

## Statement of Policy and Procedure

Policy No.	
Department Ownership	
Issue/Effective Date	Issue Feb. 19, 2020



# FINANCE POLICY

Approved by Council on

February 19, 2020

## FORMAT AND STRUCTURE

The sample policies and procedures developed by the FMB are based on a standard format as shown below.

- 1) **Policy** – A clear statement that indicates the First Nation’s protocol or rule affecting the specific area.
- 2) **Purpose** – The reason or rationale underlying the policy and procedure.
- 3) **Scope** – The areas, functions, individuals, or departments affected by the policy.
- 4) **Definitions** – Any specialized terms that are not otherwise defined
- 5) **Responsibilities** – Describes who, using generic titles or positions, which are used in the FMB’s Standards, is responsible for implementing or maintaining the policy and procedures.
- 6) **Procedures** – Describes the steps, details, or methods to be used to implement and maintain the policy and procedures.
- 7) **References** – List of applicable documents, policies, laws, etc. that are used to develop or have influence on policy.
- 8) **Attachments** – The forms, reports, or records that are generated from policy.

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## 1. 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, 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 caisse 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.
“Indemnity”	refers to the right of a person to recover the amount of a financial loss or a liability to a third party.
“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”	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: <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”	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.
“Life-Cycle Management Program”	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.
“Life-Cycle Planning”	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.
“Loan Guarantee”	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.
“Loan Receivable”	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.
“Misappropriation of Assets”	means the theft of first nation assets in circumstances where the theft may result in a material omission or misstatement in financial reports.
“Net Book Value”	of a tangible capital asset is its cost, less both accumulated amortization and the amount of any write-downs.
“Open or Public Tender”	is the process by which tenders are advertised publicly. Open tenders should allow any qualified potential bidders the opportunity to bid on a project.
“Planning Documents”	are the combination of a strategic (community development) plan, capital budget, multi-year financial plan, and annual budget.
“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. <sup>1</sup>
“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”	<p>are non-financial assets having physical substance that:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• have useful economic lives extending beyond an accounting period;</li> <li>• are to be used on a continuing basis; and</li> <li>• are not for sale in the ordinary course of operations.</li> </ul>
“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

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<sup>1</sup> Insurance Bureau of Canada: [http://www.ibc.ca/en/Business\\_Insurance/Risk\\_Management/](http://www.ibc.ca/en/Business_Insurance/Risk_Management/)

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, the Finance and Audit Committee 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 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. reviewing and approving the annual materiality threshold for budget amendments, per the approved amounts in the Authorization and Delegation Table;
- 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 is informed about or involved in the preparation of the annual budget, multi-year financial plan, projected budget deficits or projected emergency expenditures as set out in the 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 draft amendments of the annual budget and recommending them to Council for approval;
- d. reviewing information within the capital plan, such as schedules and proposed budget for rehabilitation or replacement of capital assets and plans for new construction of capital assets.

(3) The Senior Administrator is responsible for:

- a. making sure that the annual planning and budget calendar is met by arranging necessary budgeting planning meetings with Council and employees;
- b. reviewing draft budgets and budget amendments in consultation with the Finance and Audit Committee;
- c. communicating the approved budget to employees;
- d. conducting regular financial monitoring to compare actual income and expenditures to those budgeted;
- e. maintaining a current register of all First Nation's capital assets and arranging for annual inspections.

(4) The Comptroller is responsible for:

- a. preparing the draft budget or consolidating and evaluating draft budgets from department heads for accuracy, reasonableness, applicable guidelines, and anticipated resources in accordance with the Financial Administration Law;
- b. developing revenue forecasts based on reviews of fiscal transfer agreements and collaboration with other officers on own source revenues forecasts;
- c. presenting draft annual budgets to the Senior Administrator and to the Finance and Audit Committee on an annual basis;
- d. 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;
- e. Make forecasts and prepare budgets for Tangible Capital Assets; and
- f. Any other responsibilities as outlined in the Financial Administration Law.

## E. Procedures

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

- a. The integrated planning and budgeting process must link and provide the relationships between related aspects of the strategic plan, multi-year financial plans, capital plans, life-cycle management program plans and annual budgets.
- b. The strategic priorities and goals identified in the strategic plan must be reflected in all aspects of the planning documents to operational levels, such as departmental work plans.
- c. Documentation of the integrated planning should be evident at all participating levels including program managers, Senior Administrator, Comptroller, Finance and Audit Committee and Council review process.
- d. These planning documents should inform or involve membership in accordance with the First Nation's communication procedures.
- e. The First Nation must develop communication procedures that will ensure members of the First Nation are kept informed. If a public notice must be posted under the Financial Administration Law requirements, the public notice must be properly posted in a conspicuous and accessible place for public viewing.

### **(2) Budget**

- a. Based on the annual integrated planning process, the initial operating budget estimates will be prepared and the multi-year Capital budget estimates will be prepared or updated accordingly;
- b. Capital budgeting estimates should include all capital improvement projects (purchase, construction, or renovation of physical facilities) and all capital equipment expenditures;
- c. 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;
- d. The draft budget will be presented for discussion at a Finance and Audit Committee meeting.
- e. 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;
- f. 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;
- g. 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 process, a comprehensive and holistic strategic plan will be prepared.
- b. The plan should include community input on the vision and priorities.
- c. The plan will include a long-term vision and be used to guide financial and community decision-making.
- d. The strategic plan will be reviewed on a periodic basis and updated as necessary.

### **(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 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;
  - iii. is based on projections of revenues, expenditures and transfers between accounts;
  - iv. in respect of transfers between accounts, sets out the amounts from the tangible capital asset reserve account;
  - v. 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
- b. The draft multi-year financial plan will be presented for discussion at a Finance and Audit Committee meeting on or before February 15 of each year. 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 year for the next fiscal year.

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

- a. The annual budget must not be changed without:
  - i. The approval of Council.
  - ii. And signed approval of the budget adjustments.

## F. References and Related Authorities

- (1) FMB's Financial Management System Standards
  - a. Standard 15.0 – Integrated Process
  - b. Standard 17.0 – Financial Plan
  - c. Standard 18.0 – Budgets
  - d. Standard 25 – Tangible Capital Assets
- (2) FMB's Financial Administration Law Standards
  - a. Standard 15.0 – Multi-year Financial Plan
  - b. Standard 16.0 – 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, Senior Administrator, Comptroller and managers of the First Nation.

### D. Responsibilities

- (1) Council is responsible for:

- a. Reviewing the 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;

- c. 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;
- b. Reviewing the Financial Reports List, the monthly reports, quarterly and annual financial statements and reports and the Senior Administrator's corresponding recommendations, and making appropriate recommendations to Council; and

(3) The Senior Administrator is responsible for:

- a. Preparing and updating the Financial Reports List;
- b. Reviewing the 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 Comptroller and other staff as appropriate and recommending any updates to the Finance and Audit Committee.

(4) The Comptroller 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 Senior Administrator;
- 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.

(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) Records Management**

- a. Financial records will be legible, readily identifiable and readily retrievable.
- b. Applicable laws, practices and policies will govern the retention and disposition of specific financial records.

### **(2) Financial Reports List**

- a. Council and the Finance and Audit Committee, with the assistance of the Senior Administrator, 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 Comptroller 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 and approved by Council.
- 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.

### **(3) Financial statement preparation**

- a. The Comptroller 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. [If the First Nation has borrowed money from the First Nations Finance Authority secured by other revenues: Financial information respecting these other revenues;]
  - v. [If a Land Code is in force: Breakdown of revenue by categories contained in the First Nation's land code;] and
  - vi. 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. [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
  - vi. 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 will be signed by the Comptroller and presented to the Finance and Audit Committee along with his / her comment(s) and recommendation(s), no later than 90 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 Comptroller'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 105 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 Senior Administrator, and make a decision to approve no later than 120 days after the fiscal year end.
- h. 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 Senior Administrator’s recommendation(s).
- i. The financial reporting record file will be classified as confidential and secure, and maintained according to the relevant policy. Retention period will be seven years unless otherwise specified by council policy.

#### **(4) Financial Reporting Risks**

- a. Annually, as part of the evaluation process, the Senior Administrator 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.
- b. The Comptroller will develop a “financial closing and reporting process checklist” for use at the end of each fiscal year, which will include procedures to mitigate financial reporting risk.
- c. Changes to the accounting software (i.e. new system or major changes to the current system set-up) require authorization from the Comptroller 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 Comptroller or designate.

#### **(5) 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.

#### **(6) 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 as required by the Financial Administration Law, and provided to all Council members, the First Nations Financial Management Board, 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 20.0 – Risk Management
  - c. Standard 21.0 - Financial Reporting
  - d. Standard 23.0 Annual Report
- (2) FMB's Financial Administration Law Standards
  - a. Standard 20.0 - Financial Reporting
  - b. Standard 23.0 - 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 Senior Administrator, Comptroller, and any other First Nation employees 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 opening, maintenance and closing of bank accounts](#); and
- d. 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 Comptroller is responsible for:

- a. Coordinating the [opening, maintenance and closing of bank accounts](#);
- b. maintaining a list of individuals with authorized signing authorities for each financial institution account;
- c. assigning banking duties and ensuring that adequate segregation of duties is maintained;
- d. making sure physical safeguards are implemented over any handling of cash and blank cheques;

- e. reviewing and approving monthly bank reconciliations for each financial institution account;
- f. ensuring that a reconciliation is performed each month for every financial institution account;
- g. documenting and alerting the Finance and Audit Committee of any irregularities in the reconciliation process;

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

- a. recording revenue deposited in the accounting system; and
- b. ensuring all anticipated recurring deposits have been received.

(5) The employees assigned banking duties by the Comptroller 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.

(6) The employee designated by the Comptroller to prepare financial institution account reconciliations is responsible for:

- a. ensuring that supporting documentation and records are retained for each reconciliation.

## E. Procedures

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

- a. The Comptroller maintains correspondence and official documents relating to the opening, maintenance, and closing of all financial institution accounts.
- b. The Comptroller 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.
- c. The list of individuals with authorized signing authorities for each financial institution account will be maintained by the Senior Administrator. All changes to signing authorities must be approved by Council.

### **(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. Deposits for all cash receipts will be made to the appropriate bank account as soon as possible (daily preferred) with weekly deposits being the minimum requirement.
- d. 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 accounting supervisor to the Comptroller immediately.
- e. Any expected deposits that have not been deposited in the financial institution account(s) will be reported by the employee to the Comptroller immediately.

### **(3) Petty Cash**

- a. A limited number of petty cash accounts as determined by the Comptroller 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 Comptroller;
  - ii. the total amount of the fund will not exceed \$2,000;
  - iii. the maximum transaction that can be paid using petty cash will not exceed \$100.00;
  - iv. the person responsible for the security of the fund will maintain an activity log, supporting documentation, and reconciliation;
  - v. petty cash reconciliations will occur monthly;
  - vi. petty cash funds and supporting documentation (vouchers, receipts) must be kept in a safe location (locked drawer or safe); and
  - vii. accounts payable will replenish the petty cash fund only with complete documentation and a completed petty cash fund reconciliation.

### **(4) 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 employees, or employees authorized to print out cheques, are authorized to sign cheques or approve fund 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.**

**(5) Credit Lines**

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

**(6) Opening a Financial Institution Account**

- a. The financial institution accounts will be created such that all non-deposit transactions (such as cheques, electronic transfers, etc.) require two signatures for approval according to the Delegated and Assigned Responsibilities Policy.
- b. Once the opening of a financial institution account has been approved, Comptroller outlines the following:
  - i. name of account;
  - ii. instructions regarding purpose of account;
  - iii. names of signatories and authority limits;
  - iv. address where all statements and correspondence are to be sent; and
  - v. financial institution contact person.
- c. The Comptroller instructs the appropriate employee to set up the account in the general ledger.

**(7) Closing a Financial Institution Account**

- a. A written request to close a financial institution account must be reviewed and approved by the Comptroller.

**(8) Transfers between Bank Accounts**

- a. Two approvals from authorized signatories are required for all transfers of funds between bank accounts via cheque or electronic funds transfers (ETF).

**(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. 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.

**(10) Independent Review**

- a. The Comptroller will review and approve each financial institution account's monthly reconciliation for completeness, timeliness and accuracy. The Comptroller will review to ensure the following:
  - i. 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; and
  - iv. unusual adjustments are well explained, supported, and, if material in nature, are brought to the attention of the Finance and Audit Committee.

**(11) Irregularities**

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

**F. References and Related Authorities**

- (1) FMB's Financial Management System Standards
  - a. Standard 19.0 – Financial Management and Controls
- (2) FMB's Financial Administration Law Standards
  - a. Standard 18.0 – Financial Management and Controls

**A. 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, Senior Administrator 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 Senior Administrator is responsible for:**

- a. Communicating the policies and procedures to all parties who are affected.

#### **(3) The Comptroller is responsible for:**

- a. Developing, documenting and maintaining policies and procedures relating to the procurement process for goods, services, and assets; and
- b. Assisting in the selection, evaluation, and monitoring of contractors and suppliers;
- c. Managing and monitoring expenditures and identifying and reporting on budget variances.

### E. Procedures

#### **(1) Purchasing of goods and services**

- a. All employees will comply with the Authorization and Delegation Table and Purchasing Approval Limits.
- b. Contracts with a service period of less than 12 months will follow the Authorization & Delegation Table. Contracts with a service period of greater than 12 months require Council approval.

## **(2) Competitive purchasing process**

- a. Under a competitive purchasing process, Council will decide, in consultation with external legal counsel as needed, whether specific suppliers as part of a Request for Proposal (RFP) process will be invited to submit proposals or an open invitation as part of a formal open tender process will be issued.
- b. The Officer responsible for managing an RFP will include, but is not limited to the following:
  - i. background and context
  - ii. scope of work
  - iii. period of contract
  - iv. qualifications (e.g. experience, skills, education, and certifications)
  - v. criteria and weighting (if applicable) by which proposals will be assessed
  - vi. proposal due date
  - vii. planned contract award date
  - viii. First Nation contact person and information
  - ix. disclaimer(s) limiting liability of the First Nation in the RFP process; (e.g. This Request for Proposal does not represent a call for tender. Except as expressly and specifically permitted in this RFP, no contractor shall have any claim for compensation of any kind whatsoever as a result of participating in this RFP, and by submitting a proposal, each contractor shall be deemed that it has agreed it has no claim")
- c. The Finance and Audit Committee and any required staff possessing relevant experience will review the proposals received against the pre-determined selection criteria for the RFP and provide Council with a recommended course of action.

## **(3) Exceptions to the Competitive Purchasing Process**

- a. Under rare and limited circumstances and only upon approval from Council, a sole source contract may be awarded to a supplier in the following situations:
  - i. if there were no bids received during the RFP process
  - ii. when the good or service is available only through a sole source
  - iii. in an emergency where a delay in purchasing the good or service would result in severe loss or damage to the First Nation
- b. Any exceptions to the purchasing process outlined above will be documented to demonstrate the rationale and approval.

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

- a. The Comptroller will review the status of procurement encumbrances, noting and investigating any over budget commitments. Procurement activities over budget by \$5,000 will be reported to the Senior Administrator.

**(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 competitive purchasing process that contains the results of each supplier evaluation.

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

- a. 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.
- b. Issues noted will be documented in the supplier file.

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

- a. Contracts will be reviewed on an annual basis (or other timeframe as deemed appropriate by the Senior Administrator 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 19.0 – Financial Management and Controls

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

- a. Standard 8.0 – First Nation Council
- b. Standard 18,9 – Financial Management and Controls
- c. Standard 27.0 - Contracts and Tendering

**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 Authorization and 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 expenditures claim that includes all required documentation; and

(4) The Senior Administrator is responsible for:

- a. 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. 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.
- c. All Requisitions for payment must identify the appropriate financial institution or trust account out of which payment is to be made and must include a statement certifying that the expenditure is not prohibited and that it is
  - 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.

### **(2) Payroll**

- a. Employee payroll will be paid by direct deposit on a bi-weekly basis.
- b. Hourly employees will record their time electronically on a daily basis for their supervisor to review. Salaried employees will record their time electronically on a weekly basis for their supervisor to review.
- c. The Supervisors will approve the timesheet to demonstrate its accuracy and approval for payment electronically in the “Time and Attendance” system.
- d. Employees are responsible to submit their requests for leave electronically in the “Time and Attendance” system. Supervisors will approve any leave requests electronically in

“Time and Attendance” submitted for adjustments for vacation, sick, or other types of leave for processing by payroll.

### **(3) Reimbursable Expenditures**

- a. Employees will clearly demonstrate and document that all amounts they are claiming for reimbursement were directly related to authorize activities performed on behalf of the First Nation.
- b. Expenses reimbursed by hosts or other third party funding arrangements must not be claimed. Declaration of such third party reimbursements must be made in accordance with the First Nation’s Conflict of Interest policy.
- c. Travel authorization: All travel must be approved prior to any travel being submitted for payment. Prior to travel, employees will submit a request or travel advance 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.
- d. 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.
- e. Travel expenditures eligible for reimbursement include:

#### **Transport**

- i. Commercial transport will be the preferred method of travel for distances greater than 700 kilometres. For each type of travel, the lowest price alternative will be purchased.
- ii. The standard class for rail or air travel will be economy or the equivalent.
- iii. The standard car rental vehicle class will be mid-size. Gas purchases and full vehicle insurance will be reimbursed for rental cars.
- iv. Business class travel will be permitted only in exceptional circumstances and must be authorized by the Senior Administrator before booking. If travel is for the Senior Administrator, the Chair of the Finance and Audit Committee must authorize business class travel. In each case, the pre-authorization will be attached to the reimbursable expense claim for payment.
- v. BC Ferry Experience Cards- positions requiring a BC Ferry Experience card must be approved by the Senior Administrator with a maximum limit of \$300.00. All ferry receipts must accompany the purchase order to replenish a card.

#### **Private Vehicles**

- vi. Private vehicle mileage will be reimbursed at the current federal treasury board rates 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 lowest cost hotel option will be selected from preapproved list. The standard for accommodation is a single room, in a safe environment, conveniently located and comfortably equipped.

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

- ix. A maximum per diem amount based upon the current federal treasury board rates will be reimbursed for each day on Approved Travel Status on behalf of the First Nation to cover meal expenses and incidentals. Per diems may be claimed according to the federal treasury board rates:

Breakfast
Lunch
Dinner
Incidentals

- x. 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)
- xi. 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.
- xii. Incidentals can only be claimed for each night away on travel status. Part days on travel status will not be eligible for incidentals.
- xiii. 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.
- xiv. Receipts are not required for meals when per diems are claimed or for items that fall under the incidental category as noted above in statement xi.

#### **Other Travel Expenses**

xv. Other travel and business related expenses that are directly attributable to travelling or business on the First Nation's behalf will be reimbursed, 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 Senior Administrator the Chair of the Finance and Audit Committee will approve).

#### **(4) 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 Senior Administrator before initiating the expenditure and submitting a reimbursement claim.

#### **(5) Own Source Expenditures Over \$500,000**

- 1) Council only has authority for expenditures of own source revenue of less than \$500,000 per "project". Any proposed own source revenue expenditure over \$500,000 contemplated by Council must have the approval of the Band membership at a duly convened Band meeting. Approval shall be obtained by the Band Council in the following matter:
  - i. Notice to authorize the own source revenue expenditure shall be given by Council to all households on the Reserve and Band members who live off the Reserve. The notice shall state that the Band Council wishes to engage in an own source revenue expenditure over \$500,000 and details of the purpose of the expenditure shall be included in the notice. A similar notice shall be posted at the Band Administration Office and at one conspicuous place on the Reserve fourteen days prior to the meeting;
  - ii. The notice, in sub-section 6 (5) 1) i) shall state a time, date and location of a meeting of the Band Membership to authorize the expenditure;
  - iii. Band Council must inform the membership at the meeting of the amount of the own source revenue expenditure, its purpose, the cost of the interest and how it will be repaid; and
  - iv. The Band Council must hold a vote of members present at the meeting, before proceeding to contract the expenditure. Fifty-one percent (51%) of the persons present must indicate, by a show of hands, or secret ballot, approval to contract the expenditure.

## **(6) 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 Comptroller 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.

## **(7) 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, and salaried employee adjustments.
  - 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) Itemized restaurant bills (where per diems do not apply).
    - 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 Senior Administrator a member of Council will approve, for Council members the Chair of the Finance and Audit Committee will approve).
- f) If applicable, a signed pre-authorization supporting business class travel.
- g) Proof of payment for items claimed, which includes credit card or debit receipts.

- c. Credit card receipts alone are not sufficient, the original itemized receipt or invoice from the supplier must be included in every reimbursement or expense claim.
- d. For all expenditures, claims with the appropriate support as described in section (7) b. above must be submitted to Accounting within 30 days of the expense being incurred.

#### **(8) Approval for Payment**

- a. No money may be paid out of any account without a requisition for payment.
- b. 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.
- c. 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 directors, approved by the Senior Administrator, for the Senior Administrator, a member of council will approve, for Council members, the Chair of the Finance and Audit Committee will approve) who initiated the purchase. Delegated purchasing authority may be removed with continued disregard for financial policy.

Approval for payment will be evidenced by;

- i. A dated signature or initials 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.

- d. The individual that approves the expenditure cannot be the same individual who approves the Requisition for payment.
- e. 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.
- f. Any exceptions to the above will require authorization from the Comptroller for payment.
- g. The Accounting Payables Clerk 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.
- h. 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.
- i. Claims that do not meet the requirements outlined in this policy will be denied reimbursement.

## **(9) Payments**

- a. Accounts payable will be paid within thirty (30) days of the receipt of an invoice or reimbursable expense claim, with the exception of those invoices or expense claims which require management approval.
- b. Accounting will prepare cheques and patient travel every Tuesday and Thursday, Housing every Wednesday, and Travel every Thursday.
- 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,
  - 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 Accounting immediately upon receipt of the signed payments from two authorized signatories.

- e. All documentation supporting payment will be retained in accordance with the relevant policy. This will include purchase orders, invoices, contracts, packing slips, reimbursable expense claims with receipts, etc.
- f. Accounts Payable employees will notify the Comptroller immediately of any instances of
  - i. Non-compliance with policy requirements that cannot be resolved, and
  - ii. Suspected fraud.

#### F. References and Related Authorities

- (1) FMB's Financial Management System Standards
  - a. Standard 8.1 – Delegated/Assigned Responsibilities
  - b. Standard 19.0 – Financial Management and Controls
- (2) FMB's Financial Administration Law Standards
  - a. Standard 8.0 – First Nation Council
  - b. Standard 19.0 – Financial Management and Control

#### B. Attachments

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

## 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 Senior Administrator, Comptroller, 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.

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

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

### (3) The Senior Administrator is responsible for

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

### (4) The Comptroller is responsible for

- a. Preparing any long-term debt financing proposal report for each proposed financing and presenting it to the Senior Administrator 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) Borrowing Powers

- a. 'Namgis Council is prohibited from making loans to any member of Council, or any individual or group of individuals, from monies designated for the use and benefit of the Band, with the exception of housing loans recommended by the Housing Committee and duly approved by Council.
- b. The Band Council shall not co-sign any loan or provide any form of security for any loan made for the benefit of any individual or group of individuals other than for the Band as a whole and must follow the procedures as set out in sub-sections 8 c) ii) (1), (2), and (3).
- c. For the purposes of conducting the Band's business, Council may on behalf of the Band, borrow monies from a Chartered Bank, Trusted Company, Credit Union or any other lending source under the following conditions:
  - i. By Band Council Resolution, Council may obtain credit not exceeding \$500,000 to maintain local services and/or for capital projects. The Band Council

Resolution must state the amount of the loan, what it is to be used for, the interest rate, and how it will be repaid.

- ii. Any loans over \$500,000 taken out by the Band must have the approval of the Band membership at a duly convened Band meeting. Approval shall be obtained by the Band Council in the following manner:
  - (1) Notice to authorize the loan shall be given by Council to all households on the Reserve and Band members who live off the Reserve. The notice shall state that the Band Council wishes to engage in a loan and details of the loan and repayment terms shall be included in the notice. A similar notice shall be posted at the Band Administration Office and at one conspicuous place on the Reserve fourteen days prior to the meeting;
  - (2) The notice, in sub-section 8 c) ii) (1) shall state a time, date and location of a meeting of the Band Membership to authorize the loan;
  - (3) Band Council must inform the membership at the meeting of the amount of the loan, its purpose, the cost of the interest and how it will be repaid; and
  - (4) The Band Council must hold a vote of members present at the meeting, before proceeding to contract the loan. Fifty-one percent (51%) of the persons present must indicate, by a show of hands, or secret ballot, approval to contract the loan.
- d. For the purposes of conducting the Band's business, on behalf of the Band, Council may not co-sign a loan or provide any form of security or guarantee unless identified in the Financial Administration Law.

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

- a. The Senior Administrator and Comptroller 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 Comptroller will work with the Senior Administrator to outline the various financing options available to the First Nation.
- b. The Comptroller (and members of the finance team under the supervision of the Comptroller 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 borrowing option;

- iv. the timely payment of debt obligations;
- v. the purpose use and application of borrowing;
- vi. description of repayment plans based on cash flow analysis including identification of revenue source for debt repayment; and
- vii. Requirement for consultation with members of the First Nation before any Capital Project-related debt is incurred by the First Nation.

#### **(2) Approval**

- a. The Senior Administrator and Comptroller 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.
- b. The Comptroller 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 quarterly reconciliations between the First Nation's financial records and statements from the lender; and
  - iii. Ensuring that funds borrowed for a specific purpose is not used for any other purpose.

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

- a. The Senior Administrator 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. interest paid or payable for the period;

- iii. the amounts issued specifically by the First Nation on behalf of government business enterprises;
- iv. the net amount reported on the consolidated statement of financial position;
- v. the gross interest paid or payable for the period related to the debt described in (a);
- vi. 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
- vii. the net amount of interest expense reported on the consolidated statement of operations.

#### **(5) Use of Borrowed Funds**

- a. The Comptroller will ensure that borrowed funds are only used for the specific purpose of the borrowed funds.
- b. All or some of the funds borrowed for a specific purpose by the First Nation and not required to be used immediately for that purpose may be temporarily invested under one or more of the following until required:
  - i. Securities issued or guaranteed by Canada, a province or the United States of America
  - ii. Fixed deposits, notes, certificates and other short-term paper of, or guaranteed by, a financial institution
  - iii. Securities issued by the First Nations Finance Authority or by a local, municipal or regional government in Canada
  - iv. Commercial paper issued by a Canadian company that is rated in the highest category by at least two (2) recognized security-rating institutions
- c. If some of the funds borrowed for a specific purpose are no longer required for that purpose, the funds must be applied to repay the debt from the borrowing.

#### **(6) Records management**

- a. The Comptroller 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; and
- vi. The purpose for which the long-term debt has been incurred.

**F. References and Related Authorities**

- (1) FMB's Financial Management System Standards
  - a. Standard 19.0 – Financial Management and Controls
- (2) FMB's Financial Administration Law Standards
  - a. Standard 18.0 – Financial Management and Controls

**G. Attachments**

None

## **8. Loans Receivable, Guarantees and Indemnities**

### **C. Policy**

The First Nation will ensure that no loans receivable, Loan Guarantees or indemnities will be made unless 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. Any loans receivable entered into between the First Nation and a First Nation member or an entity in which a member of the First Nation has an interest must be part of a loans receivable program approved by Council which is universally available to all members in a fair and transparent manner and in accordance with published terms and conditions which are accessible to all.

### **D. Purpose**

The purpose of this policy is to provide an effective and transparent process for the approval, collection and documentation of (loans receivable, Loan Guarantees and indemnities) given by the Financial Administration Law.

### **E. Scope**

This policy and procedure applies to loans receivable, Loan Guarantees and/or indemnities 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; and
- (5) any other third party whether an individual or business entity including government business enterprises.

Administration of housing loans are subject to the Housing Policy.

### **F. Procedures**

#### **(1) Collection**

- a. Band members who have received housing loans are subject to the terms of the applicable house loan agreements, and housing policy in addition to these Financial Management Policies.
- b. Band Members, or other persons, owing monies to the Band must make monthly payments on their debt in accordance with a schedule of terms of repayment agreed upon in writing with Band Council or it's designate. This agreement must include the following:

- i. For debts under the amount of \$1,000, repayment schedules cannot exceed 12 months in length. At the end of 12 months, the debt must be paid in full;
- ii. For debts of \$1,000 or over, the repayment schedule cannot exceed 24 months in length. The debt must be paid in full at the end of 24 months; and
- iii. Repayment schedules are not to be conditional upon employment with the Band.
- iv. If the debtor fails to abide by the repayment schedule, the debt will be turned over to a debt collection agency.
- v. Should a debtor refuse to sign an agreement of repayment of a debt, the Band Council, or its designate, is empowered to deduct payment from monies owing to the debtor by the Band, but also subject to the personnel policy that states that up to a maximum of 20% of a salary may be deducted (in addition to the regular monthly payment) from a person's paycheck.
- vi. The Band Council, or its designate, on behalf of the Band membership, shall use debt collection agencies or the British Columbia Courts to collect debts, which are more than 90 days in arrears. Prior to initiating collection action, the Band Council shall make reasonable efforts to re-negotiate payment of outstanding debts with the debtor. This re-negotiation must conform with sections 8 (a) and (b) of this policy. If after 30 days, no negotiation is possible, the Band Council shall take collection action as set out above in this section.
- vii. The Senior Administrator, or designate, shall bill debtors monthly. These billings must be forwarded to the debtor by the 20<sup>th</sup> day of each month
- viii. When staff and Council, or their spouses (common-law or otherwise) owe the Nation money and are in arrears, those amounts are to be deducted from their paychecks (as per the Personnel Policy) or from other monies that are due to them from the Nation.

Band members, or other persons, are to be responsible for the debts owed to the 'Namgis by their spouses, which includes common-law relationships as well as marriages.

- ix. Any debtor who feels he/she has not been treated fairly may appeal in writing to the Senior Administrator. The Senior Administrator must select two Band members to form a grievance committee that includes the Senior Administrator. They must meet with the debtor, review the appeal, and respond in writing to the appeal within fifteen working days.
- x. Any debtor who disagrees with the decision of the grievance committee in (j) may appeal to 'Namgis Council in writing. Council's decision will be final and binding.

## **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 objectives.

### **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 Senior Administrator and the Comptroller.

### **D. Responsibilities**

#### **(1) Council is responsible for:**

- a. determining the First Nation's short and long term investment objectives;
- b. determining allowable uses of available funds;
- c. approving preliminary risk assessment of funds;
- d. selecting / de-selecting investment manager(s) and custodian(s);
- e. approving the creation of an investment account;
- f. approving funds to be invested; and
- g. approving the redemption of invested funds.

#### **(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 Senior Administrator is responsible for:**

- a. monitoring the performance of all parties to whom duties have been delegated;

#### **(4) The Comptroller is responsible for:**

- a. performing a preliminary risk assessment analysis against criteria to be met prior to investing decisions are made by Council;

## E. Procedures

### **(1) Determination of Investment Management Strategy**

- a. Council will establish and implement a documented investment management strategy for funds that meet the requirements of the Financial Administration Law.
- b. The investment management strategy will:
  - i. include both short and long-term strategies
  - ii. will determine the allowable uses of available funds in accordance with the Financial Administration Law
  - iii. identify criteria that must be met before an investing decision is made by Council
  - iv. be reviewed on an annual basis

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

- a. New Investments
  - i. Prior to making any investment decisions, the Comptroller will lead the preparation of a preliminary risk assessment (including whether the activity will result in a material liability of the First Nation or expose the First Nation's financial assets, property or resources to significant risk).
  - ii. The preliminary risk assessment should address all risks related to the investment and the resulting overall impacts on the First Nation.
  - iii. For each risk, a detailed mitigation plan with assigned responsibility will be developed.
  - iv. The complete preliminary risk assessment will be presented first to Senior Administrator for review and recommendation and then to the Finance and Audit Committee for review and recommendation to Council for approval of the investment via a Council Resolution. Council will ensure that any approved investments comply with the Financial Administration Law and any applicable policies.
- b. Existing Investments
  - i. The annual risk management plan will include identification of risks related to existing investments and detailed mitigation plan and assigned responsibility for each risk identified.
  - ii. The Senior Administrator will be responsible for ongoing monitoring of risk assessments and risk mitigation plans related to investments.

### **(3) Investment Account**

- a. The investment objectives are as follows:

- i. To preserve capital
- ii. To maintain liquidity and adequate cash flow
- iii. To optimize the investment return within the constraints of the policy

b. Money in an account that is not immediately required for expenditures may be invested by the First Nation in one or more of the following:

- i. Securities issued or guaranteed by Canada, a province or the United States of America;
- ii. Fixed deposits, notes, certificates, and other short-term paper of, guaranteed by, a financial institution, including swaps in United States of America currency;
- iii. Securities issued by the First Nations Finance Authority or by a local, municipal or regional government in Canada;
- iv. Commercial paper issued by a Canadian company that is rated in the highest category by at least two (2) recognized security-rating institutions;
- v. Any investments a trustee may make under an enactment of a province relating to trustees; or
- vi. Any other investments or class of investments prescribed by a regulation under the Act.

c. All Investment transactions require the approval of the Comptroller and one other signing authority. The Finance Committee is to be provided with a Schedule of Investments every quarter. The Schedule is to show the amounts invested, rate of return, maturity dates, type of investment, and the institution with which it is lodged.

#### **(4) Selection of Investment Manager(s) and Custodian**

- a. Council will select the Investment Manager(s) and Custodian. The Comptroller may review and analyze the proposals, or Council may engage an independent consultant to facilitate the selection process of Investment Manager(s) and Custodian.
  - 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.
  - ii. Custodian proposals will be analyzed based on experience, security, service and fees.
- b. A Custodian agreement and 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).

## **(5) 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.

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

- a. The Comptroller 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.
- c. The Comptroller 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 Comptroller will communicate and oversee approved requests to redeem investments and transfer the proceeds to the First Nation.

## **(7) Government Transfer Funds and 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.

## **(8) Monitoring of Investments**

- a. The Comptroller will reconcile the investment accounts to the general ledger and investment statements.

- b. The Comptroller will verify the investment management fees charged to make sure they are consistent with the underlying contracts, if applicable.
- c. The Comptroller will prepare a quarterly monitoring report and provide that report to the Senior Administrator. The report will summarize:
  - i. the performance of the investments under management to relevant benchmarks
  - ii. the weighting of the investment portfolio and comparison to the target portfolio asset allocation
- d. The Senior Administrator will review the report, may provide further recommendations, and submit to the Finance and Audit Committee.
- e. The Finance and Audit Committee will review the quarterly monitoring report, may provide further recommendations, provide the report to Council for approval.
- f. On an annual basis, the Comptroller will review all investments to confirm they meet the requirements of the Financial Administration Law and are consistent with the approved investment management strategy of the First Nation. The results of this review will be provided to the Finance and Audit Committee.

#### **(9) Record Keeping**

- a. All records regarding investment decisions will be retained in accordance with the relevant policy.

### **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, Senior Administrator, Comptroller, 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;
- d. Approving the Tangible Capital Assets register;
- e. Approving policies for Capital Projects to address the issues identified in the Financial Administration Law for the proper management of Capital Projects;
- f. Approving policies 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 Comptroller;
- b. Reviewing and recommending to Council the annual budget for Tangible Capital Assets;
- c. Reviewing any scheduled Capital Project Plans including supplemental information and their budgets and developing recommendations for Council.

#### **(3) The Senior Administrator 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 and involved in tangible capital asset projects and borrowings for construction as required in the Financial Administration Law.

(4) The Comptroller is responsible for:

- a. The accurate and timely recording and reporting of Tangible Capital Assets in the financial statements in accordance with Canadian 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. 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;
- e. Developing and recommending procedures for the safeguarding of assets and ensuring approved procedures are followed;
- f. Developing the budget for Capital Project Plans and annual capital plan.

## E. Procedures

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

- a. A detailed tangible capital asset register is to be established, maintained and kept current by the Senior Administrator (or assigned employee). The asset register will facilitate the Life-Cycle Management Program with maintenance, Rehabilitation, and replacement activities as well as providing an accurate inventory of Tangible Capital Assets.
- b. The register will include the information required in the Financial Administration Law and, at a minimum, 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. Acquisition cost;
- v. Previous inspection date;
- vi. Original expected life of the asset at the time of acquisition;
- vii. Most recent assessment of the condition of the asset and its expected remaining Useful Life<sup>2</sup>;
- viii. Estimated repairs and maintenance costs;
- ix. 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);
- x. Insurance coverage details for the asset;
- xi. Any other information required by the Council.

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

- a. Capital assets are amortized over their estimated useful lives on the declining-balance method, at the annual rated indicated. One-half of the amortization rates are applied to assets acquired during the year. Assets are not amortized in the year of disposition.

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

- a. On or before [November 30], the Senior Administrator will initiate an annual inspection of the First Nation's capital asset inventory. Employees in the property management department will be assigned by the Senior Administrator to complete the inspection under his/her supervision.
- b. Any changes necessary to the tangible capital asset register will be documented by the employee noting the changes, and communicated to the Senior Administrator for review and approval. Once reviewed and approved by the Senior Administrator, the changes will be input in the tangible capital asset register by the employee responsible for the register.

## **(4) Safeguarding Assets**

- a. 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 on the Health and Safety Committee (or its equivalent) will provide the Senior Administrator with an annual update on the condition of Tangible Capital Assets

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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.

over \$1,000 and preventative maintenance reports (including machine and vehicle logs) showing maintenance completed.

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

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

- a. The annual capital plan will include short and long term forecasts for asset rehabilitation and/or replacement. The plan will include the following information that the Comptroller is required to prepare in the Financial Administration Law:
  - a. A description of each asset to be replaced or refurbished;
  - b. The rationale for the replacement or refurbishment;
  - c. Estimated cost, including contingencies, of each proposed acquisition or refurbishment project;
  - d. Estimated timeframe and schedule for completion of each asset acquisition or proposed refurbishment project;
  - e. Budget and multi-year financial plan impact.
- b. 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:
  - c. 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**

- a. The Senior Administrator, with input from the Comptroller, will develop an annual capital plan for all Capital Project that exceed \$10,000,00 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. A project risk assessment;
  - iv. Evaluation of other options considered.
- b. The Senior Administrator 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 Senior Administrator.

- c. The Comptroller will coordinate project costing, budgeting, financing and approval for each Capital Project in accordance with Council policies and procedures for management of Capital Projects.
- d. The annual capital plan and recommendations from the working committee will be provided to the Finance and Audit Committee.
- e. The Finance and Audit committee will review the annual capital plan on or before [January 15] and forward their recommendation to Council for approval.
- f. Council will inform or involve members about capital projects and borrowings (if any) for capital projects in accordance with the First Nation's communication procedures.

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

- a. The Senior Administrator 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. The Comptroller 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.

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

- a. The acquisitions of Tangible Capital Assets are subject to the Delegated and Assigned Responsibilities Policy and the Procurement Policy.
- b. Subject to the Delegated and Assigned Responsibilities Policy, all purchases or leases of capital assets are to be made in accordance with the annual budget, annual capital plan, and Council resolution.

#### **(10) 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.

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

- (1) FMB's Financial Management System Standards
  - a. Standard 25.0 - Tangible Capital Assets
- (2) FMB's Financial Administration Law Standards

- a. Standard 25.0 - Tangible Capital Assets Management

#### 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 Senior Administrator, the Comptroller, 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 Comptroller is responsible for:

- a. Leading and managing the risk identification and assessment process;

- b. Selecting 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 Senior Administrator, 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 Senior Administrator will identify the risks where insurance coverage is appropriate.

### **(3) Approval for insurance coverage**

- a. Council will review the proposed option presented by the Finance and Audit Committee and the Senior Administrator 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 Comptroller 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 Senior Administrator 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 Senior Administrator, the Comptroller, and all other employees involved in risk management at the First Nation.

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

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

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

#### 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. Internal 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;
- c. reviewing the monitoring reports on external for-profit business activities, if applicable.

(3) The Senior Administrator 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;
- h. Obtaining a written confirmation from the persons engaged in the First Nation's financial management system that they understand their responsibilities; and

- i. Reviewing the monitoring reports provided by the Comptroller with regards to external for-profit business activities and providing to the Finance and Audit Committee for review, if applicable.

(4) The Comptroller 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;
- f. Monitoring the control activities and its impact on the First Nation and the Risk Management Plan; and
- g. Compiling the monitoring reports for external for-profit business activities and providing it to the Senior Administrator for review.

## 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 Senior Administrator. 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).

## **(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 Senior Administrator. (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:
    1. Unauthorized acquisition, use or disposal of first nation assets;
    2. Poor management oversight;
    3. Management override of Internal Control; and
    4. 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 Senior Administrator 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. The risk assessment should address all risks related to the project and the resulting overall impacts on the First Nation.
- b. For each risk, a detailed mitigation plan with assigned responsibility will be developed.
- c. Prior to beginning any for-profit business activity, the Senior Administrator 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 or expose the First Nation's financial assets, property or resources to significant risk).
- d. The risk assessment should address all risks related to the project and the resulting overall impacts on the First Nation.
- e. For each risk, a detailed mitigation plan with assigned responsibility will be developed.
- f. 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.
- g. Prior to beginning an external for-profit business activity, refer to the investment section of this policy.

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

- a. 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 and Operational Reporting Policy to identify and mitigate the risk of a material misstatement in the

quarterly and annual financial statements, failure to achieve planned levels of financial performance and failure to perform the First Nation's obligations.

#### **(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 20.0 - Risk Management
- (2) FMB's Financial Administration Law Standards
  - a. Standard 19.0 - 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. Emergency Plans**

### **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 Senior Administrator is responsible for:

- a. Ensuring that an emergency response plan is prepared and approved;
- b. 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;
- c. Updating the emergency response plan on an annual basis.

(3) The Health and Safety Coordinator is responsible for:

- a. Preparing the emergency plan.

## E. Procedures

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

- a. The Health and Safety Coordinator 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.
- b. For each of the risks identified, the Health and Safety Coordinator should determine the likelihood of the threat occurring and the potential impact on the First Nation's operations.

### **(2) Implement the plan**

- a. The Senior Administrator will develop a communication strategy to ensure all affected staff and First Nation members have access to the emergency plan.
- b. The emergency plan will be tested by the Health and Safety Coordinator. Testing could include mock disaster exercises, communication and off site computing tests, fire drills, etc.

### **(3) Annual review**

- a. On an annual basis, the Health and Safety Coordinator and key employees will review the plan and associated documentation to make sure it remains relevant and up to date. Updates will be performed, and new versions of the plan and associated documentation distributed to the sites and individuals noted above.
- 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 20.0 – Risk Management

## 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 Comptroller 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 Comptroller, 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:
  - a. 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. Scheduling the dates for required meetings of the Financial Management System Assessment;
  - b. Reviewing reports from the Financial Management System Assessment;
  - c. 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 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 Comptroller 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.

## E. Procedures

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

- a. The Financial Management System Assessment will be composed of the Comptroller, Senior Administrator, Assistant Administrator and the Finance and Audit Committee.
- b. The Assessment takes place at least once annually.
- c. Annually on a date scheduled by the Finance and Audit Committee, the 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 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. 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 Finance and Audit Committee and can be a First Nation staff member so long as the individual is independent of the operation or activity under review.
- b. 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.
- c. Records must be made and retained of both the internal assessment findings and the resolutions of any concerns identified in those findings.

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

- a. The Comptroller 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.

## **(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 Finance 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. In addition to the self-assessment process to be conducted by the Finance and Audit Committee as set out in this policy, if the Comptroller 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 Comptroller 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 27.0 - FMB Standards
  - b. Standard 29.0 - Financial Management System Improvement
- (2) The FMB's Financial Administration Law Standards
  - a. Standard 33.0 - FAL Review
  - b. Standard 29.0 - FMB 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.	Senior Administrator, Comptroller, Finance and Audit Committee, Council	November 15
Inspect and review of all Tangible Capital Assets to establish or update information.	Senior Administrator	November 30
Each Department prepares a thorough analysis and projection of all expenses for the budget year	Department Heads; Comptroller	December 1
Consolidate all draft budgets including capital budget into one master budget;	Comptroller	December 15
Multi-year plan and strategic plan developed or updated.	Comptroller; Senior Administrator, 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.	Comptroller	December 31
Senior management reviews draft budgets, multi-year plan, and strategic plan and discusses (iterative process) with Comptroller.	Senior Administrator; Comptroller; Tax Administrator;	January 15
Present budget, multi-year plan, and strategic plan to Finance & Audit Committee for review, discussion, and modification.	Comptroller, Senior Administrator, Finance & Audit Committee.	January 31

Task	Individual(s) responsible	Deadline
Incorporate Finance & Audit Committee changes to any of Planning Documents	Comptroller, Senior Administrator, 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.	Senior Administrator, Comptroller	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.	Comptroller	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.	Comptroller	June 15
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

Total outstanding cheques	xxx.xx	(xxx.xx)
---------------------------	--------	----------

<b>Adjusted bank balance</b>		\$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>		\$xxxx.xx
----------------------------	--	-----------

<b>Difference:</b>	x.xx
--------------------	------

**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>	Director
Greater than [\$5,000]	Less than or equal to [\$15,000]	Moderate value: Informal Quotation <sup>3</sup>	Senior Administrator/ Assistant Administrator
Greater than [\$15,000]		High value: Tender Call/Request for Proposal	Council, Finance and Audit Committee

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	<i>Return flight to Toronto Aug 7-9</i>	Airfare	\$500.00	-	\$500.00
			Taxi			
			Hotel			
			<i>Per diem / incidentals</i>			
			<i>Membership</i>			
			<i>Etc.</i>			
<b>Total Claimed:</b>				xxx.xx		<b>\$xxx.xx</b>
<b>Less: travel advance (if applicable)</b>						<b>(\$xxx.xx)</b>
<b>Total to be reimbursed:</b>						<b>\$xxx.xx</b>

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, defibulators</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>	Remote	Material	Accounting	<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>	Remote	Insignificant	Accounting	<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>	Reasonably Possible	Material	Payroll	<i>Finance Manager approves periodic payroll registers and reviews one-time payment queries</i>	<i>Adequately mitigated by control</i>	N/A

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 Senior Administrator has the primary responsibility for performing Fraud Risk assessments. Ideally, the Senior Administrator 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:

- Senior Administrator and Comptroller;
- 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 Senior Administrator 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, Senior Administrator 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, Senior Administrator 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**

Senior Administrator 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>						
<b>1</b>	<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>
<b>2</b>						
<b>3</b>						
<i>Risk Category (i.e. For-profit business, loans, indemnities, investments, insurance and emergency)</i>						
<b>1</b>						
<b>2</b>						
<b>3</b>						

## Appendix L – Examples of risks to consider

Types / Causes	Examples
<b>Natural Events</b>	Flooding Earthquake Hurricane Landslide
<b>Human Events</b>	Extortion / embezzlement Disease outbreak Bomb threat Computer crime / theft Hazardous-material spill Fire Fraud Hacking Human error
<b>Technological Events</b>	Explosion / Fire Alteration of data Malicious code Alteration of software Software error Disclosure Telecom outage Hardware failure Vandalism / cyber-vandalism Power failure / fluctuation

Appendix M – Sample risk assessment template

Risk	Description / Operations affected	Impact 1 low – 5 high	Likelihood 1 low- 5 high	Overall risk level (average of impact/ likelihood)	Plan required?
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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- 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]

## 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 – Senior Administrator (Chair)	Name – Title/Information Technology
Name – Comptroller	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, Senior Administrator
- Name, Backup for Senior Administrator.

### 3.2 Emergency Responsibilities

Senior Administrator

- 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, Policy, 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...*