- e. Reviewing and updating the Risk Management Plan and Fraud Risk assessment on a regular basis;
- f. Immediately reporting any significant changes to the Risk Management Plan and Fraud Risk assessment to the Finance and Audit Committee;
- g. Preparing a documentation that assesses qualification of individuals engaged in control activities in the First Nation's financial management systems; and
- h. Obtaining a written confirmation from the persons engaged in the First Nation's financial management system that they understand their responsibilities.

(4) The Chief Financial Officer is responsible for:

- a. Ensuring all for-profit business activities are separately reported in the monthly, quarterly and annual financial statements and management reports;
- b. Developing and recommending procedures for identifying and mitigating risks for the annual Risk Management Plan;
- c. Developing and recommending procedures for identifying and mitigating Financial Reporting Risks and Fraud Risks;
- d. Reviewing and recommending approval for loan, guarantee or Indemnity requests;
- e. Preparation of the First Nation investment strategy, insurance coverage and emergency plans; and
- f. Monitoring the control activities and its impact on the First Nation and the Risk Management Plan.

## **E. Procedures**

### **(1) Annual Risk Management Plan**

- a. On an annual basis as part of the integrated planning process, a risk assessment will be performed by the Executive Director. Risks identified will include any risks that could impact the First Nation's achievement of its strategic goals or its operations in general.

- b. Risks will be recorded in the First Nation's Risk Management Plan. The management team will analyze the potential impact and likelihood of each risk identified and develop an appropriate risk mitigation plan.
- c. The risk management plan must ensure that risks related to specific business activities, loans, guarantees, indemnities, investments, general operations and Financial Reporting Risks are separately addressed, managed and monitored.
- d. Responsibility for each risk and corresponding risk mitigation plan will be assigned to a First Nation staff member.
- e. The Risk Management Plan will be presented to the Finance and Audit Committee for review and recommendation to council for approval on an annual basis (during the integrated planning review).
- f. On a quarterly basis, the Executive Director will review the Risk Management Plan with the risk owners to update or adjust as required the risks or mitigation plans. Any significant changes will be reported to and reviewed by the Finance and Audit Committee and reported to the Council.

## **(2) Fraud Risk Assessment**

- a. On an annual basis as part of the integrated planning process, a Fraud Risk assessment will be performed by the Executive Director. (Refer to documents in Appendix B and the Fraud Risk Assessment template example in Appendix A)
- b. Fraud Risk assessment will include identification and assessment of following types of fraud in the first nation:
  - i. Fraudulent Financial Reporting;
  - ii. Fraudulent Non-Financial Reporting;
  - iii. Misappropriation of Assets; and
  - iv. Corruption and illegal acts.
- c. Fraud Risk assessment will include identification of risks arising from the following:
  - i. Incentives and rewards associated with achievement of objectives; and
  - ii. Pressures associated with achievement of objectives.
- d. Fraud Risk assessment will also include identification of opportunities for fraud created by the following:
  - i. Ineffective design and monitoring control activities as it relates to the following:
    - a) Unauthorized acquisition, use of disposal of first nation assets;
    - b) Poor management oversight;

- c) Management override of Internal Control; and
  - d) Ineffective technology systems;
- ii. Willful violation of laws that could have a material direct or indirect impact on financial reporting.
- e. Fraud Risk assessment will also identify the risk of fraud resulting from attitudes of and rationalizations by individuals justifying inappropriate actions.
- f. Fraud Risks assessment will include various ways that fraudulent reporting can occur taking into account the following:
  - i. Management bias;
  - ii. The degree of estimates and judgements used in financial reporting;
  - iii. Possible fraud schemes and scenarios in first nation communities;
  - iv. The geographic region where first nation lands are located;
  - v. The nature of technology and management's ability to manipulate information using that technology;
  - vi. Any unusual or complex transactions which are subject to significant management influence; and
  - vii. The vulnerability of Internal Controls to management override and potential schemes to circumvent existing control activities.
- g. On an annual basis, the Executive Director will prepare a documentation that assesses the qualification of individuals engaged in Fraud Risk control activities in the first nation's financial management system.
- h. On a periodic basis, the individuals involved in the Fraud Risk controls must confirm in writing that they understand their responsibilities.

### **(3) For-profit business activity risk management considerations**

- a. Prior to beginning any for-profit business activity, the Executive Director 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).
- b. The risk assessment should address all risks related to the project and the resulting overall impacts on the First Nation.
- c. For each risk, a detailed mitigation plan with assigned responsibility will be developed.

- d. 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.
- e. The Executive Director, or designate, 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.
- f. The Executive Director, or designate must report on the for-profit business activity separately reported in the monthly reports and quarterly, and annual financial statements.

#### **(4) Loans, guarantees and indemnities**

- a. For any loans, guarantees or indemnities, the Chief Financial Officer must annually document his or her evaluation of the risks to the First Nation of extending credit to the requesting individual/group. Risks which should be considered include, but are not limited to, the following:
  - i. Ability of the individual or group to repay the First Nation;
  - ii. Potential for negative impact on the First Nation's reputation;
  - iii. Extent of other similar situations / agreements the First Nation has entered into;
  - iv. Ability of the First Nation to honour the guarantee or Indemnity should it be required to do so;
  - v. 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.
- b. Approval and management of loans, guarantees and indemnities is detailed in the [Loans, Guarantees and Indemnities Policy].

#### **(5) Investment Risk Assessment**

- a. Monitoring, reporting and approval of investments strategy and performance is detailed in the [Investment Policy].

#### **(6) Financial Reporting Risks**

- a. The First Nation will follow the documented procedures in the [Financial Reporting and Operations Policy] to identify and mitigate the risk of a material misstatement in the quarterly and annual financial statements.

#### **(7) Insurance and Emergency Plans**

- a. Separate policies have been developed to provide guidance on risk assessment and management of investments, insurance and emergency planning. Refer to [Investments Policy], [Insurance Policy] and [Emergencies Policy].

## **F. References and Related Authorities**

- (1) FMB's Financial Management System Standards
  - a. Standard 19.0 - Risk Management
- (2) FMB's Financial Administration Law Standards
  - a. Standard 17.0 - Risk Management

## **G. Attachments**

- (1) **Appendix I**– Fraud Risk Assessment Template
- (2) **Appendix J** – Fraud Risk Assessment Guidelines
- (3) **Appendix K** – Risk Management Plan Template

## **13. Emergencies**

### **A. Policy**

An emergency plan addressing the key risks facing the First Nation will be documented, updated on an annual basis and communicated to all affected persons.

### **B. Purpose**

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

### **C. Scope**

This policy applies to the First Nation council, committee members, staff and First Nation members.

### **D. Responsibilities**

(1) Council is responsible for:

- a. Approving the emergency response plan.

(2) The Executive Director is responsible for:

- a. Creating an emergency planning committee;
- b. Ensuring that an emergency response plan is prepared and approved;
- c. Ensuring that the emergency response plan is communicated to the affected First Nation staff and members as part of its implementation along with any necessary training;
- d. Updating the emergency response plan on an annual basis.

(3) The emergency planning committee members are responsible for:

- a. Preparing the emergency plan.

### **E. Procedures**

#### **(1) Analyze the current situation**

- a. The Executive Director will create an emergency planning committee which will consist of the Executive Director, Chief Financial Officer, Council members and other key staff (who are also community members) across all areas of the First Nation as deemed appropriate.



External groups, representatives from the local municipality such as fire or police services, will be invited to participate as required as committee members

- b. The Emergency Planning Committee is not to be considered the Emergency Response personnel. The key emergency response personnel will be identified in the Emergency Plan.
- c. The emergency planning committee 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.
- d. For each of the risks identified, the emergency planning committee should determine the likelihood of the threat occurring and the potential impact on the First Nation's operations.

## **(2) Develop the emergency plan**

- a. Based on the likelihood and impact, the Executive Director, with input from outside expertise as required, and the emergency planning committee will determine which risks will be addressed in the business 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.
- b. Areas which should be examined and examples of issues to address for each risk include the following:

### **Buildings and sites**

- i. How will operations continue if the site is inaccessible or destroyed?
- ii. What safety precautions need to be taken in the event of damage to the building?

### **Critical equipment**

- iii. Are there backups in place for critical equipment (i.e. an extra item in storage)?
- iv. How quickly can repairs be made and by whom?
- v. Are there outside vendors that can be used to replace an unavailable piece of equipment?

### **Information Technology**

- vi. Can the computer network be accessed from offsite (e.g. virtual private network)?
- vii. Are there adequate numbers of laptops, cell/satellite phones, etc. to maintain communication remotely during an emergency?
- viii. Are critical systems and databases regularly backed up? Is the backup stored offsite?

### **People**

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

- x. Do the critical finance and operations staff members have designated and trained back-ups?
- xi. Is there an offsite location where limited but critical operations can continue during an emergency?
- xii. Are there any potential health and safety issues associated with a particular risk? How would these be dealt with?
- c. Responsibilities for each component of the emergency 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.
- d. The emergency planning committee will develop an emergency notification procedure to explain how to enact the plan should an emergency occur.
- e. Documented approval of the plan will be obtained from council.

### **(3) Implement the plan**

- a. The Executive Director will develop a communication strategy to ensure all affected staff and community members have access to the emergency plan.
- b. All staff who have been assigned responsibilities within the emergency plan will be provided training to carry out their role in the event of an emergency.
- c. The emergency plan will be tested by the emergency planning committee. Testing could include mock disaster exercises, communication and off-site computing tests, fire drills, etc.
- d. Emergency plan documentation will be maintained at all First Nation's site locations and key staff members will keep a copy at home. It should include all required information to enact the plan (i.e. Emergency contact & responsibilities lists, vendor lists, fire drill routes, etc.).

### **(4) Annual review**

- a. On an annual basis, the emergency planning committee and key operational managers will review the plan and associated documentation to ensure 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.
- b. Significant changes to the plan will be approved by Council.

## **F. References and Related Authorities**

### **(1) FMB's Financial Management System Standards**

- a. Standard 19.5 - Emergencies

## **G. Attachments**

- (1) Appendix L – Examples of risks to consider
- (2) Appendix M – Sample risk assessment template
- (3) Appendix N – Emergency planning resources
- (4) Appendix O – Emergency plan template

## **14. Financial Management System Improvement**

### **A. Policy**

Areas for improvement in the financial management system will be managed, tracked and resolved on an ongoing basis as identified by the Chief Financial Officer and annually through Internal Assessments of critical activities.

### **B. Purpose**

The purpose of this policy is to provide guidance on the First Nation's continual improvement of its financial management system.

### **C. Scope**

This policy applies to the Chief Financial Officer, Finance and Audit Committee, and the Financial Management System Assessment Committee.

### **D. Responsibilities**

- (1) If the First Nation is a borrowing member, the Council is responsible for: ensuring that the First Nation takes measures as soon as practicable to rectify 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.
- (2) The Finance and Audit Committee is responsible for:
  - a. Designating members of the Financial Management System Assessment Committee;
  - b. Scheduling the dates for required meetings of the Financial Management System Assessment Committee;
  - c. Reviewing reports from the Financial Management System Assessment Committee;
  - d. 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.
- (3) The Financial Management System Assessment Committee is responsible for:
  - a. Planning, scheduling, and conducting Internal Assessments;
  - b. Ensuring issues or concerns identified through the Internal Assessment process are resolved;
  - c. Holding an annual meeting to review the financial management system for the previous fiscal year;

- d. [If the First Nation is a borrowing member] 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 ensure that any gaps or areas of non-compliance are rectified as soon as possible;
  - e. Reporting to council, the Finance and Audit Committee, and the internal/external auditors on the results of their reviews.
- (4) The Chief Financial Officer is responsible for:
- a. Ensuring issues and concerns regarding the financial management system are collected, tracked, managed, reported and resolved as required in this policy;
  - b. Participating in the Financial Management System Assessment Committee.

## **E. Procedures**

### **(1) Financial Management System Assessment Committee**

- a. The Financial Management System Assessment Committee ("the Assessment Committee") will be a subset of the FAC composed of the Chief Financial Officer, Executive Director, and other finance and operations staff designated by the Finance and Audit Committee.
- b. The Assessment Committee will meet at least once annually.
- c. Annually on a date scheduled by the Finance and Audit Committee, the Assessment Committee will review the financial management system for the period of the previous four quarters and up to the date of the meeting.
- d. The Assessment Committee agenda items will include, but are not limited to, the following:
  - i. Review of the system's processes and procedures;
  - ii. Review of applicable laws for compliance;
  - iii. Review of external and Internal Assessment results;
  - iv. Review of identified process improvement opportunities including their resolution;
  - v. Review of all committees' Terms of Reference;
  - vi. Review of the First Nation's corporate and personnel organization charts.
- e. The Assessment Committee must prepare a report for distribution to the Finance and Audit Committee and internal/external auditors that includes the following:

- i. A statement of whether the financial management system has, during the review period, been operated in compliance with all applicable laws, policies, procedures and directions;
- ii. Recommendations for any changes to those laws, policies, procedures and directions that, in the opinion of the Committee, would be beneficial to the financial management system.

## **(2) Internal Assessments**

- a. At the beginning of each fiscal year, the Assessment Committee will prepare an assessment plan which identifies critical or significant activities which should undergo an Internal Assessment in the current year. The criteria for identifying these issues are as follows:
  - i. Risk – likelihood and potential impact if the process/controls in a specific area are not functioning properly;
  - ii. Activities with previously identified problems – Any areas that have been identified in past Internal Assessments with recurring issues will be considered for review in the current year.
- b. The assessment plan will contain a schedule and timeframe for completion of each Internal Assessment identified.
- c. The assessment plan proposed by the Assessment Committee will be approved by the Finance and Audit Committee. Approval will be documented in the Finance and Audit Committee minutes.
- d. The individual performing the Internal Assessment (“the Assessor”) will be independent of the operations or activities being assessed. This individual will be assigned by the Assessment Committee and can be a First Nation staff member so long as the individual is independent of the operation or activity under review.
- e. A documented report will be prepared by the Assessor for each Internal Assessment performed. The report will contain the Assessor’s findings and resolutions of any concerns identified in the findings.
- f. Reports will be issued to the Chief Financial Officer, to individuals responsible for the area/activities assessed, the Assessment Committee and the Finance and Audit Committee.

## **(3) Continual improvement process**

- a. The Chief Financial Officer will be responsible for ensuring that any concerns or issues regarding the financial management system of the First Nation and brought to his/her attention are tracked, managed, and resolved on an ongoing basis.

- b. Based on the Chief Financial Officer's analysis of the concern or issue, the following steps will be taken:
  - i. For items that relate to improvements in efficiency and/or effectiveness, the Chief Financial Officer will consider the cost versus benefit of implementing the changes and act accordingly;
  - ii. For any other issues, such as minor instances of non-compliance with policy, the Chief Financial Officer will take the necessary steps to remediate and will report the findings and actions taken to the Executive Director;
  - iii. All items will be tracked and records maintained of all actions taken.
- c. On a yearly basis, a report of the concerns or issues raised, actions taken, and any remaining potential process improvement opportunities will be submitted to the Assessment Committee.

#### **(4) Review of Financial Administration Law**

- a. Annually, the Finance and Audit Committee will review the Financial Administration Law
  - i. To determine if it facilitates effective and sound financial administration of the First Nation, and
  - ii. To identify any amendments to this Law that may better serve this objective.
- b. The Finance and Audit Committee will report to the Council on the results of its review including any recommendations it makes for amendments to the Financial Administration Law.

#### **(5) Membership information or involvement**

- a. In the event that recommendations from the Finance and Audit Committee require amendments to the Financial Administration Law, Council will ensure 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.

#### **(6) Requirements Specific to Borrowing Members**

- a. The Assessment Committee will determine whether the First Nation is in compliance with the First Nations Financial Management Board Standards. This will be performed through a self-assessment that compares the First Nation's financial management systems and practices to the First Nations Financial Management Board's Standards.
- b. The self-assessment should include the following:
  - i. Identification of all significant activities and a schedule of critical dates for completion of these activities;
  - ii. Assignment of the responsibilities and authority for all significant activities;

- iii. A description of all records to be maintained including records of response to any non-compliance.
- c. 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 will be corrected as soon as possible.
- d. The results of the self-assessment exercise and actions being taken to remediate the gaps or areas of non-compliance identified will be reported to the Finance and Audit Committee by the Chief Financial Officer.
- e. In addition to the self-assessment process to be conducted by the Assessment Committee as set out in this policy, if the Chief Financial Officer becomes aware at any time of any circumstances that could be considered a gap or area of non-compliance between the First Nation's financial management systems and practices and the First Nations Financial Management Board Standards, the Chief Financial Officer will report these circumstances to the Finance and Audit Committee as soon as practicable along with the actions to be taken to remedy those circumstances.

#### **F. References and Related Authorities**

- (1) The FMB's Financial Management System Standards
  - a. Standard 25.0 - Board Standards
  - b. Standard 28.0 - Financial Management System Improvement
- (2) The FMB's Financial Administration Law Standards
  - a. Standard 28.0 - FAL Review
  - b. Standard 23.0 - Board Standards

#### **G. Attachments**

None



## Appendix A – Sample planning and budgeting schedule template

Task	Individual(s) responsible	Deadline
Plan and hold annual planning kickoff meeting to present major budget policies, multi-year financial plan direction and guidelines for the strategic plan.	Executive Director, Chief Financial Officer, Finance and Audit Committee, Council	November 15
Inspect and review of all Tangible Capital Assets to establish or update information.	Executive Director	November 30
Each Department prepares a thorough analysis and projection of all expenses for the budget year	Department Heads; Chief Financial Officer	December 1
Consolidate all draft budgets including capital budget into one master budget;	Chief Financial Officer	December 15
Multi-year plan and strategic plan developed or updated.	Chief Financial Officer; Executive Director, Senior officers	December 15
Schedule of annual routine maintenance, other than Rehabilitation, for Tangible Capital Assets. Five (5), ten (10) and thirty (30) year forecasts for the estimated cost for Rehabilitation or replacement of the Tangible Capital Assets. The proposed budget for Rehabilitation and replacement of Tangible Capital Assets for the next fiscal year.	Chief Financial Officer	December 31
Senior management reviews draft budgets, multi-year plan, and strategic plan and discusses (iterative process) with Chief Financial Officer.	Executive Director; Chief Financial Officer; Tax Administrator;	January 15

Task	Individual(s) responsible	Deadline
Present budget, multi-year plan, and strategic plan to Finance & Audit Committee for review, discussion, and modification.	Chief Financial Officer, Executive Director, Finance & Audit Committee.	January 31
Incorporate Finance & Audit Committee changes to any of Planning Documents	Chief Financial Officer, Executive Director, Finance & Audit Committee.	February 15
Inform the membership or involve the membership in consideration of the annual budget and the multi-year financial plan as required in the Financial Administration Law or Council policy including giving notice to the membership of the Council meeting when the budget and multi-year financial plan are presented for approval.	Executive Director, Chief Financial Officer	March 1
Council receives budget/ multi-year plan / strategic plan and recommendation from the Finance and Audit Committee. Council approves budget/multi-year plan/strategic plan based on recommendation from the Finance and Audit Committee.	Finance and Audit Committee; Council	March 31
Distribute approved budget and strategic plan to Department Heads and any other appropriate staff.	Chief Financial Officer	April 15
Prepare and submit to the Finance and Audit Committee for review a draft amendment of the component of the annual budget respecting the local revenue account.	Chief Financial Officer	June 15

Task	Individual(s) responsible	Deadline
Finance and Audit Committee reviews the draft amendment of the component of the annual budget respecting local revenue account and recommend an amendment to the annual budget to the Council for approval.	Finance and Audit Committee	June 30
Council approves amendment of the component of the annual budget respecting the local revenue account.	Council	July 15

## Appendix B – Financial Institution Account Reconciliation Template

### [♦] First Nation

#### Financial Institution Account Reconciliation

Month: xxxx, 20xx

Financial Institution name: ABC Bank

Financial Institution account name: xxxx, xxxxx

Financial Institution account #: 000-0000-000

GL #: 12345

Ending bank balance		\$ xxxx.xx
ADD: Deposits in transit	\$xx.xx	xx.xx
LESS: Outstanding cheques		
	<u>Cheque No.</u>	<u>Amount</u>
	###	xxx.xx
	###	xx.xx
	###	xxx.xx
		<hr/>
Total outstanding cheques	xxx.xx	(xxx.xx)
<b>Adjusted bank balance</b>		<hr/> \$xxxx.xx

Ending general ledger (GL) balance	\$ xxxx.xx	
ADD/LESS: Unrecorded transactions		<u>Recorded?</u> (✓)
Monthly bank fee	(x.xx)	
<b>Adjusted GL balance</b>	<u>\$xxxx.xx</u>	
<b>Difference:</b>	<u>x.xx</u>	

Prepared by: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

Approved by: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

#### Appendix C – Purchasing Approval Limits

Purchase Values <i>[amounts used for illustration only – will vary depending on the First Nation's situation]</i>		Process to be followed:	Who is responsible:
Less than \$100		Petty Cash	Petty Cash Clerk
Greater than [\$100]	Less than or equal to [\$1,000]	Low Value <sup>2</sup>	Division Manager <sup>1</sup>
Greater than [\$1,000]	Less than or equal to [\$5,000]	Low Value <sup>2</sup>	Division Manager
Greater than [\$5,000]	Less than or equal to [\$25,000]	Moderate value: Informal Quotation <sup>3</sup>	Executive Director Chief Financial Officer
Greater than [\$25,000]		High value: Tender Call/Request for Proposal	Council, Executive Director and Chief Financial Officer

1. Division Manager = Department Manager or equivalent.

2. Low Value = Contractual arrangement for low value procurement process: in this, employees with appropriate authority as set out in this policy may sign an invoice indicating that the goods or services have been received and the contractor/supplier may be paid.

3. Informal Quotation = obtaining informal quotes where practicable through advertisements, direct solicitations to contractors/suppliers and other methods in effort to compare prices.

## Appendix D – Sample Contractor/Supplier Evaluation Template

Supplier Evaluation				
Organization name:				
Service / goods to be provided:				
RFP / Tender reference #:				
Value of contract:				
	Criteria	Details / Comments	Value	Score
1.	RFP or other requirements (list here) xxx xxx xxx	<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:	##/##
Overall comments / recommendation:				%

### Attachments:

- ☐ Contractor/Supplier response to RFP/Tendering
- ☐ Results of any previous contractor/supplier evaluations
- ☐ Other supporting information as required

## **Appendix E – Local Content**

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 tender 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-tender Considerations for Local Content**

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

- The 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.

## Appendix F - Sample Reimbursable Expenses Claim Template

Employee name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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 as a result of this activity.*

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

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		\$xxx.xx
Less: travel advance (if applicable)						(\$xxx.xx)
Total to be reimbursed:						\$xxx.xx

Employee signature: \_\_\_\_\_

Date: \_\_\_\_\_

Approval signature: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_





## Appendix G – Tangible capital asset categories

The following table lists capital asset categories and examples of assets and costs included in each category. This is not intended to be a complete list and is for illustrative purposes only. The decision by the First Nation to capitalise costs as tangible fixed assets must be made in reference to PSAS accounting requirements, specifically those contained in PS 3150, *Tangible Capital Assets*.

Capital Asset Category	Examples of Capital Assets
Land	<ul style="list-style-type: none"><li>land acquired for parks and recreation and recreation, conservation purposes, building sites and other programs</li><li>land purchased for construction of road surface, drainage areas and allowances or future expansions</li></ul>
Land improvements	<ul style="list-style-type: none"><li>fencing and gates, parking lots, paths and trails, landscaping, swimming pools and playgrounds</li><li>Site preparation in advance of commercial or residential development</li></ul>
Buildings	<ul style="list-style-type: none"><li>buildings with fireproofed structural steel frames with reinforced concrete or masonry floors and roofs</li><li>buildings with reinforced concrete frames and concrete or masonry floors and roofs</li><li>buildings with masonry or concrete exterior walls, and wood or steel roof and floor structures, except for concrete slabs on grade</li><li>operational storage facilities, sheds, small buildings, salt sheds, asphalt tanks, inventory storage buildings and pump houses</li></ul>
Building improvements	<ul style="list-style-type: none"><li>major repairs or upgrades that increase the value or Useful Life of the building or which reduce future operating costs such as structural changes, installation or upgrade of heating and cooling systems, plumbing, electrical, telephone systems</li></ul>
Leasehold and occupancy improvements	<ul style="list-style-type: none"><li>improvements that increase the functionality of leased or similar accommodations (refer to the assets listed under the "building improvements" category)</li></ul>

Operating equipment	<ul style="list-style-type: none"> <li>equipment specific to maintenance, shop and sanitation, laboratories, medical, dental, safety, appliances, scientific research, hospitals, education and communication such as forklifts, welding machines, utility trailers, security systems, snowploughs, radios, freezers, refrigerators, washers, meters, defibrators</li> </ul>
Heavy equipment	<ul style="list-style-type: none"> <li>power and construction equipment such as graders, tractors, cranes, drill rigs, caterpillars, and trucks one tonne and over</li> </ul>
Vehicles	<ul style="list-style-type: none"> <li>used primarily for transportation purposes such as automobiles, trucks under one tonne, vans, boats, all-terrain vehicles, snowmobiles, motorcycles, and ambulances</li> </ul>
Marine vessels - vessels and towers	<ul style="list-style-type: none"> <li>construction and replacement of vessels and towers</li> </ul>
Computer software	<ul style="list-style-type: none"> <li>off the shelf software and related upgrades, software licenses after removing any maintenance or similar charges</li> </ul>
Computer hardware	<ul style="list-style-type: none"> <li>servers, voice logging equipment, scanners, printers, hard drives, external hard drives, and plotters</li> </ul>
Office furniture and equipment	<ul style="list-style-type: none"> <li>desks, tables, chairs, filing cabinets, fax machines, photocopiers, videoconferencing stations, projectors, and digital cameras</li> </ul>
Assets under construction	<ul style="list-style-type: none"> <li>roads, buildings or other Tangible Capital Assets that are under construction and have not yet been placed into service</li> </ul>
Roads/Streets	<ul style="list-style-type: none"> <li>roads or streets</li> <li>light systems (traffic, pedestrian), signals for railways, new signage initiative, traffic calming (e.g. rumble strips, speed bumps)</li> </ul>
Water and sewer infrastructure	<ul style="list-style-type: none"> <li>dams, drainage facilities, docks, sewer systems, sewage lagoons, marinas, reservoirs, pumping facilities, tanks and associated infrastructure</li> </ul>
Other infrastructure	<ul style="list-style-type: none"> <li>landfills, tanker bases, helipad, dump stations</li> </ul>

## Appendix H – Presentation and disclosure requirements

The following requirements relate to the preparation of the First Nation's annual financial statements in accordance with PSAS and are based on PS 3150, *Tangible Capital Assets*. Readers are advised to consult with the current version of this accounting standard for the most recent accounting and disclosure requirements.

The financial statements should disclose, for each major category of Tangible Capital Assets and in total:

- (a) cost at the beginning and end of the period;
- (b) additions in the period;
- (c) disposals in the period;
- (d) the amount of any write-downs in the period;
- (e) the amount of amortization of the costs of Tangible Capital Assets for the period;
- (f) accumulated amortization at the beginning and end of the period; and
- (g) net carrying amount at the beginning and end of the period. [APRIL 2005]

Major categories of Tangible Capital Assets would be determined by type of asset, such as land, buildings, equipment, roads, water and other utility systems, and bridges.

Financial statements should also disclose the following information about Tangible Capital Assets:

- (a) the amortization method used, including the amortization period or rate for each major category of tangible capital asset;
- (b) the Net Book Value of Tangible Capital Assets not being amortized because they are under construction or development or have been removed from service;
- (c) the nature and amount of contributed Tangible Capital Assets received in the period and recognized in the financial statements;
- (d) the nature and use of Tangible Capital Assets recognized at nominal value;
- (e) the nature of the works of art and historical treasures held by the government; and
- (f) the amount of interest capitalized in the period.

## Appendix I – Fraud Risk Assessment

[The following is an example of a Fraud Risk assessment. This example does not list all possible Fraud Risks that a First Nation may have. Each First Nation is encouraged to brainstorm to come up with their own identification of risks by considering questions noted above.]

Identified Fraud Risks and Schemes <sup>1</sup>	Likelihood <sup>2</sup>	Significance <sup>3</sup>	People/ Department <sup>4</sup>	Existing Anti-Fraud Controls <sup>5</sup>	Assessment of Anti-Fraud controls <sup>6</sup>	Fraud Risk Response <sup>7</sup>
<i>Conflict of Interest – Contracts improperly awarded</i>	<i>Remote</i>	<i>Material</i>	<i>Accounting</i>	<i>Council reviews and approves awarded contracts prior to payment.</i>	<i>Evidenced by council meeting minutes.</i>	<i>Risk of council override exists.</i>
<i>Recording of rent receipts in incorrect periods</i>	<i>Remote</i>	<i>Insignificant</i>	<i>Accounting</i>	<i>Year-end reconciliation of the rent revenue and receivables</i>	<i>Risk of override still exists</i>	<i>No further action, receipts are minimal.</i>
<i>Unauthorized payroll adjustments</i>	<i>Reasonably Possible</i>	<i>Material</i>	<i>Payroll</i>	<i>Finance Manager approves periodic payroll registers and reviews one-time payment queries</i>	<i>Adequately mitigated by control</i>	<i>N/A</i>

1. Identified Fraud Risks and Schemes: This column should include a full list of the potential Fraud Risks and schemes that may face the First Nation. This should be formed by discussions with employees, officers and councilors and brainstorming sessions.
2. Likelihood of Occurrence: To design an efficient Fraud Risk management program, it is important to assess the likelihood of the identified Fraud Risks so that the First Nation establishes proper anti-fraud controls for the risks that are deemed most likely. For purposes of the assessment, it should be adequate to evaluate the likelihood of risks as remote, reasonably possible, and probable.

3. Significance to the First Nation: Quantitative and qualitative factors should be considered when assessing the significance of Fraud Risks to the First Nation. For example, certain Fraud Risks may only pose an immaterial direct financial risk to the First Nation, but could greatly impact its reputation, and therefore, would be deemed to be a more significant risk. For purposes of the assessment, it should be adequate to evaluate the significance of risks as immaterial, significant, and material.
4. People and/or Department Subject to the Risk: As Fraud Risks are identified and assessed, it is important to evaluate which people inside and outside the First Nation are subject to the risk. This knowledge will assist in tailoring its Fraud Risk response, including establishing appropriate segregation of duties, proper review and approval chains of authority, and proactive anti-fraud procedures.
5. Existing Anti-Fraud Internal Controls: Map pre-existing controls to the relevant Fraud Risks identified. Note that this occurs after Fraud Risks are identified and assessed for likelihood and significance. By progressing in this order, this framework intends for the First Nation to assess identified Fraud Risks on an inherent basis, without consideration of Internal Controls.
6. Assessment of Mitigating Controls: The First Nation should evaluate whether the identified controls are operating, and mitigating Fraud Risks as intended.
7. Fraud Risk Response: Residual risks should be evaluated by the organization and Fraud Risk responses should to address such remaining risk. The Fraud Risk response could be implementing additional controls.

## **Appendix J – Fraud Risk Assessment Guidelines**

This document provides examples and considerations for the First Nation with respect to the risk of fraud and antifraud programs and controls and is written in the context of the Committee of Sponsoring Organizations (“COSO”) of the Treadway Commission’s Internal Control – Integrated Framework.

Below are the five components derived from COSO’s 2013 Internal Control – Integrated Framework that the First Nation may consider with respect to their responsibilities for designing and evaluating antifraud programs and controls.

1. Performing Fraud Risk Assessments
2. Creating Control Environment
3. Designing and Implementing Antifraud Control Activities
4. Sharing Information and Communication
5. Monitoring Activities

### **Performing Fraud Risk Assessments**

Fraud Risk assessments are designed to identify and evaluate Fraud Risk factors that could enable fraud to occur within the First Nation. Every organization has inherent Fraud Risks that arise from internal and external conditions relative to the First Nation’s operations, geographical location, size, organizational structure and general economic conditions.

Fraud Risk assessments are more than a process to identify risks of theft and should also address other frauds, including Fraudulent Financial Reporting, Misappropriation of Assets and corruption and illegal acts. The Fraud Risk assessment involves an expanded focus on considerations of where Fraud Risk factors may exist within the entity and the potential fraud schemes that could be perpetrated.

#### ***Risk Assessment Team***

A good risk assessment requires input from various sources. The Executive Director has the primary responsibility for performing Fraud Risk assessments. Ideally, the Executive Director should identify a risk assessment team to conduct the risk assessment. Individuals from throughout the First Nation’s financial management systems with different knowledge, skills, and perspectives should be involved in the risk assessment. Such members of the risk assessment teams should include personnel such as:

- Executive Director and Chief Financial Officer;
- Finance Staff who are familiar with the financial reporting process and Internal Controls;
- Non-financial information technology personnel, to leverage their knowledge of day-to-day operations; and
- External legal or accounting advisors.

The Finance and Audit Committee should have an active role in the oversight of process, understand identified Fraud Risks, and evaluate the First Nation’s implementation of antifraud measures. The Finance

and Audit Committee, together with Executive Director and the risk assessment team, should also consider the potential risk of management's override of controls or other inappropriate influence over the financial reporting process.

### ***Questions to Consider***

There is no one standard method by which the First Nation may evaluate and implement its Fraud Risk assessment. The following is a list of some of the questions management to consider when completing Fraud Risk Assessment template.

- Are there events or conditions that indicate an incentive or pressure to commit fraud? These incentives, rewards and pressures are associated with achievement of objectives.
- Are there circumstances that allow employees and councillors to commit fraud? These opportunities are greatest in areas with weak Internal Controls and a lack of segregation of duties.
- Are there opportunities for unauthorised acquisition, use or disposal of assets, altering the First Nation's reporting records or committing other inappropriate acts?
- Are there indications of an attitude, character or set of ethical values that allow employees or councillors to commit fraud?
- Has there been past allegations of fraud or fraud within the associated membership, partnership or in the First Nation?
- Are there unusual financial trends or relationships identified in the past and potential role of weak information technology controls that could play in enabling fraudulent activity to occur?
- Are there controls that mitigate the risk of management and council's override of controls? Does the Fraud Risk assessment include the vulnerability of Internal Controls to management override and potential schemes to circumvent existing control activities?
- What is the degree of estimates and judgement used in financial reporting that may result in fraudulent reporting?
- What is the nature of technology and management's ability to manipulate information?
- Are there unusual or complex transactions subject to significant management influence?
- Do the Finance and Audit Committee members have sufficient oversight of management's antifraud programs and controls?
- Does the First Nation have a code of conduct with provisions related to conflicts of interests, related-party transactions, illegal acts and fraud, made available to all personnel? Do personnel have to confirm their individual compliance with this code of conduct on an annual basis?
- Does the chief and council have a proper tone at the top? Does the management assess the tone of the leadership of the First Nation to determine if the culture encourages ethical behaviour, consultation and open communication? This assessment can be made through anonymous surveys



(i.e. Third-party whistleblower service providers), inquiries, interviews or by external auditors during their annual financial statement audit engagements.

- Does the First Nation have whistleblower policy with adequate procedures to handle anonymous complaints and accept confidential submission of concerns about questionable accounting, control and financial and non-financial matters?
- Does the management design and implement preventative and detective controls? Preventative controls are designed to stop fraud from occurring and detective controls are designed to identify the fraud if it occurs.
- Are Fraud Risk assessments updated periodically to include considerations of changes in operations, new information systems, changes in roles and responsibilities and revisions to identified Fraud Risks within the First Nation?
- Is information on ethics and management and council's commitment to antifraud programs and controls effectively communicated throughout the First Nation to all employees?
- Has management linked identified existing Fraud Risks to existing Internal Control and documented mitigating existing or new antifraud control activities related to the Fraud Risks?

### **Creating a Strong Control Environment**

Emphasis should be placed on the First Nation's control environment as it influences the tone of the entire organization. Control environment factors include the integrity, ethical values, and competence of the First Nation's management and employees and have a pervasive effect on the First Nation's operations and governance structure.

The control environment should set the proper "tone at the top" which includes a culture and work environment that promotes open communication, consultation and ethical behaviour. It should:

- Create and maintain a culture of honesty, high ethical standards, and behaviour;
- Provide discipline for violations of the code of conduct / ethics;
- Set an appropriate tone for the First Nation's attitude towards fraud and fraud prevention; and
- Promote effective controls to prevent, deter and detect fraud.

All employees of the First Nation have a role in the control environment. Management, councillors and Finance and Audit Committee members have the primary responsibility of creating the tone at the top. The Finance and Audit committee should take an active role in the oversight of management's efforts to design and implement Internal Controls, including antifraud programs and controls and should challenge management to ensure that Fraud Risks are identified and that appropriate control activities are implemented and monitored.

### **Designing and Implementing Antifraud Control Activities**

After Fraud Risk assessments are performed, Executive Director should address each identified Fraud Risk by determining whether control activities exist and mitigate the risks. Control activities are policies and procedures designed to address risks and help ensure the achievement of the First Nation's objectives.

Where control activities are not already present, Executive Director should design and implement additional controls to specifically address the identified Fraud Risks.

Special consideration should be given to the risk of override of controls by management and council. Some antifraud programs and controls will include active oversight from the Finance and Audit Committee; whistleblower programs and system to receive and investigate anonymous complaints; reviewing Financial Reporting Risks for evidence of possible material misstatements due to fraud.

### **Sharing Information and Communication**

Effective communication is an important element to all phases of the implementation of antifraud programs and controls.

The First Nation's code of conduct or ethics is often the first line of communication concerning its philosophy on fraud prevention. Other communication methods should be used to create awareness of antifraud programs and controls. Examples would include the First Nation's newsletters, intranet sites, training and through presentations led by Council or management.

### **Monitoring Activities**

Executive Director and the Finance and Audit Committee should monitor the quality and effectiveness of antifraud programs and controls. Ongoing monitoring procedures should be built into operating activities. Examples include:

- Reconciliations of operating and financial reports;
- Regular communications with employees as well as external auditors; and
- Periodic planning and training sessions to identify Fraud Risks and assess implementation effectiveness of preventative and detective control activities.

Some monitoring activities can be automated in nature and as such may involve information technology systems. Effective antifraud programs are dynamic, where the information obtained through the monitoring process is fed back into the risk assessment and the entire process begins anew.

## Appendix K – Risk Management Plan

	Identified Risks	Potential Impact	Likelihood	Significance	Mitigation / action plan	Individual responsible
	<i>Risk category (i.e. For-profit business, loans, indemnities, investments, insurance and emergency)</i>					
1	<i>Provide a description of the risk and date identified</i>	<i>Provide estimates of the impact of the risk – quantitative/ qualitative as appropriate</i>	<i>An estimation of the likelihood, from remote, reasonably possible, and probable.</i>	<i>Significance of the potential impact identified as immaterial, significant, and material.</i>	<i>Specific steps to either reduce or eliminate the impact/likelihood of the risk</i>	<i>Name of who will implement and monitor the action plan</i>
2						
3						
	<i>Risk Category (i.e. For-profit business, loans, indemnities, investments, insurance and emergency)</i>					
1						
2						
3						

## Appendix L – Examples of risks to consider

Types / Causes	Examples	
<b>Natural Events</b>	Flooding Earthquake Hurricane Landslide	Snow / ice storm Tornado Windstorm
<b>Human Events</b>	Disease outbreak Bomb threat Computer crime / theft Hazardous-material spill Fire Fraud Hacking Human error	Extortion / embezzlement Loss of key personnel Non-compliance (ignorance or willful) Riot / civil disorder Sabotage Labour strike Theft / loss
<b>Technological Events</b>	Alteration of data Alteration of software Disclosure Hardware failure Power failure / fluctuation	Explosion / Fire Malicious code Software error Telecom outage Vandalism / cyber-vandalism

## Appendix M – Sample risk assessment template

Risk	Description / Operations affected	Impact	Likelihood	Overall risk level	Plan required?
		1 low – 5 high	1 low- 5 high	(average of impact/ likelihood)	
Fire at the ♦ First Nation office	a. Building could be inaccessible for a long period b. Financial records may be destroyed c. IT systems damaged / destroyed d. Threat to health and safety of staff	5	1	3	Yes

## **Appendix N – Emergency plan resources**

### **Plan creation resources:**

*Government of British Columbia – Community Emergency Planning Toolkit*

<http://www.pep.gov.bc.ca/Community/planningtk.html>

*Government of Alberta – Alberta Emergency Management Agency*

[http://aema.alberta.ca/tr\\_index.cfm](http://aema.alberta.ca/tr_index.cfm)

*Government of Manitoba – Emergency Measures Organization*

<http://www.gov.mb.ca/emo/community/index.html>

*Government of Ontario – Emergency planning guidance for municipalities*

<http://www.mah.gov.on.ca/AssetFactory.aspx?did=5413>

[First Nation]

## **EMERGENCY PLAN**

**[2013]**

**Last updated: [xx, Month, Year]**

**Approved by Council: [xx, Month, Year]**

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- Evacuation routes and shelters
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- Specific plans for each major risk
- [Other appendices as appropriate for the First Nation]



## 1. Introduction

### 1.1 Purpose

The purpose of this plan is to ensure that the ♦ First Nation has the tools and resources to plan for, react to, and resolve emergency situations that could affect finances, operations, and/or the health and safety of employees.

### 1.2 Scope

This policy applies to all First Nation staff, committee, and Council members.

### 1.3 Emergency Planning Committee

The Emergency Planning Committee meets X times per year to create, maintain and improve the emergency plan to ensure it remains relevant and useful for the ♦ First Nation. Committee members represent all functions of the ♦ First Nation and include:

Name – Executive Director (Chair)	Name – Title/Information Technology
Name – Chief Financial Officer	Name – Title/Community Relations
Name – Title/Human Resources	Name – Title/Function
Name – Title/Property Management	Name – Title/Function

### 1.4 External planning resources

The Emergency Planning Committee works with the following external individuals/agencies to provide advice and input in the emergency planning process:

Name – Officer, Local Police Department	Name – Title/Insurance provider
Name – Officer, Local Fire Department	Name – Title/Function
Name – Nurse, Public Health	Name – Title/Function
Name – Hydro/Electricity/Utility provider(s)	Name – Title/Function

## 2. Emergency Events

### 2.1 Risk Assessment

#	Description
1	Forest fires – <i>provide detail</i>
2	Disease outbreak – <i>provide detail</i>
3	Natural disaster – <i>provide detail</i>
4	Environmental risk – <i>provide detail</i>
5	

Based on an assessment of the risks facing the ♦ First Nation and the likely impact of those risks, the following have been identified as part of our plan:

Other requirements (regulatory, specific to the First Nation):

*List*

## 3. Emergency Operations

### 3.1 Authority

The following individuals/groups have the authority to declare an emergency and enact the contents of this plan:

- Council
- Name, Executive Director
- Name, Backup for Executive Director.

### 3.2 Emergency Responsibilities

Executive Director

- Creating an emergency planning committee;
- Ensuring that an emergency response plan is prepared and approved;
- Ensuring that the emergency response plan is communicated to the affected First Nation staff and members;
- Updating the emergency response plan on an annual basis.
- *Others, as determined by the First Nation, including 'Alternates' for key individuals...*

**Emergency Planning Committee**

*Describe...*

#### **Other Support Staff**

*Individuals within the First Nation that have been assigned emergency planning responsibilities...*

#### **External Organizations**

*Such as Fire, Police, Health care...*

### **3.3 Emergency Assessment and Notification**

Once an emergency is declared, the following individual(s) and organization(s) will be notified:

- Individual/Organization – contact information
- 

### **3.4 Emergency Declaration and Communications Plan**

- Describe how First Nation staff and Council Members will be informed and what communication tools (cell phones, email, radio, etc.) will be used to do so.
- Describe how any outside parties will be informed of an emergency, if applicable.
- Describe how

### **3.5 Incident Response**

- Describe the specific response to each of the major risks identified.

## **4. Facilities and Equipment**

### **4.1 Building(s):**

- Describe how the building will be protected or evacuated in an emergency, any safety precautions necessary, etc.

### **4.2 Information technology:**

- Describe how critical systems and computer hardware/software will be protected.
- Describe what will happen if the First Nation's computers are destroyed, where backups are located.

### **4.3 Records back up**

- State the name of the individual responsible for backing up the accounting system and other critical records such as payroll.

- Describe the backup procedures for records of key financial data (such as bank account records, computer system backups, insurance policies, etc.). State where the backups are kept, both onsite and offsite.

## **5. Recovery Operations**

- Describe the process for recovering operations after an emergency.

## **6. Emergency Plan Maintenance**

### **6.1 Documentation**

- Describe how documentation will be maintained, where it will be stored, and how it will be distributed to staff.

### **6.2 Documentation**

- Describe type and frequency of drills (quarterly). These could include mock disaster exercises, fire drills, communication and offsite computing tests, etc.

### **6.3 Program Assessment**

This plan will be reviewed and updated by the Emergency Planning Committee on an annual basis. A revised version will be communicated to all staff, committee, and Council members. The Emergency Planning Committee will coordinate and communicate with external parties (i.e. police) as required.

### **6.4 Training**

- Define any training requirements for staff and specific training required for any individuals assigned emergency responsibilities.

### **6.5 Periodic Emergency Drills**

- Define frequency of emergency drill requirements for staff.

## **Appendices:**

First Nation Contact Information (Key staff members)

Emergency organizations contact information (i.e. Emergency Services – Fire, Police, Hospitals)

Evacuation routes and shelters

List of key suppliers and contact Information

Specific plans for each major risk

*Other appendices as appropriate for the First Nation...*

## **APPENDIX P – Avoiding And Mitigating Conflicts Of Interest**

### **PART I - Interpretation**

#### **Interpretation**

(1) In this Appendix:

“spouse” means, in relation to an individual, a person to whom the individual is married or with whom the individual has lived as a common law partner for at least one (1) year in a marriage-like relationship; and

“the FAL” means the Financial Administration Law.

(2) Except as otherwise expressly provided in this Appendix, words and expressions used in this Appendix have the same meanings as in the FAL and this Policy.

#### **Definition of Conflict of Interest**

**28.**(1) In this Appendix, an individual has a “conflict of interest” when the individual exercises a power or performs a duty or function and at the same time knows or ought reasonably to have known that in the exercise of the power or performance of the duty or function there is an opportunity to benefit the individual’s private interests.

(2) In this Appendix, an individual has an “apparent conflict of interest” if a reasonably well-informed person would perceive that the individual’s ability to exercise a power or perform a duty or function of their office or position must be affected by the individual’s private interests.

(3) In this Appendix, an individual’s “private interests” means the individual’s personal and business interests and include the personal and business interests of

- (a) the individual’s immediate family including, but not limited to, spouse,
- (b) a person under the age of eighteen (18) years in respect of whom the individual or the individual’s spouse is a parent or acting in a parental capacity,
- (c) a person in respect of whom the individual or the individual’s spouse is acting as guardian,
- (d) a person, other than an employee, who is financially dependent upon the individual or the individual’s spouse or on whom the individual is financially dependent, and
- (e) an entity in which the individual or the individual in combination with any other person described in this subsection has a controlling interest.

(4) Despite subsections (1) and (2), an individual’s private interests do not give rise to a conflict of interest if those interests

- (a) are the same as those of a broad class of members of the First Nation of which the individual is a member; or

- (b) are so remote or insignificant that they could not be reasonably regarded as likely to influence the individual in the exercise of a power or performance of a duty or function.

## **PART II - Councillors and Committee Members**

### **Application**

**29.** Part II applies to all Councillors of the First Nation and, where applicable, to all members of Council committees.

### **General Obligations**

**30.(1)** Councillors must avoid circumstances that could result in the Councillor having a conflict of interest or an apparent conflict of interest.

(2) Councillors must avoid placing themselves in circumstances where their ability to exercise a power or perform a duty or function could be influenced by the interests of any person to whom they owe a private obligation or who expects to receive some benefit or preferential treatment from them.

### **Disclosure of Interests**

**31.(1)** “Real property” includes an interest in a reserve held under

- (a) a certificate of possession under the *Indian Act*; or
- (b) the First Nation’s traditional land holding system pursuant to a Council resolution.

(2) A Councillor must file a written disclosure of the following information with the Executive Director:

- (a) the names of the Councillor’s spouse, and any persons or entities referred to in subsection 2(3);
- (b) the employer of the Councillor and the Councillor’s spouse;
- (c) real property owned by the Councillor or the Councillor’s spouse; and
- (d) business interests and material investments of the Councillor or the Councillor’s spouse, including in an entity referred to in paragraph 2(3)(e).

(3) A Councillor must file a written disclosure under subsection (2) on the following occasions:

- (a) within thirty (30) days of being elected to the Council;
- (b) as soon as practicable after a material change in the information previously disclosed; and
- (c) on April 15 of each year that the Councillor holds office.

(4) The Executive Director must establish and maintain a register of all information disclosed by a Councillor under this section and section 6.

(5) On request of a member of the First Nation or any person engaged in any aspect of the financial administration of the First Nation, the Executive Director must permit that member or person to view the register referred to in subsection (4).

### **Gifts and Benefits**

**32.**(1) A Councillor or a person referred to in paragraphs 2(3)(a) to (d) in relation to that Councillor must not accept a gift or benefit that might reasonably be seen to have been given to influence the Councillor in the exercise of the Councillor's powers or performance of the Councillor's duties or functions.

(2) Despite subsection (1), a gift or benefit may be accepted if the gift or benefit

(a) would be considered within

- (i) normal protocol exchanges or social obligations associated with the Councillor's office,
- (ii) normal exchanges common to business relationships, or
- (iii) normal exchanges common at public cultural events of the First Nation;

(b) is of nominal value;

(c) is given by a close friend or relative as an element of that relationship; or

(d) is of a type which the policies or procedures of the First Nation have determined would be acceptable if offered by the First Nation to another person.

(3) Where a gift with a value greater than five hundred dollars (\$500) is given to a Councillor or a person referred to in subsection (1), the Councillor must make a written disclosure of the gift to the Executive Director under section 5, and the gift must be treated as the property of the First Nation.

(4) Subsection (3) does not apply to a gift received during a public cultural event of the First Nation.

### **Confidential Information**

**33.**(1) Councillors must keep confidential all information that the Councillors receive while performing their duties or functions unless the information is generally available

(a) to members of the public; or

(b) to members of the First Nation.

(2) Councillors must only use confidential information referred to in subsection (1) for the specific purposes for which it was provided to the Councillors.

(3) Councillors must not make use of any information received in the course of exercising their powers or performing their duties or functions to benefit the Councillor's private interests or those of relatives, friends or associates.

### **Procedure for Addressing Conflict of Interest**

**34.(1)** As soon as a Councillor becomes aware of circumstances in which the Councillor has a conflict of interest, the Councillor must disclose the circumstances of the conflict of interest at the next Council meeting.

(2) A Councillor must leave any part of a Council meeting where the circumstances in which the Councillor has a conflict of interest are being discussed or voted on.

(3) The minutes of a Council meeting must record the Councillor's disclosure under subsection (1) and note the Councillor's absence from the Council meeting when the circumstances in which the Councillor has a conflict of interest were being discussed or voted on.

(4) A Councillor must not take part in any discussions or vote on any decision respecting the circumstances in which the Councillor has a conflict of interest.

(5) A Councillor must not influence or attempt to influence in any way before, during or after a Council meeting any discussion or vote on any decision respecting the circumstances in which the Councillor has a conflict of interest.

### **Procedure for Undisclosed Conflict of Interest**

**35.(1)** If a Councillor has reason to believe that another Councillor has a conflict of interest or an apparent conflict of interest in respect of a matter before the Council, the Councillor may request clarification of the circumstances at a Council meeting.

(2) If, as a result of a clarification discussion under subsection (1), a Councillor is alleged to have a conflict of interest or an apparent conflict of interest and the Councillor does not acknowledge the conflict of interest or apparent conflict of interest and take the actions required under section 34, the Council must determine whether the Councillor has a conflict of interest or an apparent conflict of interest before the Council considers the matter referred to in subsection (1).

(3) The minutes of the Council meeting must record any determination made by the Council under subsection (2).

(4) If the Council determines under subsection (2) that a Councillor has a conflict of interest or an apparent conflict of interest, the Councillor must comply with section 34.

### **Obligations of Committee Members**

**36.(1)** This section applies to all members of Council committees.

Sections 4 and 6 to 35 apply to a member of a Council committee and all references in those sections to



- (a) a Councillor are considered to be references to a member of a Council committee; and
- (b) a Council meeting are considered to be references to a committee meeting.

## **PART III - Officers and Employees**

### **Application**

**37.** Part III applies to all officers and employees of the First Nation.

### **General Obligations**

**38.(1)** In the performance of their duties and functions, an officer or employee must act honestly and in good faith and in the best interests of the First Nation.

(2) An officer or employee must avoid circumstances that could result in the officer or employee having a conflict of interest or an apparent conflict of interest.

(3) An officer or employee must avoid placing themselves in circumstances where their ability to exercise a power or perform a duty or function of their office or position could be influenced by the interests of any person to whom they owe a private obligation or who expects to receive some benefit or preferential treatment from them.

(4) The Executive Director must ensure that every officer and employee is informed of their obligations under this Appendix and must take steps to ensure that employees comply with these obligations.

### **Disclosure of Conflict of Interest**

**39.** If an officer or employee believes he or she has a conflict of interest, the officer or employee must

- (a) disclose the circumstances in writing as soon as practicable to the Executive Director or, in the case of the Executive Director, to the chair of the Finance and Audit Committee; and
- (b) refrain from participating in any discussions or decision-making respecting the circumstances of the conflict of interest until advised by the Executive Director or the chair, as the case may be, on actions to be taken to avoid or mitigate the conflict of interest.

### **Gifts or Benefits**

**40.(1)** An officer or employee or a member of their family must not accept a gift or benefit that might reasonably be seen to have been given to influence the officer or employee in the exercise of their powers or performance of their duties or functions.

(2) Despite subsection (1), a gift or benefit may be accepted if the gift or benefit

- (a) would be considered within

- (i) normal exchanges common to business relationships, or
- (ii) normal exchanges common at public cultural events of the First Nation;
- (b) is of nominal value;
- (c) is given by a close friend or relative as an element of that relationship; or
- (d) is of a type that the policies or procedures of the First Nation have determined would be acceptable if offered by the First Nation to another person.

### **Outside Employment and Business Interests**

**41.(1)** If an officer or employee is permitted under their terms of employment to have outside employment or business interests, the officer or employee must disclose these employment or business interests in writing to the Executive Director or, in the case of the Executive Director, to the chair of the Finance and Audit Committee.

(2) An officer or employee must ensure that any permitted outside employment or business interests do not unduly interfere with the exercise of their powers or performance of their duties and functions and that these activities are conducted on their own time and with their own resources.

### **Confidential Information**

**42.(1)** An officer or employee must keep confidential all information that the officer or employee receives while exercising their powers or performing their duties or functions unless the information is generally available

- (a) to members of the public; or
- (b) to members of the First Nation.

(2) An officer or employee must only use any confidential information referred to in subsection (1) for the specific purposes for which it was provided to the officer or employee.

(3) An officer or employee must not make use of any information received in the course of exercising their powers or performing their duties or functions to benefit the officer or employee's private interests or those of relatives, friends or associates.

### **First Nation Property and Services**

**43.(1)** Officers and employees must not use any personal property or services of the First Nation for any purposes unrelated to performance of their duties or functions unless that use is otherwise acceptable under the policies or procedures of the First Nation.

(2) Officers and employees must not acquire any personal property of the First Nation unless it is done in accordance with policies or procedures of the First Nation.

## **PART IV - Contractors**

### **Application**

**44.**(1) Part IV applies to all contractors of the First Nation, other than a person who has an employment contract with the First Nation.

(2) In this Part, a reference to a contractor includes a reference to each employee or agent of the contractor who is engaged to perform duties or functions under the contract with the First Nation.

### **Contractor Acting as Officer or Employee**

**45.** If a contractor is retained to exercise the powers or perform the duties or functions of an officer or employee, the contractor must comply with Part III of this Appendix as if the contractor were an officer or employee of the First Nation.

### **General Obligations**

**46.**(1) A contractor must act at all times with integrity and honesty

(a) in its dealings with the First Nation; and

(b) in its dealing with any third party when the contractor is representing or acting on behalf of the First Nation.

(2) A contractor must not attempt to obtain preferential treatment from the First Nation by offering gifts or benefits that a Councillor, committee member, officer or employee is prohibited from accepting under this Appendix.

(3) A contractor must ensure that every employee or agent of the contractor who is engaged to perform duties or functions under the contract with the First Nation is informed of their obligations under this Part and must take steps to ensure that these employees or agents comply with these obligations.

### **Confidential Information**

**47.**(1) A contractor must keep confidential all information that the contractor receives in the course of performing their duties or functions unless the information is generally available to members of the public.

(2) A contractor must only use any confidential information referred to in subsection (1) for the specific purposes for which it was provided to the contractor.

(3) A contractor must not make use of any information received in the course of performing its duties or functions to benefit the contractor's interests or those of the contractor's relatives, friends or associates.

## **Business Opportunities**

**48.** A contractor must not take advantage of a business or investment opportunity being considered by the First Nation and which the contractor becomes aware of while performing services for the First Nation unless the First Nation has determined not to pursue the opportunity.

## **First Nation Property and Services**

**49.** If a contractor has been provided the use of any property or services of the First Nation in order to perform services for the First Nation, the contractor must not use the property or services for any purposes unrelated to performance of those services.