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1. Definitions

“Approved Travel Status”	Travel on official Band 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 Band 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 Band.
“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 Band’s Tangible Capital Assets and any other major Capital Projects in which the Band or its related bodies are investors.
“Capital Project Plan”	means a plan to carry out a Capital Project and an annual capital plan means all of the Capital Project Plans to be budgeted for undertaken in a fiscal year.
“Cash”	is currency, cheques, money orders, and equivalent financial instruments.
“Cost”	is the gross amount of consideration given up to acquire, construct, develop or better a tangible capital asset, and includes all costs directly attributable to acquisition, construction, development or betterment of the tangible capital asset, including installing the asset at the location and in the condition necessary for its intended use. The cost of a contributed tangible capital asset, including a tangible capital asset in lieu of a developer charge, is considered to be equal to its Fair Value at the date of contribution. Capital grants would not be netted against the cost of the related tangible capital asset.

“Deferred Maintenance”	is maintenance that was not performed when it was scheduled, or that was delayed for a future period and may result in a decrease in service levels and can affect the life expectancy of the asset. It is noted in the asset register.
“Encumbrance Accounting”	refers to the process of setting money aside (to hold it) for a specific purpose. Money then, is essentially earmarked for certain future purposes and cannot be re-allocated for any other purpose than stated.
“Fairness”	refers to giving qualified firms and individuals an equal opportunity to compete for the contract work; and to evaluating tenders and proposals in accordance with accepted practices.
“Fair Value”	is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.
“Financial Institutions”	means the Bands Finance Authority, a bank, credit union or caise populaire.
“Financial Reporting Risk”	is the possibility of an undetected material misstatement in financial information due to the existence of ineffective Internal Control or fraud resulting from manipulation or alteration of accounting records, misrepresentation or intentional omissions of transactions, or intentional misapplication of accounting principles.
“Financial Reports List”	means the list of financial statements and reports that are to be prepared on a regular basis.
“Fraud Risk”	is the potential for an employee, agent or other person connected to the financial administration of the Band 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.
“Internal Assessment”	is a review of an activity/process by an independent Band 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 Band’s Council, Finance and Audit Committee, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- effectiveness and efficiency of operations;
- reliability of reporting; and
- compliance with applicable laws and regulations.

“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 Band’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 Band (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 Band 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 Band’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 Band’s Tangible Capital Assets.
“Requisition”	refers to a purchase order used by the Band 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 Band.
“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 Band’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. ¹
“Risk Tolerance”	means the degree of uncertainty the Band is willing to accept in the achievement of its goals.
“Senior Management”	means the Band Administrator, Senior Executive, and Chief Financial Officer.
“Sole Source”	means a person or company from whom the Band may purchase goods and/or services.

¹ Insurance Bureau of Canada: http://www.ibc.ca/en/Business_Insurance/Risk_Management/

“Special Purpose Report”

means the report described in subsection [10](2) of the Financial Administration Law. For the purpose of this policy it refers to the annual report on remuneration, and expenses

“Tangible Capital Assets”

are non-financial assets having physical substance that:

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

“Tender Process”

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

“Terms of Reference”

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

“Unrestricted Investments”

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

“Useful Life”

is the estimate of either the period over which a tangible capital asset is expected to be used by the Band, or the number of production or similar units that can be obtained from the tangible capital asset by the Band. The life of a tangible capital asset may extend beyond the Useful Life of a tangible capital asset to the Band. 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.

FINANCE

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

Date Approved:

Dates of Amendment:

Cross Reference:

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 Band.

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 Band.

C. Scope

This policy applies to Council, the Band Administrator, Chief Financial Officer and Department Managers of the Band.

D. Responsibilities

(1) Council is responsible for:

- a. reviewing and approving the annual budget and ensuring that it was prepared in accordance with the Band's Financial Administration Law and other applicable Band laws, is based on plausible assumptions and provides for required program and services;
- b. reviewing and approving any circumstances that are expected to create a budget deficit including consideration of any recommendations from the finance and audit committee on plans to eliminate the budget deficit in a future period;
- c. reviewing and approving other Planning Documents including but not limited to a strategic (community development) plan, capital budget, and a multi-year financial plan;
- d. reviewing and approving any changes or amendments to the annual budget or other Planning Documents;

- e. establishing specific goals and service priorities to guide resource and allocation decisions during the budget planning sessions;
- f. ensuring that a process is in place to address membership priorities in the Strategic Plan and other Planning Documents as appropriate;
- g. ensuring that the membership of the Band is informed about or involved in the preparation of the annual budget, multi-year financial plan, forecast budget deficits or forecast extraordinary expenditures as set out in the Band's Financial Administration Law; and
- h. establishing general budget policies or guidelines such as requirements for balanced budget and use of cash reserves.

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

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

(3) The Band Administrator is responsible for:

- a. arranging early budgeting planning sessions with Department Managers and other key stakeholders essential in developing the budget;
- b. arranging and staffing planning sessions for the development of other key Planning Documents;
- c. ensuring that the budgeting calendar is met;
- d. reviewing draft budgets in consultation with the Finance and Audit Committee;
- e. reviewing other draft Planning Documents in consultation with the Finance and Audit Committee; and
- f. communicating the approved budget to management and line staff;
- g. maintaining a current register of all Band's Tangible Capital Assets and arrange for an annual inspection of them;

(4) The Chief Financial Officer is responsible for:

- a. creating a budget development calendar and ensuring deadlines are met – subject to the Band's Financial Administration Law;
- b. establishing the format for draft budgets;

- c. participating in budget planning sessions with Council, the Finance and Audit Committee, Band Administrator and other key stakeholders;
- d. collaborating with department heads in setting draft expenses for their department;
- e. preparing the draft budget or consolidating and evaluating draft budgets from department heads for accuracy, reasonableness, applicable guidelines, and anticipated resources in accordance with Section [26] of the Financial Administration Law;
- f. developing revenue forecasts based on reviews of fiscal transfer agreements and collaboration with other officers on own source revenues forecasts;
- g. presenting draft annual budgets to the Band Administrator and to the Finance and Audit Committee on an annual basis;
- h. implementing financial monitoring, including preparing and analyzing budgeted versus actual revenue and expense reports for the Finance and Audit Committee use and overseeing any Council approved corrective action (i.e. budget amendments), after the annual budget is approved;
- i. conducting regular financial monitoring to compare actual income and expenses to those budgeted;
- j. make forecasts and prepare budgets for Tangible Capital Assets; and
- k. any other responsibilities as outlined in the Financial Administration Law.

E. Protocols

(1) Budget

- a. The initial operating budget estimates will be prepared and the 5 year Capital budget estimates will be prepared or updated accordingly;
- b. Budget assumptions will be documented and updated throughout the budget preparation process with budget adjustments made as required;
- c. Capital budgeting estimates should include all capital improvement projects (purchase, construction, or renovation of physical facilities), all capital equipment expenditures and source of funds;
- d. Any projected deficit must be accompanied by a report that outlines the contributing factors and circumstances and the plan by which it will be eliminated in a future year;
- e. Chief Financial Officer will provide detailed financial information on staffing and benefits for each department;
- f. The draft budget will be presented for discussion at a Finance and Audit Committee meeting. The Committee may accept the estimates as presented or request amendments, within the context of the operating objectives and the strategic plan;

- g. 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;
- h. The final draft budget recommended for approval to Council by the Finance and Audit Committee will be approved by Council no later than March 31st of the fiscal year preceding the budget year;
- i. The draft budget must meet the requirements of the Band's Financial Administration Law and must comply with the schedule for planning activities set out in that Law.

(2) Strategic Plan

- a. A comprehensive and holistic strategic plan will be prepared that will include:
 - i. Developing a community priorities list (e.g. housing, education, etc.);
 - ii. Setting a realistic timeframe to implement the plan;
 - iii. Identifying the requirements to implement the plan (i.e. using legislative tools of governance and public finance to support activities or the need to acquire additions to reserve, or invest in new businesses to generate additional revenues);
 - iv. Determining how the implementation of the plan will be resourced.
- b. The plan should include community input on the vision and priorities.
- c. The draft strategic plan will be presented for discussion at a Finance and Audit Committee meeting. The Committee may accept the plan as presented or request amendments, within the context of the operating objectives and the vision and priorities of the Band.
- d. The final multi-year financial plan recommended for approval to Council by the Finance and Audit Committee will be approved by Council as a formal planning document no later than March 31st of each fiscal year.

(3) Multi-Year Financial Plan

- a. A multi-year financial plan that has a planning period of five years comprised of the current fiscal year and the four succeeding fiscal years will be prepared that will also include the following:
 - i. revenue projections by major revenue type that demonstrate trends in existing revenue streams;
 - ii. in respect of projected revenues sets out separate amounts for income from taxes, fees and charges, transfers from Canada or a provincial or territorial government, grants and business operations and proceeds from borrowing;
 - iii. in respect of projected expenditures, sets out separate amounts for payments, including payments of principal and interest on debt, payments required for Capital Projects as defined in the Financial Administration Law, payments required to address any deficits and payments for all other purposes;

- iv. is based on projections of revenues, expenditures and transfers between accounts;
 - v. in respect of transfers between accounts, sets out the amounts from the tangible capital asset reserve account;
 - vi. reserves/fund balances that estimate the available reserves available to help short-term fiscal shortfalls or unanticipated or planned expenditures;
 - vii. shows all categories of restricted cash;
 - viii. indicates whether in any of the five (5) years of the plan a deficit or surplus is expected from the projected revenues and expenditures that year; and
 - ix. a cover sheet that describes the broad assumptions and judgments used in the developments of the plan.
- b. The draft multi-year financial plan will be presented for discussion at a Finance and Audit Committee meeting. The Committee may accept the plan as presented or request amendments, within the context of the operating objectives and the strategic plan.
 - c. The final multi-year financial plan recommended for approval to Council by the Finance and Audit Committee will be adopted as a formal planning document no later than March 31st of each fiscal year.

(4) Adjustments to the Plans and Budgets

- a. A mid-year adjustment process in the Budget Calendar will be included to adjust the plans and budgets.
- b. Budget adjustments can be made on an on-going basis as all new funding agreements require a budget to be created prior to spending the money. This process follows the annual budgeting process. Adjustments to the budget under \$2,000 are approved by the Chief Financial Officer and Band Administrator.
- c. The circumstances to make adjustments to budgets are limited to substantial change in the forecasted revenues or expenses of the Band or in the expenditure priorities of the Council; which may include the following:
 - i. External factors that impact funding arrangements;
 - ii. impacts related to Capital Project adjustments;
 - iii. unforeseen changes to budget assumptions;
 - iv. Council approved changes to priorities or operating objectives.
- d. Significant time-sensitive adjustments should be brought to the Finance and Audit Committee for review and recommendation to Council.
- e. On or before June 15 of each year the Chief Financial Officer must prepare and submit to the Finance and Audit Committee for review a draft amendment of the component of the annual budget respecting the Band's local revenue account.

- f. On or before June 30 of each year, the Finance and Audit Committee must review the draft amendment of the component of the annual budget respecting the Band's local revenue account.
- g. No later than July 15 of each year, the Council must approve the amendment of the component of the annual budget respecting the Band's local revenue account.
- h. A mid-year budget review process takes place in September, ending no later than December to incorporate updated funding and business adjustments. This process follows the annual budgeting process.

F. References and Related Authorities

(1) FMB's Financial Management System Standards

- a. Standard 15.0 – Integrated Process
- b. Standard 16.0 – Financial Plans
- c. Standard 17.0 – Budgets
- d. Standard 24.3 – Life-Cycle Planning
- e. Standard 24.4 – Capital Project Plans

(2) FMB's Financial Administration Law Standards

- a. Standard 14.0 – Financial Plans
- b. Standard 15.0 – Budgets

G. Attachments

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

FINANCE

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

Date Approved:

Dates of Amendment:

Cross Reference:

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 Band, will be published within 180 days of the fiscal year end and will be provided to Band 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 Band including those operations that the Band controls. The persons affected by this policy include the Council, Finance and Audit Committee, Band Administrator, Chief Financial Officer and managers of the Band.

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

(3) The Band 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 Chief Financial Officer and other staff as appropriate and recommending any updates to the Finance and Audit Committee.

(4) The Chief Financial Officer is responsible for:

- a. Preparing the financial statements and reports in accordance with PSAS and this policy and protocol;
- b. Assessing and managing Financial Reporting Risk and reporting risks to the Band Administrator;
- c. Developing and recommending protocols for identifying and mitigating Financial Reporting Risks and Fraud Risks and ensuring approved protocols are followed; and
- d. [If the Band 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 Band, including all records referred to in section 5 of the *Local Revenue Management Implementation Regulation* as amended by the *Financing Secured by Other Revenues Regulations*.]

(5) Department 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.

- b. Ensuring all financial transactions have been properly recorded in their department.

E. Protocols

(1) Financial Reports List

- a. Council and the Finance and Audit Committee, with the assistance of the Band 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 Chief Financial Officer will be tailored to the needs of the Band'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 Band 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 periodically as required, and submit the list to Council for their review and recommendation.
- g. Council will review and approve the Financial Reports List periodically.

(2) Financial statement preparation

- a. The Chief Financial Officer will prepare monthly information respecting the financial affairs of the Band 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 Band 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 upon request;
 - iv. Financial information for the local revenue account as required by the Financial Administration Law and the Local Revenue Policy;
 - v. [If the Band has borrowed money from the First Nations Finance Authority secured by other revenues: Financial information respecting these other revenues;]
 - vi. Any other information requested by the Finance and Audit Committee or Council.
- c. Each annual financial statement will include the following for the Band:
- i. The financial information and disclosures for the Band for the fiscal year prepared in accordance with PSAS;
 - ii. A Special Purpose Report setting out all payments made to honour guarantees;
 - 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 Band; and
 - v. 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 presented to the Finance and Audit Committee by the Chief Financial Officer along with his / her comment(s) and recommendation(s), no later than 45 days following the end of the fiscal year for which they were prepared.
- f. The Finance and Audit Committee will review the annual financial statements, the accompanying information, and the Chief Financial Officer’s comment(s) and recommendation(s). Subsequently, the Finance and Audit Committee will forward the financial statements, accompanying information, and its comment(s) and recommendation(s) to Council no later than 60 days following the end of the fiscal year for which they were prepared.
- g. Council will review the annual financial statements, the accompanying information, and the recommendation(s) of the Finance and Audit Committee and the Band Administrator, and make a decision to approve or not approve the annual financial statements.
- h. In the event that the financial statements are not approved by Council, a documented rationale will be communicated to the responsible party(ies) for corrective action. The financial statements will be re-submitted for approval within the timeframe stated by Council.
- i. Financial reporting approvals will be maintained in the meeting minutes and a copy of the minutes, along with all the supporting financial reporting documentation, will be

maintained in a secure place in accordance with the Records and Information Management Policy and Protocol.

(3) Financial Reporting Risks

- a. Annually, as part of the evaluation process, the Band 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. Confirmed in writing that they understand their responsibilities when they started in their role.
- b. Changes to the accounting software (i.e. new system or major changes to the current system set-up) require authorization from the Chief Financial Officer and consultation and communication with the Finance and Audit Committee and Council. Changes such as the addition/deletion/ modification of general ledger accounts, customer/member accounts, or vendor accounts require approval from the Chief Financial Officer or designate.

(4) Fiscal year

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

(5) Annual Report

- a. The Council must prepare and publish an annual report within the earlier of 180 days after the fiscal year end, or the timeline specified in the Financial Administration Law, that details the progress towards the financial and operational goals of the Band 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 Band and its operations;
 - ii. A review of the Band's achievement towards its values, goals and objectives;
 - iii. A progress report on any established financial objectives and performance measures of the Band;
 - 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 Band 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 Band members who have requested but have not been provided with the annual report of the Band within the required timeframe.

F. References and Related Authorities

(1) FMB's Financial Management System Standards

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

(2) FMB's Financial Administration Law Standards

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

G. Attachments

None

FINANCE

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

Date Approved:

Dates of Amendment:

Cross Reference:

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 Band's financial statements, and that records be maintained of all financial institution transactions.

C. Scope

This policy applies to Council, the Band Administrator, Chief Financial Officer, and any other Band employee who has been assigned financial institution account responsibilities.

D. Responsibilities

(1) Council is responsible for:

- a. approving the addition or the removal of authorized signatories for each financial institution account used by the Band;
- b. designating the Financial Institutions that the Band may conduct banking activities with;
- c. approving the establishment of an operating line of credit or overdraft account; and
- d. Approving the opening and closing of any of the Band's bank accounts.

- (2) The Finance and Audit Committee is responsible for ensuring significant irregularities or unusual reconciling items are investigated.
- (3) The Chief Financial Officer is responsible for:
- a. representing the Band in dealing with Financial Institutions;
 - b. approving financial service agreements with Financial Institutions;
 - c. controlling the opening, maintenance and closing of any of the Bands bank accounts;
 - d. assigning banking duties and ensuring that adequate segregation of duties is maintained;
 - e. ensuring physical safeguards are implemented over any handling of cash and blank cheques;
 - f. ensuring all money received by the Band is deposited as soon as practicable into the appropriate accounts described;
 - g. reviewing and approving monthly bank reconciliations for each financial institution account;
 - h. ensuring that a reconciliation is performed each month for every financial institution account;
 - i. documenting and alerting the Finance and Audit Committee of any irregularities in the reconciliation process;
 - j. monitoring and forecasting the Band's cash position; and
 - k. managing the Band's short term liquidity and working capital including credit line facilities.
- (4) The appointed finance staff is responsible for:
- a. recording revenue deposited in the accounting system; and
 - b. ensuring all anticipated recurring deposits have been received. The appointed finance staff will alert the Chief Financial Officer when expected receipts have not been received.
- (5) The employees assigned banking duties by the Chief Financial Officer are responsible for:
- a. receiving cheques and cash;
 - b. preparing cheques and cash for deposit to the appropriate financial institution account; and
 - c. reconciling petty cash accounts on a regular basis.
- (6) The employee designated by the Chief Financial Officer to prepare financial institution account reconciliations is responsible for:
- a. preparing a reconciliation for each of the Band's financial institution accounts;
 - b. ensuring that supporting documentation and records are retained for each reconciliation; and
 - c. alerting the Chief Financial Officer of any irregularities.

E. Protocols

(1) Financial institution account management

- a. The Chief Financial Officer maintains correspondence and official documents relating to the opening, maintenance, and closing of all financial institution accounts.
- b. The Chief Financial Officer is the Band's primary representative in dealing with Financial Institutions and at least annually provides the designated financial institution representative with necessary financial reporting information and updates on the Band operations and forecasts in order for the Financial Institutions to respond to the Band's financial service requirements.
- c. The Chief Financial Officer is the only individual authorized by Council to negotiate financial service agreements on behalf of the Band.
- d. The Chief Financial Officer will develop a clear description of the purpose of each financial institution account and provide it to all employees who are responsible for depositing funds or reconciling the accounts.
- e. The list of individuals with authorized signing authorities for each financial institution account will be maintained by the Band Administrator. All changes to signing authorities must be approved by Council.
- f. Online financial institution access will be permitted and controlled as follows:
 - i. the employee performing account reconciliations will be granted read-only access to the account he/she has been assigned to reconcile; and
 - ii. The Chief Financial Officer and any other designated signing authorities will have access to perform transactions online. Two signing authorities will be required to approve each transaction according to the established authority limits.

(2) Cash receipts

- a. 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, and amount.
- b. The cheque receipts log will be delivered to the designated employee within the Finance Department responsible for accounts receivable. This person will reconcile the remittance / deposit slip and the cheque receipts log.
- c. Cash received will be recorded in a triplicate receipt book. One copy will be provided to the payee submitting the cash, one copy is a permanent record and the other will be forwarded to the Finance Department person responsible for accounts receivable with the payment.

- d. All cash received will be stored in the Band's safe or locked cabinet until it can be deposited in a financial institution account. Access to the secure storage should be limited to the employee responsible for making deposits.
- e. Cash will be deposited at least on a weekly basis.
- f. A list of anticipated recurring deposits will be maintained and reviewed on a monthly basis. Any expected deposits that have not been deposited in the financial institution account(s) will be reported by the accountant to the Chief Financial Officer immediately.

(3) Petty Cash

- a. A limited number of petty cash accounts as determined by the Chief Financial Officer and based on business needs will be created to pay for small items when payment by cheque is not practical or possible; however, every effort will be made to pay by cheque or electronic transfer. Petty cash will be managed as follows:
 - i. the creation of a petty cash account must be approved by the Chief Financial Officer;
 - ii. the person responsible for the security of the fund will maintain an activity log, supporting documentation, and reconciliation;
 - iii. petty cash reconciliations will occur monthly;
 - iv. petty cash funds and supporting documentation (vouchers, receipts) must be kept in a safe location (locked drawer or safe); and
 - v. accounts payable will replenish the petty cash fund only with complete documentation and a completed petty cash fund reconciliation.

(4) Cheque stock

- a. No accounts payable personnel, or the person authorized to print out cheques, shall be authorized to sign cheques or approve money transfers.
- b. 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.
- c. Cheque signers will not sign blank cheques under any circumstances.
- d. Any mechanical or electronic signing devices shall be stored securely at all times other than when printing cheques.

(5) Credit Lines

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

(6) Opening a Financial Institution Account

- a. A written request to open a new financial institution account must be reviewed and approved by the Chief Financial Officer and must include the purpose of the account.
- b. Once the financial institution account has been approved, the Chief Financial Officer or designate prepares an account inventory form, which includes the following elements:
 - i. Name of account;
 - ii. Instructions regarding purpose of account;
 - iii. Names of signatories and authority limits;
 - iv. Address where all statements and correspondence is to be sent; and
 - v. The contact person or department at the financial institution.
- c. The 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.
- d. Once the financial institution account is opened, the Chief Financial Officer notifies the appropriate Finance Department personnel to activate the account in the general ledger.

(7) Closing a Financial Institution Account

- a. A written request to close a financial institution account must be reviewed and approved by the Chief Financial Officer.
- b. The request to close must include:
 - i. Name of account;
 - ii. Financial institution account number;
 - iii. Closing bank balance and statement; and
 - iv. Approval by appropriate Band personnel
- c. Upon approval, a financial institution account closing letter will be prepared and delivered to the financial institution with instructions to transfer any remaining account balance. The letter will be signed by at least two authorized signatories of the Band.
- d. Once the financial institution account has been closed, the Chief Financial Officer notifies the appropriate Finance Department personnel to deactivate the account in the general ledger.

(8) Account Reconciliation

- a. Each of the Band's financial institution accounts will be reconciled to the accounting system records on a monthly basis within 30 business days of the end of the month.

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

(9) Independent Review

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

(10) Irregularities

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

F. References and Related Authorities

- (1) FMB's Financial Management System Standards

- a. Standard 18.1 – Financial Institution Accounts
 - b. Standard 18.2 – Account Deposits
 - c. Standard 18.3 – Financial Institution Account Reconciliation
- (2) FMB’s Financial Administration Law Standards
- a. Standard 16.1 – Funds and Revenues
 - b. Standard 16.2 – Expenditures

G. Attachments

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

FINANCE

Policy #: **5. Procurement**

Date Approved:

Dates of Amendment:

Cross Reference:

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 Band's requirements.

B. Purpose

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

C. Scope

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

D. Responsibilities

(1) The Council is responsible for:

- a. ensuring effective control of procurement of goods, services and assets through documented policies and protocols.

(2) The Band Administrator is responsible for:

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

(3) The Chief Financial Officer is responsible for:

- a. developing, documenting and maintaining operating policies relating to the procurement process for goods, services, and assets;

- b. assisting in the selection, evaluation, and monitoring of contractors and suppliers;
- c. managing and monitoring expenditures and identifying and reporting on budget variances;

E. Protocols

(1) Procurement of low value items goods and services

- a. Goods and services under the 'low' value threshold can be procured by the individuals noted in Appendix C for each threshold of value.
- b. A purchase order must be used for all purchases, except where a contract exists. The purchase order must be signed by the Department Manager.
- c. The responsible employee noted in Appendix C will ensure that the goods or service selected is the Best Value for Band.
- d. The responsible employee noted in Appendix C will sign the invoice indicating that the goods or services have been received under the terms in the agreement between the Band and the vendor.

(2) Procurement of moderate value goods and services

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

(3) Procurement of high value goods and services

- a. Goods and services classified as high value according to Appendix C will be procured using a competitive tendering process.
- b. When appropriate, the Band will promote the use of local content in the procurement of goods and services in accordance with Appendix E.
- c. A purchase order must be used for all purchases, except where a contract exists.
- d. Under a competitive tendering process, the Band must use either an Invited Tender or an open tender to award a contract.
- e. For each tendering process a RFP will be issued and will include the following components:
 - i. Date by which proposals are due;
 - ii. Background to the requirement (e.g., context, challenges);

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

- j. Any exceptions to the procurement process will be documented to demonstrate the rationale and approval of a non-standard procurement process.

(4) Approval, initiation and monitoring

- a. Approval of procurement decisions should be documented on the relevant purchasing document (i.e. Requisition, purchase order, or contract, depending on the nature of the procurement activity).
- b. The Chief Financial Officer will review the status of department budget variances, noting and investigating any over budget commitments. Procurement activities over budget will be reported to the Band Administrator.
- c. At each Finance and Audit Committee the Band Administrator will report on the status of a Capital Project including a comparison of expenditures to date with the project budget and a detailed description of any identified legal, financial, technical, scheduling or other problems and the manner in which it has been or will be addressed.

(5) Documentation requirements

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

(6) Monitoring of Contractors/Suppliers

- a. On an ongoing basis, the Band Administrator will monitor the quality of the work and the working relationship with the contractor/supplier. Any issues noted will be documented in the contractor/supplier file and resolved by the Band Administrator.
- b. Performance evaluation should be tailored to job size and complexity. A review of both the project quality and the service quality should be conducted using a standard set of criteria and applying weight factors established at the time of award. Any adjustments to the criteria weighting should not be made without the contractor/supplier's concurrence.

(7) Encouraging new contractors/suppliers

- a. Contracts will be reviewed on an annual basis (or other timeframe as deemed appropriate by the Band 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 18.6 - Procurement
 - b. Standard 18.7 - Procurement of suppliers
 - c. Standard 24.5 - Contract and tendering requirements
- (2) FMB's Financial Administration Law Standards
 - a. Standard 8.3 - Policies, Protocols and Directions
 - b. Standard 16.2.1 - Expenditure Controls
 - c. Standard 22.5 - Contracts and tendering provisions

G. Attachments

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

FINANCE

Policy #: **6. Expenditures**

Date Approved:

Dates of Amendment:

Cross Reference:

A. Purpose

Expenditures paid to suppliers or reimbursed to Councillors and Band employees will be in support of valid Band 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 Band's funds are in support of valid Band programs and activities and that processing of payments are subject to proper approvals and budgetary controls.

C. Scope

This policy applies to the Council, committees of Council, officers, employees of the Band and any other persons conducting activities in connection with the Financial Administration of the Band.

D. Responsibilities

- (1) The individuals listed in the Delegation Table from the Delegated/Assigned Responsibilities Policy are responsible for:
 - a. Before approving an expenditure, ensuring that it is permitted under the current Band 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 Band 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 Band Administrator is responsible for:
- a. Approving expenditures for emergency purposes that were not anticipated in the budget if the expenditure is not expressly prohibited by or under the Financial Administration Law or another Band law.

E. Protocols

(1) General and Operational Expenditures

- a. All purchases of goods or services will be made in accordance with the Procurement Policy and protocol and the Delegated/Assigned Responsibilities policy and protocol.
- b. In emergency situations, the Band Administrator may approve the purchase of goods or services that were not anticipated in the budget and are not procured in accordance with the Procurement Policy and protocol and the Delegated/Assigned Responsibilities policy and protocol. The rationale for the purchases must be documented by the Band Administrator and the purchases must be reported immediately to the Finance and Audit Committee and to Council if significant. If possible, the payment of the purchases should be in accordance with the Procurement Policy and protocol and the Delegated/Assigned Responsibilities Policy and protocol.
- c. All requests for payments for performance of work or services or supply of good must be initiated through an invoice that is signed and coded by the Department Manager indicating 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.

- d. All requests for payment must identify the appropriate 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 on a bi-weekly basis.
- b. Hourly and salary employees will record their time daily and submit timesheets on a bi-weekly basis to their immediate supervisor for review. Both the employee and supervisor will sign and date the time sheet to demonstrate its accuracy and approval for payment.
- c. Payroll files will be reviewed by the Chief Financial Officer and approved by any two signing authorities.

(3) Reimbursable Expenditures

- a. Employees will clearly demonstrate and document that all amounts they are claiming for reimbursement were directly related to authorized activities performed on behalf of the Band.
- 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 Band's Conflict of Interest policy.
- c. Travel authorization: Prior to travel, employees will submit a request to their immediate supervisor stating the purpose, dates, and estimated costs for the proposed travel. The immediate supervisor will review it to ensure the proposed travel is in support of official Band 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:

Travel

- i. All Band employees are encouraged to make all business travel plans within the guidelines set out in this policy. Only business or work related travel will be reimbursed.
- ii. Band policy is to reimburse employees for all appropriate expenses incurred while traveling and conducting business on behalf of Band. An employee is not expected to

suffer financial hardships by reason of performing Band business, nor is he/she expected to raise his/her standard of living or enjoy personal financial gain thereby.

- iii. An employee or person authorized to travel on behalf of the Band shall be paid travel expenses as outlined in this section.

Submission of Claims

- i. Travel claims should be submitted on the appropriate claim forms monthly, one (1) month per claim form. Claims must be approved by the immediate supervisor and reviewed by the Finance department for accuracy.

Claim Submission

- i. The individual employee must ensure that expenses claimed are reasonable to the circumstance, in accord with the rates established by Chief and Council (Appendix F), and are submitted accurately each month. It is each employee's responsibility to be fully aware of the policy and to spend Band money in a fashion that is fully compliant with this policy.
- ii. Band has the right to refuse to pay any submitted expense claim that does not meet the guidelines outlined in this policy. All items being submitted for reimbursement on an expense report should be accompanied by original, detailed receipts.

Travel Advances

- i. Details of mileage driven and place shall be provided on the Band Travel Expense Claim Form(s). All travel advance claim forms must be completed and return to the Finance department within 30 days of issue date. No travel advance shall be provided while a travel advance claim remains outstanding.

Travel Sponsorships

- i. All sponsored travel reimbursements are Band property. All employees are required to forward any and all sponsored travel reimbursements to Band Finance department.

Mileage

- i. When an employee is authorized to travel and uses his/her personal motor vehicle, the employee shall be paid a mileage allowance at the rates approved by Chief and Council (Appendix F).
- ii. Mileage shall be paid for travel from the Band offices to the travel destination or place of work and return only, and shall be paid for those miles that constitute the most direct route. No mileage shall be paid for travel from the employee's place of residence to the Band office.
- iii. Where possible employees that are traveling to the same meeting shall travel together. The responsibility of organizing this scheduling is the responsibility of the

department manager and the employees involved. Employees who fail to comply with carpooling when possible may have their mileage claim denied.

Insurance

- i. When an employee is required by the BAND to carry Business Insurance Coverage on their vehicle(s) the Band will pay the difference between pleasure and business coverage upon the presentation of a receipt from ICBC.

Meals

- i. Paid at rates as approved by Chief and Council from time to time (Appendix F).

Incidentals

- i. For each full day of travel, when an employee is required to stay overnight, the employee shall be paid an incidental allowance (Appendix F). The incidental allowance is expected to cover items of expense that are not otherwise specified (tips, laundry, etc.).

Air Travel

- i. In the interest of cost, time and convenience, employees are encouraged, wherever practical, to travel to distant job activities via scheduled airline service. Employees are to use advance reserved economy fare whenever possible.

Accommodation

- i. An employee shall be reimbursed his/her actual expense for commercial accommodation. The Band normally expects an employee to stay in establishments which are conveniently located and comfortably equipped. The use of Luxury accommodations is to be avoided. A receipt must be obtained for this expense.
- ii. Band provides an allowance for private accommodations (Appendix F).

Taxi

- i. A taxi may be used by an employee when it is considered reasonable and justified. A receipt must be obtained for compensation.

Telephone

- i. All business calls, plus one (1) telephone call home per day are eligible expenses for reimbursement. The personal call should be no more than 10 minutes in duration.
- ii. Band will cover one (1) telephone call home per day on all Band assigned cellular phones. Other personal long distance and/or roaming charges on Band cellular phones will be the responsibility of the employee. Excessive long distance or roaming charges on an Band cellular phone may be cause for suspension of cellular phone privileges.

Traveler's Advance

- i. Where an employee is expected to travel on behalf of the Band, the employee may apply for a travel advance by estimating the cost of the trip and submitting it to the Finance Department on the appropriate form at least seven (7) days before the departure. When an employee is traveling on a travel advance, it must be accounted for, and the necessary original receipts and surplus funds attached to the appropriate travel expense claim form within 30 days of date of issue.

Travelers Cheques

- i. When an advance exceeds \$100.00 the employee shall be reimbursed the cost of converting any amount in excess of \$100.00 into travelers' cheques. An original bank receipt is required.

Tolls/Parking

- i. When an employee travels and is required to pay bridge, ferry, road or other tolls, he/she shall be reimbursed the full amount expended. Original receipts are required.

Other Modes of Travel

- i. When an employee travels and uses any commercial means of public transportation (i.e. rail, bus, etc.) he/she shall be reimbursed the full amount. An original receipt must be provided.

Receipts

- i. Receipts must be produced for all specified travel costs except meals, incidentals and expenditures under \$10.00. The original receipts must be attached to the travel claim form when it is presented.

Car Rentals

- i. On occasions it may be necessary to rent a car when traveling on behalf of the Band. All car rentals must be approved by the immediate supervisor prior to rental arrangement, and approval will be given when no other suitable method of travel is available.

(4) Band Credit Cards

This policy applies to all employees of Band who are granted and assigned a corporate credit card. The conditions set forth in this policy govern the responsible use of, and procedures for, credit cards belonging to Band for the purpose of conducting Band business.

Guidelines

Band's exclusive supplier of corporate credit cards is Royal Bank of Canada (RBC). No other provider's card will be approved for the duration of the agreement with RBC. The majority of travel expenses under \$2,000 are required to be purchased by the cardholder and paid for with the corporate credit card.

Cardholders and their managers or supervisors are responsible for ensuring that they adhere to this Corporate Credit Card Policy in order to enforce adequate controls to minimize the risk that corporate credit cards are used for fraudulent purposes, and to properly record all transactions in BAND books. All cardholders must also read and sign the Band Corporate Credit Card Statement of Responsibilities (Appendix I).

Eligibility

- a. Permanent supervisors/managers of a business unit or department may be assigned the use of a credit card.
- b. Members of Council may be assigned the use of a credit card.
- c. Only one (1) corporate credit card will be issued per approved employee or Council member.
- d. To be eligible for a corporate credit card, an employee must meet at least two (2) of the following criteria:
 - i. Frequently travels (including overseas) for the completion of his or her job duties.
 - ii. Purchases significant volumes of goods and services for use by Band.
 - iii. Incurs regular expenses of a type normally paid by credit card for the completion of his or her job duties, or for otherwise conducting Band business.

Limits & Conditions of Use

- a. Each corporate credit card shall be limited to a maximum of \$3500 for business expenditures. Exemptions to this limit will be made on a case-by-case basis only.
- b. Employees who are granted use of the company credit card are strictly prohibited to use "points" accrued from credit card use for personal purchases. Any "points" that are accumulated will be used for approved company purchases only.
- c. The use of corporate credit cards to obtain cash advances is strictly prohibited. Corporate credit cards may only be used to incur expenses for the assigned employee named on the card itself.
- d. The use of corporate credit cards is for conducting Band business only. Charging personal expenses to a corporate credit card is forbidden in any circumstance. Card transactions will be monitored by Band's Finance department to ensure compliance.
- e. Failure to comply with the conditions set forth in this policy can result in one or more of the following actions: cancellation of the card; loss of corporate credit card privileges; and/or termination of employment.

Monthly Statements

- a. Expenditures covered by corporate credit cards must be reconciled with the Finance department within ten (10) days of the credit card's statement date. Cardholders who have not reconciled monthly expenditures by the ten-day deadline will be asked to reconcile immediately.

- b. Cardholders who still do not reconcile shall be sent a reminder of their obligations. Continued failure may result in the loss of access to the corporate credit card, or possible disciplinary action.

Cardholder Responsibilities

- a. Cardholders must have their monthly statements authorized by their manager, supervisor, or senior authority. Cardholders may not authorize their own statements.
- b. Cardholders must retain original receipts of all transactions and submit them with monthly statements for authorization.
- c. All purchases on corporate credit cards without original receipts are the cardholder's responsibility for reimbursement to Band. Expenditures not supported by receipts will be billed to the cardholder, or may be deducted from the cardholder's salary.
- d. Cardholders who travel shall claim daily expenses as per diem rates (see Travel Expense Policy for further details). Cardholders may use credit card to book and pay for accommodation only.
- e. Lost or stolen corporate credit cards must be reported and cancelled immediately to Band's credit card supplier at RBC VISA 1-800-769-2512 (outside Canada call collect 416-964-7780), as well as reported to the Finance department.
- f. Cardholders are responsible for ensuring that purchases via corporate credit cards meet all purchasing criteria outlined in Band's applicable purchasing and procurement policies. Use of Credit Card Purchase Orders is recommended.

Supervisory Responsibilities

The senior authority must verify and authorize all monthly transactions. The senior authority must ensure that all credit card transactions are business related and all supporting documentation is provided by the cardholder. Any suspicious or unusual transactions must be reconciled with the cardholder immediately and referred to the financial department.

The Finance staff must also ensure that monthly statements are signed by the cardholder, and must correctly file statements and their attached documentation.

Sales Tax

Band is liable for sales taxes. To enable tax credits for the organization, all purchases made via corporate credits cards must be accompanied by documentation outlining the sales tax components of the bill. Employees who do not obtain these tax invoices may have their corporate credit card cancelled.

Making Purchases

Cardholders may place an order with a supplier either in person, by fax/telephone, or by mail. Purchases made via the Internet and Web sites are generally if the site uses appropriate encryption. Furthermore:

- a. Sufficient budget funds must be available to cover all purchases made on corporate credit cards.
- b. Expenditures shall not exceed maximum transaction limits, individual card limits, and/or monthly credit limits.
- c. Purchases should be recorded in Credit Card Purchase Order book, with sufficient detail for correctly entering the transaction in the Band's accounting system.
- d. The following purchases are considered acceptable for corporate credit card use:
 - i. Payment or deposits for goods/services in full or in part.
 - ii. Hotel and airline bookings.
 - iii. Memberships and subscriptions.
 - iv. Conference fees.
 - v. Postage fees and other courier express services.
 - vi. Operating supplies for conducting Band business (e.g. toner, software, general office supplies, etc.).
 - vii. Minor equipment purchases.
- e. The following purchases are considered unacceptable for corporate credit card use and are prohibited:
 - i. Private and/or personal expenses.
 - ii. Payment of travel expenses where the employee has chosen to receive reimbursement via the per diem method outlined in the Travel Expense Policy.
 - iii. Withdrawal of cash or cash advances.
 - iv. Computer hardware, unless prior authorized and approved by Band's IT department.
 - v. Splitting the total cost purchases into multiple transactions to avoid the requirements of any Band policy.

Monitoring

Band reserves the right to conduct random audits of cardholder purchases and monthly statements, either by internal or external auditors.

Disputed Transactions

Disputed transactions shall be reconciled by Band's credit card supplier and the cardholder. Cardholders must notify the credit card supplier and the Finance department immediately for resolution. Disputed transactions in arrears for greater than 2 (two) months will be brought to the attention of the Financial department for further action.

Renewals

Requests for lost, stolen, or damaged credit cards must be referred to the Finance department. Band's credit card supplier normally coordinates card replacement. For corporate credit cards that are due to expire, cardholders will receive a replacement in advance. Old cards must be

returned to the Finance department for immediate destruction. Replacement cards must be signed by the cardholder immediately upon receipt of the replacement card.

Termination of Employment

Prior to termination of employment or job duties requiring corporate credit card use, each cardholder must:

- a. Reconcile all expenditures on his or her card.
- b. Ensure that credit card accounts are reconciled prior to departing the employ of Band.
- c. Surrender his or her corporate credit card to the Finance department.

If any corporate credit card transactions are in arrears after termination of employment, the amount in arrears will be deducted from any final payments owed to the employee or will result in legal action being taken against the former cardholder.

(5) Meals and Entertainment (Hospitality)

- a. Hospitality budgets will be set at the beginning of the fiscal year through the integrated planning process. The only individuals that are entitled to a hospitality budget are the following: The Councillors, the Band Administrator, and individuals directly reporting to the Band Administrator.
- b. Pre-approval will be obtained for any meals/expenses that are not within an individual's hospitality budget.
- c. For meals and entertainment expenses, the individual requesting reimbursement must clearly document the purpose of the meal/event, objectives, and individuals (name, position, organization) that are in attendance. Documentation may be on the receipt(s) or in a memo attached to the expense report.
- d. Hospitality funds are available for official Band business only. Restrictions on hospitality fund usage include:
 - i. Family members must not benefit from hospitality funding;
 - ii. Alcohol must not be purchased using hospitality funds.
- e. Hospitality expenses must include original supporting documentation demonstrating the goods or service received (original itemized receipts or invoices) and proof of payment.

(6) Memberships

- a. When an employee is required to have certification, membership or designation by the Band, fees may be paid by the Band.
- b. When an employee requests to become a member, be certified or received designation relevant to their position with Band, reasonable costs, at the manager's discretion, shall be reimbursed to the employee upon receipt of invoice to specific association is received.

- c. All professional dues, membership fees and designation fees are to be approved by the Director of Operations and may require consultation with Chief and Council.
- d. During the probationary period Band will not pay any dues or fees directly, however after the successful completion of the probationary period an employee can submit for reimbursement any fees or dues paid during the probationary period, subject to approval from the Band Administrator.
- e. During the first year of employment, fees and dues paid by BAND on behalf of an employee are subject to repayment on a pro-rated basis if the employee voluntarily leaves their position with Band.

(7) Other

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

(8) Expenditure Reporting and Documentation

- a. For general and operational expenditures, the following should be submitted to accounting for payment
 - i. Original contract/agreement (if applicable).
 - ii. Original invoice.
 - iii. Purchase order (if applicable).
 - iv. Receiving documents / packing slips (if applicable).
 - v. For payroll: timesheets, activity log (if applicable), vacation approvals, overtime approvals, leave of absence forms.
- 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 Band 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 supervisor (for the Band 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.

(9) Approval for Payment

- a. No money may be paid out of any account without an invoice or cheque requisition for payment.
- b. In addition to the steps below, the tax administrator must authorize payment out of a local revenue account.
- c. Invoices received must be immediately forwarded to Accounting who will then process them to
 - i. Match with the purchase order, contract and the receiving document (if applicable), prior to returning the invoice to the Department Manager
 - ii. Managers then check the invoices, code them, and sign and date them before returning them to Accounting
 - iii. Accounting will then ensure that all required documentation has been submitted to support payment,
 - iv. Verify mathematical accuracy,
 - v. Ensure that any taxes are correctly calculated and processed if applicable for tax exemption claims, and
 - vi. note the authorized general ledger account coding for posting to the ledgers.
- d. With the exception of the Band Administrator, the individual that approves the purchase cannot be the same individual who signs the cheque for the payment. In the case of the Band Administrator, the second cheque signatory mitigates the segregation of duty risk.

- 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 protocol, and
 - v. Adequate and sufficient supporting documentation is attached.
- f. Any exceptions to the above will require authorization from the Chief Financial Officer for payment.
- g. The Accounting staff will enter invoices and reimbursable expense claims into the general ledger for payment only when they have been appropriately approved according to this policy and protocol and the Financial Administration Law.
- h. Claims that do not meet the requirements outlined in this policy will be denied reimbursement.

(10) Payments

- a. Accounts payable will be paid within thirty 30 days of the receipt of an invoice or reimbursable expense claim.
- b. The payments package will be provided to two authorized signatories, and will be accompanied by
 - i. Supporting documentation for each payment (e.g. cheque, transfer) including
 - a) Approved invoices, expense claims, purchase orders, and receiving documents, and
- c. Payments will be initiated / distributed by Finance immediately upon receipt of the signed cheques from two authorized signatories.
- d. All documentation supporting payment will be retained in accordance with the Records and Information Policy. This will include purchase orders, invoices, contracts, packing slips, reimbursable expense claims with receipts, etc.
- e. Purchase orders and cheque requisitions payable to oneself or to one's family members must be signed off by another authorized individual of the same level or higher.
- f. Accounts Payable employees will notify the Chief Financial Officer immediately of any instances of
 - i. Non-compliance with policy requirements that cannot be resolved, and
 - ii. Suspected fraud.

F. References and Related Authorities

- (1) FMB's Financial Management System Standards
 - a. Standard 8.1 - Council delegation protocols
 - b. Standard 8.2 - Assignment protocols
 - c. Standard 18.4 - Expenditures
 - d. Standard 18.8 - Reimbursable expenses
- (2) FMB's Financial Administration Law Standards
 - a. Standard 8.2 - Delegation
 - b. Standard 16.2 - Expenditures

G. Attachments

- (1) **Appendix F** – Travel Rates
- (2) **Appendix G** – Reimbursable Expenses Claim Template
- (3) **Appendix H** – Travel Advance Form
- (4) **Appendix I** – Band Corporate Credit Card Statement of Responsibilities

FINANCE

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

Date Approved:

Dates of Amendment:

Cross Reference:

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 Band.

C. Scope

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

D. Responsibilities

- (1) Council is responsible for
 - a. Reviewing and approving any proposed long-term debt financing, including the terms and conditions, recommended by the Finance and Audit Committee.
- (2) The Finance and Audit Committee is responsible for
 - a. Reviewing any long-term debt financing proposal report presented by the Band Administrator and Chief Financial Officer and recommending a course of action to Council;
- (3) The Band Administrator is responsible for

- a. Reviewing any long-term debt financing proposal report prepared by the Chief Financial Officer and recommending a course of action to the Finance and Audit Committee.
- (4) The Chief Financial Officer (in conjunction with the Tax Administrator for local revenue account related debts) is responsible for
 - a. Monitoring borrowings, loans and payments in respect of each Capital Project.
 - b. Preparing any long-term debt financing proposal report for each proposed financing and presenting it to the Band Administrator for review and comment,
 - c. Ongoing monitoring and management of all long-term debt obligations, including timely payments, maintaining sufficient documentation, and performing regular reconciliations of debt transactions, and
 - d. 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. Protocols

(1) Determination of need and evaluation of options

- a. The Band Administrator and Chief Financial Officer will document the requirement for the Band to incur a long-term debt obligation by examining the strategic plans, multi-year financial plan, annual budget, current financial situation, and any planned activities requiring funding. Once the need and amount of funding required is determined, the Chief Financial Officer will work with the Band Administrator to outline the various financing options available to the Band.
- b. The Chief Financial Officer (and members of the finance team under the supervision of the Chief Financial Officer as appropriate) will prepare a long-term debt financing proposal report which includes the following:
 - i. Need for financing and alternatives considered;
 - ii. Evaluation of available financing options;
 - iii. Recommended financing option;
 - iv. Proposed security for the financing option;
 - v. The purpose, use and application of funds;
 - vi. Description of re-payment plans based on cash flow analysis;
 - vii. Linkage to the Band integrated planning process, including the strategic plan, multi-year financial plan, annual budget, and cash flow statements;

- viii. Identification of any provisions in the Financial Administration Law or in any other applicable law that limits debt which can be incurred by the Band or that imposes requirements or conditions which must be met before debt may be incurred;
 - ix. Requirement for consultation with members of the Band before any Capital Project-related debt is incurred by the Band.
- c. The Band Administrator will review and approve the content of the long-term debt financing proposal report prepared by the Chief Financial Officer, including a recommended course of action to the Finance and Audit Committee.

(2) Approval

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

(3) Management and monitoring of debt obligations

- a. The Council will manage and monitor the long-term debt obligation by:
 - i. Ensuring the multi-year financial plan of the Band demonstrates how and when this deficit will be addressed and how it will be serviced;
 - ii. Ensuring the deficit does not have a negative impact on the credit worthiness of the Band; and
 - iii. Ensuring that any financial covenants contained in lending agreements are reported upon to the appropriate stakeholders in a timely manner.
- b. The Chief Financial Officer will manage and monitor the long-term debt obligation by:
 - i. Ensuring that timely payments are made according to the terms and conditions/repayment schedule of the long-term debt obligation;
 - ii. Performing monthly/quarterly reconciliations between the Band's financial records and statements from the lender; and
 - iii. Calculating any financial covenants contained in lending agreements and evaluating whether compliance with the terms of the covenants have been met.

(4) Reporting

- a. The Band Administrator will deliver a report periodically to the Finance and Audit Committee summarising each long-term debt obligation, which could include:
 - i. the gross amount outstanding;
 - ii. the amounts issued specifically by the Band on behalf of government business enterprises;
 - iii. the net amount reported on the consolidated statement of financial position;
 - iv. the gross interest paid or payable for the period related to the debt described in (a);
 - v. the interest revenue for the period received or receivable from government business enterprises on debt issued specifically by the government on behalf of government business enterprises; and
 - vi. the net amount of interest expense reported on the consolidated statement of operations.
- b. The Chief Financial Officer will ensure that the long-term debt obligation is reported to the Finance and Audit Committee on an annual basis.

(5) Records management

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

F. References and Related Authorities

- (1) FMB's Financial Management System Standards
 - a. Standard 18.5 - Debt
- (2) FMB's Financial Administration Law Standards
 - a. Standard 16.3 - Borrowing

G. Attachments

None

FINANCE

Policy #: **8. Loans Receivable and Guarantees**

Date Approved:

Dates of Amendment:

Cross Reference:

A. Policy

The Band will ensure that any loans receivable and Loan given will be made in accordance with written agreements which include standard clauses, are appropriately approved, are monitored for compliance with agreement terms regularly, and are reported to the Finance and Audit Committee on a regular basis. Any loans receivable entered into between the Band and a Band member or an entity in which a member of the Band 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 members.

B. Purpose

The purpose of this policy is to provide the Band with an effective and transparent process for the approval, collection and documentation of loans receivable and Loan Guarantees given by the Band as authorized in its Financial Administration Law.

C. Scope

This policy applies to loans receivable and Loan Guarantees entered into between the Band and:

- (1) a Councillor;
- (2) a Finance and Audit Committee member;
- (3) an employee of the Band;
- (4) a Band member or entity in which a Band member has an interest; and
- (5) any other third party whether an individual or business entity including band-owned businesses.

D. Responsibilities

- (1) Subject to the Financial Administration Law, Council is responsible for:

- a. Approving and signing Loan Receivable agreements
 - b. Approving and signing Loan Guarantee agreements
 - c. Approving debt forgiveness for amounts exceeding \$1000;
 - d. Approving the standard template, clauses, and interest rates (if applicable) to be applied to all Band members, any entity in which a member of the Band has an interest or any other party with respect to loans receivable and Loan Guarantees;
 - e. Reviewing the report of the Chief Financial Officer and the Finance and Audit Committee for a lending program to members where such program is authorized in the Financial Administration Law and, where appropriate, approving such program.
- (2) The Finance and Audit Committee is responsible for:
- a. Reviewing a report made by the Chief Financial Officer respecting a lending program to members and making any recommendations to Council;
 - b. Monitoring the status of Band's loans receivable and Loan Guarantees and reporting to the Council;
 - c. Monitoring the administration of any Council approved program of lending to members and any amendments thereof.
- (3) The Band Administrator is responsible for:
- a. Approving employee payroll and employee expense advances;
 - b. Ensuring the lending and Loan Guarantee process is transparent by providing Band members access to the requirements, standard terms and conditions;
 - c. Ensuring the publication of the terms and conditions of any Council approved program of lending to members, providing access to the published program by all members and administering the program; and
 - d. Approving and signing loan agreements for amounts up to \$3,000;
- (4) The Chief Financial Officer is responsible for:
- a. Reporting to the Council, any risks associated with entering into a new program of loans to be made to members or entities in which members have an interest and the costs of administering such a program;
 - b.
 - c. Preparing loan and Loan Guarantee agreements using the standard clauses approved by Council;
 - d. On a regular basis, monitoring the status of loan repayments, overseeing the Loan Receivable collection protocols, evaluating the likelihood of collectability and risk of loss, approving any necessary loan valuation allowances to reflect loans receivable at the lower

of cost and net recoverable value and reporting the results of this monitoring to the Finance and Audit Committee;

- e. Ensuring that Loan Receivable allowances and Loan Receivable write-offs and loan forgiveness are reported to the Finance and Audit Committee and accurately recorded and disclosed in the financial records and statements;
- f. Ensuring adequate supporting documentation is retained for all loans receivable and Loan Guarantees;
- g. On an annual basis, preparing a report for the Finance and Audit Committee setting out all payments made to honour the Band's Loan;
- h. On an annual basis, preparing a report for the Finance and Audit Committee setting out all loans or obligations forgiven by the Band.

E. Protocols

(1) Requirements

- a. Subject to the Financial Administration Law, any authorized loans receivable issued by the Band are subject to the following conditions:
 - i. Loans available to members must be set out in a program approved by the Council which has published terms and conditions and is universally available to all members;
 - ii. Loan Receivables and all payments received from those loans must be set out in an annual report that includes details about
 - a) the amounts loaned;
 - b) the purposes of the loans;
 - c) subject to applicable privacy law, the names of those receiving a loan; and
 - d) repayments of principal and interest on the loans.
 - iii. . Approval will be enacted by signing the agreement with the individual requesting the loan and will only be granted if the risk of non-payment is at an acceptable level for the Band.
 - iv. A binding legal written agreement will be made between the Band and individual requesting the loan. The agreement will contain standard clauses that are consistently applied to every individual that applies for and secures a loan from the Band. The following items, at a minimum, will be present in the agreement:
 - a) The name of the individual;
 - b) Amount of the loan;

- c) Nature and amount of any security over the loan pledged in favour of the Band or provided as loan collateral;
 - d) Interest (if applicable);
 - e) Repayment schedule.
- v. Approval will be enacted by signing the agreement with the individual requesting the loan.
- b. Loan Guarantees will only be granted for Band Market Housing purposes. See the Market Based Housing Policy and Procedures document for details.

(2) Operating Leases

- a. The Council [or the person with delegated authority] should ensure that the Band enters into a lease agreement, provided that the amounts payable under the lease are within the budget for the related program or department.
- b. Real property lease agreements respecting the Band must be made in accordance with the land code or applicable land management laws and policies.

(3) Accessibility

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

(4) Collection

- a. On a monthly basis, the Chief Financial Officer will review the list of outstanding loans receivable and corresponding loan payments. The following actions will be taken to resolve overdue payments and delinquent accounts:
 - i. For loan payments that are between 30 and 60 days overdue, the individual holding the loan will be contacted in writing requesting that all overdue payments be made as soon as possible and no later than a specified date;
 - ii. For loan payments that are more than 60 days overdue, late payment interest will be charged on the outstanding loan balance in accordance with the loan agreement between the individual and the Band. The individual will be contacted in writing and by phone and informed that interest will accumulate until all overdue payments have been received. Contact by writing and by phone will be made on a monthly basis thereafter if payment has not been received;

- iii. For loan payments that are more than 120 days overdue, the Chief Financial Officer will determine whether the loan should be considered impaired and written off or sent to an external collections agency. The Chief Financial Officer (or delegate) will inform the individual in writing and by phone that the payments in Arrears have been transferred to an external agency for collection;
- iv. Any additional financing arrangements or amendments to existing loan agreements to improve the likelihood of repayment between the Band and an individual with payments in Arrears will be determined by the Chief Financial Officer and approved by the Band Administrator.

(5) Debt Forgiveness

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

(6) Write-offs

- a. For all other loans, when all reasonable steps to collect have been taken and debt has not been collected or forgiven, the Chief Financial Officer will ensure that the loan and its outstanding principal and interest payments are written off in the financial statements as bad debt.
- b. No member debt will ever be written off unless they are deceased.

(7) Monitoring and Reporting

- a. All loans and Loan Guarantees will be reported annually to the Finance and Audit Committee. The annual report will contain the following information for each loan and Loan Guarantee:
 - i. Subject to applicable privacy law, name of the individual;
 - ii. Purpose of the loan or Loan Guarantee;
 - iii. Amount of the original loan or Loan Guarantee;
 - iv. Repayments of principal on loans;
 - v. Interest earned and collected on loans;

- vi. Actual payments made, if any, against Loan Guarantees;
- vii. List of payments in Arrears by individual, subject to applicable privacy law;
- viii. Any expected payments required as a result of the Band having to fulfill or honour a guarantee agreement based on the Chief Financial Officer's knowledge of the contracts in place and changes in their underlying financial condition.

(8) Record Keeping

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

F. References and Related Authorities

(1) FMB's Financial Management System Standards

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

(2) FMB's Financial Administration Law Standards

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

G. Attachments

None

FINANCE

Policy #: **9. Investments**

Date Approved:

Dates of Amendment:

Cross Reference:

A. Policy

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

B. Purpose

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

C. Scope

This policy applies to Council, the Finance and Audit Committee, the Band Administrator and the Chief Financial Officer.

D. Responsibilities

(1) Council is responsible for:

- a. determining the Band'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 Band Administrator is responsible for:
- a. monitoring the performance of all parties to whom duties have been delegated;
 - b. reporting any significant changes to the investment portfolio to Council;
 - c. liaising with the Finance and Audit Committee, Investment Manager, Chief Financial Officer, and Investment Consultants as required; and
 - d. providing the Finance and Audit Committee with recommendations in relation to preliminary risk assessment of funds, selection / de-selection of the investment manager(s) and custodian, funds to be invested, monitoring performance, rebalancing portfolios, and the redemption of invested funds.
- (4) The Chief Financial Officer is responsible for:
- a. analysis of proposals received from Investment Managers and Custodians;
 - b. performing a preliminary risk assessment analysis against criteria to be met prior to investing decisions are made by Council;
 - c. overseeing rebalancing of the investment portfolios asset mix according to Council instructions;
 - d. executing transfers of funds to / from the investment account(s) according to Council instructions;
 - e. preparing an accounting for additions, withdrawals and balances in the investment account; and
 - f. recommending transfers, rebalancing, monitoring actions, Investment Manager changes, and any other recommendations relevant to the successful management of the investments.

E. Protocols

(1) Selection of Investment Manager(s) and Custodian

- a. Council will select the Investment Manager(s) and Custodian. The Chief Financial Officer 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. 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 Band. Agreements must be consistent with this policy and protocol, and must facilitate

execution of the short and long term investment strategies. The agreements must be entered into before any funds are transferred into the investment account(s).

(2) Termination of Investment Manager(s)

- a. Council may terminate an Investment Management agreement for:
 - i. performance results;
 - ii. changes in the Band 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 protocol.

(3) Designation and transfers of investment funds

- a. The Chief Financial Officer will notify the Finance and Audit Committee in writing when there are Band 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 Chief Financial Officer will transfer the approved funds into the designated investment account(s) and communicate to the Custodian and Investment Manager whether the funds are restricted or unrestricted, and whether they are to be invested over the short term or long term.
- d. The Chief Financial Officer will communicate and oversee approved requests to redeem investments and transfer the proceeds to the Band.

(4) 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 Bands Finance Authority.

- b. Unrestricted or internally restricted funds may be invested in:
 - 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 including swaps in United States of America currency;
 - iii. securities issued by the Bands 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 class of investments permitted under an Act of any province relating to trustees;
 - vi. any other investments or class of investments prescribed by a regulation under the Act;
 - vii. a company that is incorporated under the laws of Canada or of a province or territory and in which the Band is a shareholder;
 - viii. a trust in which the First Nation is a beneficiary;
 - ix. a limited partnership in which the Band is a partner; and
 - x. subject to the Financial Administration Law, a member investment program as described in section 64 of the Law.

(5) Monitoring of Investments

- a. The Chief Financial Officer will reconcile the investment and custodian accounts to the general ledger and financial statements in a timely manner.
- b. The Investment Manager will be required to attend Council meetings from time to time and discuss investment performance, and changes in strategy, approach or personnel.

(6) Re-balancing of the Investment Portfolio

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

F. References and Related Authorities

(1) FMB's Financial Administration System Standards

- a. Standard 19.3 – Investments

(2) FMB's Financial Administration Law Standards

- a. Standard 17.3 – Investments

G. Attachments

(1) None

FINANCE

Policy #: **10. Tangible Capital Assets**

Date Approved:

Dates of Amendment:

Cross Reference:

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 Band's asset strategy and that ensures assets are accurately reflected in the Band'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, Band Administrator, Chief Financial Officer, and senior management of the Band, 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 and protocols for Capital Projects to address the issues identified in the Financial Administration Law for the proper management of Capital Projects;
- f. Approving protocols for the safeguarding of Tangible Capital Assets;

g. Ensuring Capital Project budgeting requirements are implemented.

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

- a. Reviewing on or before January 15 the financial information provided on the Life-Cycle Management Program by the Chief Financial Officer;
- b. Reviewing and recommending to Council the annual budget for Tangible Capital Assets;
- c. Reviewing and recommending to Council protocols for the safeguarding of assets;
- d. Reviewing status reports on the capital asset reserve fund and if necessary making a recommendation to Council relative to the funding contribution;
- e. Reviewing the Chief Financial Officer's recommendations on Asset Recognition Criteria and making recommendations to Council for approval;
- f. Reviewing any scheduled Capital Project Plans including supplemental information and their budgets and developing recommendations for Council.

(3) The Band 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 Band's Tangible Capital Assets;
- b. Ensuring the Tangible Capital Assets register is maintained 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 Band members are informed and involved in tangible capital asset projects and borrowings for construction as required in the Financial Administration Law;
- d. Developing and recommending to the Finance and Audit Committee the Asset Recognition Criteria and reviewing the criteria periodically for possible recommended changes;
- e. Serving as a point of contact to retain Capital Project consultants to assist the Band Administrator, Finance and Audit Committee and Council.

(4) The Chief Financial Officer is responsible for:

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

- d. Monitoring the tangible capital asset protection insurance program and making recommendations to the Band Administrator in adequate time before each annual renewal, or sooner if circumstances warrant;
 - e. Preparing the maintenance and quarterly reporting to the Finance and Audit Committee, or more frequently if necessary on the status of the capital asset reserve fund;
 - f. Developing and recommending protocols for the safeguarding of assets and ensuring approved protocols are followed;
 - g. Developing the budget for Capital Project Plans and annual capital plan.
- (5) Employees involved in the Life-Cycle Management Program are responsible for:
- a. Maintaining tangible capital asset information and implementing asset security and safeguarding measures as provided through the application of these policies and safeguarding protocols approved by Council;
 - b. Recording and reporting periodic changes in Tangible Capital Assets to the Band Administrator;
 - c. Ensuring Tangible Capital Assets are accurately tracked and inventoried using the pre-numbered asset control tagging system.

E. Protocols

(1) Tangible Capital Asset Register

- a. A detailed tangible capital asset register is to be established, maintained and kept current by the Band 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. Previous inspection date;
 - v. Original expected life of the asset at the time of acquisition;

- vi. Most recent assessment of the condition of the asset and its expected remaining Useful Life²;
 - vii. Original cost to acquire or develop the asset;
 - viii. Any costs capitalised subsequent to the initial acquisition or development of the asset (e.g. additions, betterments);
 - ix. Any amounts de-recognised as a result of the sale or disposal of the asset;
 - x. Any proceeds received as a result of the sale of the asset;
 - xi. The amount of depreciation expense calculated for the current period;
 - xii. The total accumulated depreciation expense as at the end of the current period;
 - xiii. Any increase to accumulated depreciation made during the current period to reflect an impairment in the carrying value of the asset;
 - xiv. The total cost, accumulated depreciation and carrying value (i.e. Net Book Value) of the asset as at the end of the current period;
 - xv. Estimated Residual Value of the asset (i.e. the estimated net realizable value of the tangible capital asset at the end of its Useful Life to the Band);
 - xvi. Insurance coverage details for the asset;
 - xvii. Any other information required by the Council.
- c. Department managers will be provided with an annual copy of the tangible capital asset register listing the assets assigned to their respective departments. It is the responsibility of the department manager to regularly report any changes (e.g. additions, disposals, indicators of impairment, changes to estimated Useful Life, etc.) that are to be made to the register to the Finance Department.
 - d. The Finance Department will regularly reconcile the general ledger to the tangible capital asset register. Please refer to Appendix J for additional guidance on the Tangible Capital Asset Register.

(2) Amortization / Depreciation

- a. A suitable method for amortizing (or depreciating) each category of Tangible Capital Assets should be selected to form part of the Band's accounting policies.
- b. The cost, less any Residual Value, of a tangible capital asset with a limited life should be amortized over its Useful Life in a rational and systematic manner appropriate to its nature and use by the Band. Amortization (or depreciation) expense should be calculated and recorded.

² 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.

- i. The amortization of the costs of Tangible Capital Assets should be accounted for as expenses in the statement of operations.
- ii. Land normally has an unlimited life and would not be amortized.
- iii. Where the Band expects the Residual Value of a tangible capital asset to be significant, it would be factored into the calculation of amortization.
- iv. The Useful Life of a tangible capital asset depends on its expected use by the Band. Factors to be considered in estimating the Useful Life of a tangible capital asset include:
 - a) expected future usage;
 - b) effects of technological obsolescence;
 - c) expected wear and tear from use or the passage of time;
 - d) the maintenance program;
 - e) studies of similar items retired; and
 - f) the condition of existing comparable items.
- b. The amortization method and estimate of the Useful Life of the remaining unamortized portion of a tangible capital asset should be reviewed on a regular basis and revised when the appropriateness of a change can be clearly demonstrated.

(3) Annual inspection and review

- a. On or before November 30, the Band Administrator will initiate an annual inspection of the Band's capital asset inventory. Employees in the property management department will be assigned by the Band Administrator to complete the inspection under his/her supervision. Where appropriate or necessary the Band Administrator may choose to engage the services of an external specialist to assist in the valuation of certain specialised assets (e.g. land, buildings, etc.).
- b. Any changes necessary to the tangible capital asset register will be documented by the employee noting the changes, and communicated to the Band Administrator for review and approval. Once reviewed and approved by the Band Administrator, the changes will be input in the tangible capital asset register by the employee responsible for the register.
- c. The Band Administrator will report to the Finance and Audit committee on the outcome of the annual inspection and review of assets, noting any significant developments or findings.
- d. In the event that there is evidence of damage to or a loss of an asset identified during the inspection process or at any other time of the year, the Band Administrator will investigate the matter and initiate the insurance claim process if applicable. The tangible capital asset register will be updated based on this new information.

- e. When conditions indicate that a tangible capital asset no longer contributes to the Band's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its Net Book Value, the cost of the tangible capital asset should be reduced to reflect the decline in the asset's value.
 - i. The net write-downs of Tangible Capital Assets should be accounted for as expenses in the statement of operations.
 - ii. A write-down should not be reversed.

(4) Safeguarding Assets

- a. Physical security arrangements over capital assets will be reviewed periodically by the Chief Financial Officer and the results of this review will be recorded and filed.
- b. 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. All warranty and related work including inspections will be undertaken in a timely manner.
- b. The Band Administrator will recommend that any critical Tangible Capital Assets of an unsafe nature, based on the annual review, are given a priority for replacement (or Rehabilitation) in future planning.
- c. The Band Administrator will ensure that appropriate staff training on the use of the particular tangible capital asset will be provided to ensure safety.

(6) Life Cycle Management Program

- a. Based on the information in the tangible capital asset register and consultations with the Band Administrator and operations and maintenance employees, the Chief Financial Officer will prepare the annual capital plan by December 31 of each year.
- b. The annual capital plan will include short and long term forecasts for asset Rehabilitation and/or replacement. The plan will include the information that the Chief Financial Officer is required to prepare in the Financial Administration Law and, at a minimum, the following details:
 - i. A description of each asset to be replaced or refurbished;
 - ii. The rationale for the replacement or refurbishment;
 - iii. Estimated cost, including contingencies, of each proposed acquisition or refurbishment project;
 - iv. Estimated timeframe and schedule for completion of each asset acquisition or proposed refurbishment project;

- v. Ongoing maintenance requirements and costs and the impact on the Band's budget.
- c. The Finance and Audit Committee will review the annual capital plan, in conjunction with the Tangible Capital Assets register. The objective of this review is to:
 - i. Identify any means to reduce costs of each Capital Project;
 - ii. Understand the effect that each proposed Capital Project (Rehabilitation, replacement) on the annual operating costs and routine maintenance costs in future years;
 - iii. Determine whether any significant savings might be affected by coordinating the scheduling of Capital Projects, deferring any projects, or carrying out Rehabilitation projects rather than replacement projects.
- d. The Finance and Audit Committee will review 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 Band Administrator, with input from the Chief Financial Officer and the Director of Community Services, will develop an annual capital plan for all Capital Projects that exceed \$1,000,000 in cumulative value. The plan will include a business case for the Capital Project, that will contain, at a minimum, the following:
 - i. The financial viability of the project (i.e. how it will be financed, what the expected return on investment will be, etc.);
 - ii. Project operating requirements (e.g. annual operating and maintenance costs, cash flow considerations, etc.);
 - iii. Evaluation of all other options considered;
 - iv. A project risk assessment.
- b. The annual capital plan will be integrated with the Band's strategic plan (see Integrated Planning Policy for further details).
- c. The Band Administrator will coordinate project planning, design, engineering, tendering, bid selection, and environmental requirements for each Capital Project in accordance with Council policies and protocols for management of Capital Projects. Capital Project consultants, including engineers, may be engaged to carry out these obligations at the discretion of the Band Administrator.
- d. The Chief Financial Officer will coordinate project costing, budgeting, financing and approval for each Capital Project in accordance with Council policies and protocols for management of Capital Projects.

- e. To coordinate project management of each Capital Project, an ad hoc working committee - project planning and implementation - may be established as necessary with the Band Administrator and Chief Financial Officer as members.
- f. The annual capital plan and recommendations from the working committee will be provided to the Finance and Audit Committee. Scope adjustments, modifications and other significant adjustments made to the projects will be identified and a rationale provided.
- g. The Finance and Audit committee will review the annual capital plan on or before January 15 and forward their recommendation to Council for approval.
- h. The Council must take reasonable steps to ensure that Capital Projects for construction of buildings or other improvements are financed, planned and constructed in accordance with protocols and to standards that generally apply to the financing, planning and construction of public builds and other improvements of organized communities in the region in which the majority of the Band's lands are located. The Band Administrator will report to the Finance and Audit Committee on steps taken to ensure these results are met for every Capital Project.

(8) Construction management

- a. The Band 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 protocols for management of Capital Projects.
- b. Depending upon the size of the project, an independent project manager may be retained to provide contract management and control.
- c. The Chief Financial Officer will process contractor progress payments, manage construction holdbacks and payment as required in the Council policy and protocol on management of Capital Projects and will organize audit protocols in conjunction with the annual audit.
- d. The Chief Financial Officer will report to every meeting of the Finance and Audit Committee on each Capital Project respecting
 - i. Year to date borrowings, loans and payments;
 - ii. The status of the project including
 - a) A comparison of the expenditures to date against the project budget,
 - b) A detailed description of any identified problems with the project, and
 - c) The manner in which a problem identified has been or will be addressed, and
 - iii. Steps taken to ensure compliance with Council policies and protocols for management of Capital Projects.

- e. Work approvals, including change orders, will be signed off by the project manager or designate and forwarded to the finance office for retention and clearance against the contractor's invoice.

(9) Life Cycle Policy Directives

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

(10) Acquisition of Tangible Capital Assets

- a. Department managers will identify to the Band Administrator the asset to be acquired as part of the annual budget and annual capital plan. It is recognized however that unforeseen asset acquisitions will occasionally be necessary.
- b. The acquisitions of Tangible Capital Assets are subject to the Delegated and Assigned Responsibilities Policy and the Procurement.
- c. Subject to the Delegated Authorities Policy, all purchases or leases of capital assets are to be made in accordance with the annual budget, annual capital plan, and Council resolution for financing.
- d. Any significant variance between budgeted and actual cost of the tangible capital asset is to be reported to the Band Administrator and the Finance and Audit Committee.
- e. Following acquisition and delivery of a tangible capital asset, the Finance Department will ensure the asset is reflected in the accounting records and the financial statements of the Band. The asset will be added to the Tangible Capital Asset Register of the Band.

(11) Tangible Capital Asset Reserve Fund

- a. The Council will establish a Tangible Capital Asset Reserve Fund to be applied for the purposes of construction, acquisition, maintenance, Rehabilitation and replacement of the Band's Tangible Capital Assets.
- b. The Chief Financial Officer will manage the Tangible Capital Asset Reserve Fund.

(12) Disposal of Tangible Capital Assets

- a. Department managers will identify to the Band Administrator the asset to be disposed of, and the method of disposal, as part of the annual budget and capital plan. It is recognized however that unforeseen asset disposals will occasionally be necessary.
- b. The difference between the net proceeds on disposal of a tangible capital asset and the Net Book Value of the asset should be accounted for as a revenue or expense in the statement of operations.

- c. Any item determined to be of no value or unsafe must be disposed of as waste in an appropriate manner that meets all regulatory or statutory requirements.
- d. Members of the Band shall have an equal opportunity to purchase surplus assets through a competitive disposal process.
- e. All items to be sold are on an “as is, where is” basis with no warranties or guarantees expressed or implied.

F. References and Related Authorities

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

G. Attachments

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

FINANCE

Policy #: **11. Insurance Policy**

Date Approved:

Dates of Amendment:

Cross Reference:

A. Policy

The Band 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 Band and its councillors, officers, and staff.

C. Scope

This policy applies to Council, the Finance and Audit Committee, the Band Administrator, the Chief Financial Officer, and all other employees involved in insurance matters at the Band.

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 Band 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 Band officer or their personal representatives against any liability arising from that person being or having been a councillor or an officer.

(2) The Band Administrator is responsible for:

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

- b. Leading and managing the risk identification and assessment process;
- c. Selecting an insurance broker;
- d. Evaluating options from insurance providers, as provided by the insurance broker, to address the risks that require insurance coverage;
- 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 Band.

E. Protocols

(1) Identify significant material risks

- a. The Band Administrator, with input from members of the management team, will develop a list of potential significant material risks to the Band's financial assets, Tangible Capital Assets and the operations of the Band. This will include an examination of:
 - i. Potential sources of liability of the Band arising from its operations;
 - ii. Values and use of Property and equipment;
 - iii. Values and use of Assets under control of the Band;
 - iv. Potential sources of Liability for individuals such as councillors, officers and staff members of the Band; and
 - v. Other risk areas that could result in a loss to the Band and could be insured.

(2) Identify and procure insurance products

- a. Based on the risk analysis performed, the Band Administrator will identify the risks where insurance coverage is appropriate.
- b. The Band Administrator's determination on insurance providers will take into consideration the following:
 - i. Cost of the coverage;
 - ii. Attributes and features of the proposed coverage including what is and is not covered and any gaps or exclusions; and

(3) Approval for insurance coverage

- a. Once approved by the Band Administrator, procurement of the insurance coverage will follow the Band's Procurement and Expenditure Policies.

(4) Maintenance of insurance coverage

- a. The Chief Financial Officer will maintain a schedule of insurance policy expiration dates and payment dates and monitor on a regular basis to ensure that coverage does not lapse.
- b. The Band 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 Band.

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

FINANCE

Policy #: **12. Risk Management**

Date Approved:

Dates of Amendment:

Cross Reference:

A. Policy

The Band 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 Band, including risk assessments, mitigation plans, and specific business activities that are separately evaluated, managed and monitored.

C. Scope

This policy applies to Council, the Finance and Audit Committee, the Band Administrator, the Chief Financial Officer, and all other employees involved in risk management at the Band.

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 Band Risk Management Plan (Appendix N) and Fraud Risk assessment;
- c. Subject to the Financial Administration Law, approving:
 - i. For-profit business activities, consolidated entities and ventures;
 - ii. The investment strategy and investment risk assessment;
 - iii. Loans or guarantees;
 - iv. Insurance coverages; and

v. Emergency plan

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

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

(3) The Band Administrator is responsible for:

- a. Managing the periodic 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, 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. Preparation of the Band investment strategy, insurance coverage and emergency plans;
- g. Immediately reporting any significant changes to the Risk Management Plan and Fraud Risk assessment to the Finance and Audit Committee;
- h. Preparing a documentation that assesses qualification of individuals engaged in control activities in the Band's financial management systems; and
- i. Obtaining a written confirmation from the persons engaged in the Band's financial management system that they understand their responsibilities.

(4) The Chief Financial Officer is responsible for:

- a. Ensuring all for-profit business activities are separately reported in the monthly, quarterly and annual financial statements and management reports;
- b. Developing and recommending protocols for identifying and mitigating risks for the annual Risk Management Plan;
- c. Developing and recommending protocols for identifying and mitigating Financial Reporting Risks and Fraud Risks;
- d. Reviewing and recommending approval for loan or guarantee requests; and
- e. Monitoring the control activities and its impact on the Band and the Risk Management Plan.

E. Protocols

(1) Periodic Risk Management Plan

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

(2) Fraud Risk Assessment

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

- c) Management override of Internal Control; and
- d) Ineffective technology systems;
- ii. Willful violation of laws that could have a material direct or indirect impact on financial reporting.
- e. Fraud Risk assessment will also identify the risk of fraud resulting from attitudes of and rationalizations by individuals justifying inappropriate actions.
- f. Fraud Risks assessment will include various ways that fraudulent reporting can occur taking into account the following:
 - i. Management bias;
 - ii. The degree of estimates and judgements used in financial reporting;
 - iii. Possible fraud schemes and scenarios in Band communities;
 - iv. The geographic region where Band 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 Band Administrator will prepare a documentation that assesses the qualification of individuals engaged in Fraud Risk control activities in the Band's financial management system.
- h. On a periodic basis, the individuals involved in the Fraud Risk controls must confirm in writing that they understand their responsibilities.

(3) For-profit business activity risk management considerations

- a. Prior to beginning any for-profit business activity, the Band Administrator or designate will lead the preparation of a business case supporting the activity. The business case should contain, at a minimum, a detailed description of the proposed activity, costs, projected revenues and benefits, funding arrangements, strategic impact, and a risk assessment (including whether the activity will result in a material liability of the Band or expose the Band's financial assets, property or resources to significant risk).
- b. The risk assessment should address all risks related to the project and the resulting overall impacts on the Band.
- c. For each risk, a detailed mitigation plan with assigned responsibility will be developed.

- d. The complete business case and risk assessment will be presented to the Finance and Audit Committee for review and recommendation to Council for approval of the activity via a Council Resolution.
- e. The Band Administrator, or designate, will be responsible for ongoing monitoring of the for-profit business activity. Deviations from the approved business plan will be presented to the Finance and Audit Committee for review and recommendation to Council.
- f. The Band Administrator, or designate must report on the for-profit business activity separately reported in the quarterly, and annual financial statements.

(4) Loans and guarantees

- a. Approval and management of loans and guarantees is detailed in the Loans and Guarantees 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 Band will follow the documented protocols in the [Financial Reporting and Operations Policy] to identify and mitigate the risk of a material misstatement in the quarterly and annual financial statements.

(7) Insurance and Emergency Plans

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

F. References and Related Authorities

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

G. Attachments

- (1) **Appendix L** – Fraud Risk Assessment Template
- (2) **Appendix M** – Fraud Risk Assessment Guidelines
- (3) **Appendix N** – Risk Management Plan Template

FINANCE

Policy #: **13. Emergencies**

Date Approved:

Dates of Amendment:

Cross Reference:

A. Policy

An emergency plan addressing the key risks facing the Band 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 Band and its finances.

C. Scope

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

D. Responsibilities

(1) Council is responsible for:

- a. Approving the Emergency Preparedness Plan.

(2) The Band Administrator is responsible for:

- a. Creating an Emergency Management Committee;
- b. Overseeing the activities of the Emergency Program Coordinator (EPC) and for reporting directly to Chief and Council.

(3) The Emergency Program Coordinator 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 Band staff and members as part of its implementation along with any necessary training;
- (4) The Emergency Management Committee members are responsible for:
- a. Overseeing and coordinating the Emergency Management Program and the development, review and revision of this Emergency Preparedness Plan.
 - b. Serving as the liaison between Chief and Council, Band Administrator and the Emergency Management Committee
 - c. Updating the emergency response plan on an annual basis.

E. Protocols

(1) Analyze the current situation

- a. The Band Administrator will create an Emergency Management Committee which will consist of the Chief, Band Administrator, Senior Executive, and other key staff across all areas of the Band as deemed appropriate.
- b. The emergency planning committee will conduct a risk assessment to identify all risks that could have an impact on the operations and finances of the Band, including potential threats such as fires, natural disasters, and environmental risks.
- c. For each of the risks identified, the emergency planning committee should determine the likelihood of the threat occurring and the potential impact on the Band's operations.

(2) Develop the emergency plan

- a. Based on the likelihood and impact, the Emergency Program Coordinator, with input from outside expertise as required, and the Emergency Management Committee will determine which risks will be addressed in the Emergency Preparedness Plan. The plan should identify critical systems or operations and how these will be managed in the event of an emergency to minimize effects on the Band's overall operations and finances.
- b. Responsibilities for each component of the emergency plan will be clearly identified and communicated with the assigned individuals. Alternates for key individuals will be identified and provided with information on their duties.
- c. The emergency planning committee will develop an emergency notification protocol to explain how to enact the plan should an emergency occur.
- d. Documented approval of the plan will be obtained from council.

(3) Implement the plan

- a. The Emergency Program Coordinator will develop a communication strategy to ensure all affected staff and Band members have access to the emergency plan.

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

(4) Annual review

- a. On an annual basis, the emergency planning committee and key operational managers will review the plan and associated documentation to ensure it remains relevant and up to date. Updates will be performed and new versions of the plan and associated documentation distributed to the sites and individuals noted above.
- b. Significant changes to the plan will be approved by Council.

F. References and Related Authorities

- (1) FMB's Financial Management System Standards
 - a. Standard 19.5 - Emergencies

G. Attachments

- (1) Appendix O – Examples of risks to consider

FINANCE

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

Date Approved:

Dates of Amendment:

Cross Reference:

A. Policy

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

B. Purpose

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

C. Scope

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

D. Responsibilities

- (1) If the Band is a borrowing member, the Council is responsible for: ensuring that the Band takes measures as soon as practicable to rectify any gaps or areas of non-compliance between the Band's financial management systems and practices and the Bands Financial Management Board Standards.
- (2) The Finance and Audit Committee is responsible for:
 - a. Reviewing reports from the Financial Management System Assessment Committee;
 - b. Reporting to Council as soon as practicable any gaps or areas of non-compliance between the Band's financial management systems and practices and the Bands Financial Management Board Standards and monitoring actions taken to bring the Band into compliance.
- (3) The Financial Management System Assessment Committee is responsible for:

- a. Planning, scheduling, and conducting Internal Assessments;
- b. Ensuring issues or concerns identified through the Internal Assessment process are resolved;
- c. Holding an annual meeting to review the financial management system for the previous fiscal year;
- d. If the Band is a borrowing member, performing self-assessments of the Band's financial management systems and practices against the Band Financial Management Board's Standards and monitoring to ensure that any gaps or areas of non-compliance are rectified as soon as possible; and
- e. Reporting to council, the Finance and Audit Committee, and the internal/external auditors on the results of their reviews.

(4) The Band Administrator is responsible for:

- a. Designating members of the Financial Management System Assessment Committee; and
- b. Scheduling the dates for required meetings of the Financial Management System Assessment Committee;

(5) The Chief Financial Officer is responsible for:

- a. Ensuring issues and concerns regarding the financial management system are collected, tracked, managed, reported and resolved as required in this policy; and
- b. Participating in the Financial Management System Assessment Committee.

E. Protocols

(1) Financial Management System Assessment Committee

- a. The Financial Management System Assessment Committee ("the Assessment Committee") will be composed of the Chief Financial Officer, Band Administrator, and other finance and operations staff designated by the Finance and Audit Committee.
- b. The Assessment Committee will meet at least once annually.
- c. Annually on a date scheduled by the Finance and Audit Committee, the Assessment Committee will review the financial management system for the period of the previous four quarters and up to the date of the meeting.
- d. The Assessment Committee agenda items will include, but are not limited to, the following:
 - i. Review of the system's processes and protocols;
 - ii. Review of applicable laws for compliance;
 - iii. Review of external and Internal Assessment results;
 - iv. Review of identified process improvement opportunities including their resolution;

- v. Review of all committees' Terms of Reference;
- vi. Review of the Band'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, protocols and directions;
 - ii. Recommendations for any changes to those laws, policies, protocols and directions that, in the opinion of the Committee, would be beneficial to the financial management system.

(2) Internal Assessments

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

(3) Continual improvement process

- a. The Chief Financial Officer will be responsible for ensuring that any concerns or issues regarding the financial management system of the Band and brought to his/her attention are tracked, managed, and resolved on an ongoing basis.
- b. Based on the Chief Financial Officer's analysis of the concern or issue, the following steps will be taken:
 - i. For items that relate to improvements in efficiency and/or effectiveness, the Chief Financial Officer will consider the cost versus benefit of implementing the changes and act accordingly;
 - ii. For any other issues, such as minor instances of non-compliance with policy, the Chief Financial Officer will take the necessary steps to remediate and will report the findings and actions taken to the Band Administrator;
 - iii. All items will be tracked and records maintained of all actions taken.
- c. On a yearly basis, a report of the concerns or issues raised, actions taken, and any remaining potential process improvement opportunities will be submitted to the Assessment Committee.

(4) Review of Financial Administration Law

- a. Annually, the Finance and Audit Committee will review the Financial Administration Law
 - i. To determine if it facilitates effective and sound financial administration of the Band, 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 Band members are provided the information of any proposed amendments to the Law as required in the Financial Administration Law.

(6) Requirements Specific to Borrowing Members

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

F. References and Related Authorities

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

G. Attachments

None

July	14-Jul 15-Jul 29-Jul	Draft audited Annual Financial statements to be reviewed	Draft audited Annual Financial statements to be reviewed	Approved Financial Statements to be Approved/AANDC Deadline	
	Jul-16	Presentation of the May 31 statements			
August	14-Aug	Deadline for presentation of the June 30 statements			
	14-Aug		Draft Quarterly (Q1) statements to be reviewed	Presentation of the Quarterly statements for approval by Council	
September	14-Sep	Presentation of the July 31 Statements			
October	15-Oct	Presentation of the Aug 30 Statements			
November	14-Nov	Presentation of the September 30 Internal statement			
			Draft Quarterly (Q2) statements to be reviewed	Presentation of the Quarterly (Q2) statements for approval by Council	
December	15-Dec	Presentation of the October 31 Internal Statements			Mid-year Audit review - BDO Canada
January	14-Jan	Presentation of the November 30 Internal Statements			
	31-Jan	Draft Annual budget to be submitted by Administration	Review of Draft 2016-17 Annual budget		
February	14-Feb	Presentation of the December 31 Internal Statements			

	15-Feb				
	15-Feb		Draft Quarterly (Q3) statements to be reviewed	Presentation of the Quarterly (Q3) statements for approval by Council	
March	17-Mar 31-Mar	Presentation of the January 31 Internal Statements	Finance/Audit Committee Review of Annual Budget complete Finance/Audit Committee Review of Multi-year plan complete		
	31-Mar-17			Annual Budget, Approval by Council Multi- year financial plan (5 Year), Approved by Council	
August	AGM			Report budget to membership at AGM in August, and take any feedback to inform next budget planning session.	

Appendix B – Financial Institution Account Reconciliation Template

Band

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)
Adjusted bank balance		\$xxxx.xx

Ending general ledger (GL) balance		\$ xxxx.xx
------------------------------------	--	------------

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

Prepared by: _____ **Title:** _____ **Date:** _____

Approved by: _____ **Title:** _____ **Date:** _____

Appendix C – Purchasing Approval Limits

Purchase Values		Process to be followed:	Who is responsible:
Less than \$200		Petty Cash	Petty Cash Clerk
Up to \$10,000		Low Value ¹	Department Manager
Greater than 10,000	Less than or equal to \$100,000	Moderate value: Informal Quotation ²	Band Administrator Chief Financial Officer
Greater than \$100,000		High value: Tender Call/Request for Proposal	Council

1. 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.
2. Informal Quotation = obtaining informal quotes where practicable through advertisements, direct solicitations to contractors/suppliers and other methods in effort to compare prices.

Appendix D –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 Band?</i>	##	##
4.	Has the organization worked previously with the Band? Provide details and an evaluation of the work.	<i>Evaluate the Band'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 Band should promote the use of local content when appropriate in the procurement of goods and services. For construction contracts on reserve lands, the Band 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 Band 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 – Travel Rates

Current rates for travel expenses:

- Mileage - \$0.50/km
- Breakfast - \$14.05
- Lunch - \$13.50
- Dinner – \$38.40
- Incidentals - \$17.50
- Private Lodging - \$50.00

Appendix G - Reimbursable Expenses Claim Template

CLAIMANT/PAYEE _____

Month/Year _____

Band# / AP Acct # _____

D-M-Y		Kms	@ \$0.50	Meals			Incidental	Lodging	Other	notes / account
Date	Details			B - \$14.05	L - \$13.50	D - \$38.40	I- \$17.50			
TOTALS										

Total claimed \$ 0.00

Trv adv # _____ Less advance \$ 0

Total payable \$ 0.00

OR, total overpaid, owing to BAND _____

* Please submit separate claims for major events (ex. Conferences, Workshops, Seminars). Be sure to include Agendas, Itineraries, Registrations, Brochures or Flyers in support of your claims. No meal allowance will be paid if meals are included in the event.

* Regular local mileage claims should be submitted once for each month on Mileage Claim Form.

* Receipts are required for accommodations, parking, taxis, tolls, airfare. If claiming trip mileage, a google map with mileage in kms is appreciated.

Any amounts overpaid to me are owing immediately to BAND in cash/cheque, or payroll deductions. _____ (signed for payroll deduction)

I certify that I have expended the amounts as indicated, and the entire amounts were incurred for BAND business. _____ (initials) **OR**

I certify that I have expended the amounts as indicated, and the entire amounts were incurred for _____ and will be reimbursed to BAND _____ (initials)

Employee signature _____

Supervisor approval _____

Date approved _____

Appendix H – Travel Advance Form

TRAVEL ADVANCE - COUNCIL OR EMPLOYEE

ADV _____

DATE SUBMITTED: _____

Department: _____

Name: _____

Position: _____

Purpose of Travel: _____

Date(s) of Conference (from/to): _____

Address of Meeting/Conference: _____

(Registration, Agenda attached)

City

If different from the above:

Name & Address of Accommodation: _____

(Hotel booking attached)

City

Date this Advance is requested by: _____

(Normally, Friday before trip)

Anticipated Cost:

Out-of-pocket gas \$ _____
 Meals not included in registration \$ _____
 Accommodation \$ _____
 Taxi, Ferry, Parking \$ _____

Meal allowance estimate	
Breakfast .. \$14 x _____	
Lunch \$13 x _____	
Dinner \$38 x _____	

TOTAL AMOUNT OF ADVANCE REQUESTED \$ _____ .00

(Incidentals, highway tolls, mileage are not normally considered out-of-pocket, and will be paid on travel claim when submitted.)

A copy of this Travel Advance must be attached to the Travel Claim upon return.

I certify that the amounts included in this request will be used for the purposes stated. I understand that this payment is an advance only, and that it is my responsibility to file for a complete travel claim upon my return. **Should I fail to file a proper claim within 30 days, I do hereby authorize my employer to deduct this advance in full from my paycheque.**

Signature of Claimant

Signature of Approval

FINANCE USE			
Travel Advance: ___ -14700-000	Travel exp: ___ -78000 - _____	Cheque Number _____	
Expense code, if different from above: _____		3rd party reimbursement: <input type="checkbox"/> Yes	
Travel documentation attached <input type="checkbox"/> Yes <input type="checkbox"/> No		CLOSED <input type="radio"/>	

Appendix I – Band Corporate Credit Card Statement of Responsibilities

BAND CORPORATE CREDIT CARD (CARDHOLDER) STATEMENT OF RESPONSIBILITIES

CARDHOLDER NAME	
POSITION/TITLE	
DEPARTMENT	
COST CENTRE	

Approval has been granted to issue you with an Band corporate credit card. This card has been issued on the basis that you will, at all times, comply with the requirements stipulated below.

Important Note: Council/Managers issued with a corporate credit card are in a position of trust in regards to use of public funds. All expenditures charged to the credit card are subject to examination and approval by the delegated officer to ensure its appropriateness and compliance with the policy conditions, as outlined herein OR other applicable policies and guidelines. The card holder is to retain a copy of this agreement and the original copy will be placed in the official corporate credit card file.

Improper use of that trust will result in your card being withdrawn and may render you liable to disciplinary and possible legal action.

I understand and agree that:

1. My credit card is only to be used for official business purposes and that should inappropriate expenditures occur, the value of those expenditures may be recovered from the cardholder.
2. I am responsible for ensuring that purchases on the card meet all purchasing policies and are within budget.
3. My credit card is only to be used by the person whose name appears on the card.
4. I am personally responsible and accountable for the safe keeping of the card.
5. In the event that my card is lost or stolen, I will report the loss immediately to card provider and the Finance department.
6. Any PIN issued with the card must not be disclosed or carried with the card.

7. I will reconcile and submit monthly credit card statement within 15 days of the statement date to the finance department. As part of the reconciliation process the cardholder will certify that all charges shown are correct and were incurred for official purposes. Repeated failure to reconcile monthly statements in timely manner may result in the credit card being cancelled.
8. I will provide actual itemized receipts and brief explanation for each expense charged on credit card statement on a monthly basis. For example, if the expense is for meals or food, note on the receipt if it was for a luncheon meeting and how many meals were included on the bill.
9. Where no documentation is available to support a particular transaction, I will provide a declaration detailing the nature of the expense and that it is business related.
10. I will not exceed credit limits.
11. **NO CASH ADVANCES WILL BE PERMITTED on a Band issued corporate credit card.**
12. I will not make deposits to the card account.
13. In the event of end of council term or termination of employment I will immediately return the credit card and ensure the credit card account is properly reconciled and submitted. Further I authorize the Band Finance department to deduct any non-compliant expenditure from my last pay.

I acknowledge that I have read and understand the conditions set out above and that I will, at all times, comply with the stipulated requirements. I agree to pay back any unacceptable charges by payroll deduction or other agreed method.

Cardholder Signature

Date

Appendix J – 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 Band 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"> • land acquired for parks and recreation and recreation, conservation purposes, building sites and other programs • land purchased for construction of road surface, drainage areas and allowances or future expansions
Land improvements	<ul style="list-style-type: none"> • fencing and gates, parking lots, paths and trails, landscaping, swimming pools and playgrounds • Site preparation in advance of commercial or residential development
Buildings	<ul style="list-style-type: none"> • buildings with fireproofed structural steel frames with reinforced concrete or masonry floors and roofs • buildings with reinforced concrete frames and concrete or masonry floors and roofs • buildings with masonry or concrete exterior walls, and wood or steel roof and floor structures, except for concrete slabs on grade • operational storage facilities, sheds, small buildings, salt sheds, asphalt tanks, inventory storage buildings and pump houses
Building improvements	<ul style="list-style-type: none"> • 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
Leasehold and occupancy improvements	<ul style="list-style-type: none"> • improvements that increase the functionality of leased or similar accommodations (refer to the assets listed under the "building improvements" category)

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

Appendix K – Presentation and disclosure requirements

The following requirements relate to the preparation of the Band'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.

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 L – Fraud Risk Assessment

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

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

1. Identified Fraud Risks and Schemes: This column should include a full list of the potential Fraud Risks and schemes that may face the Band. 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 Band 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 Band:** Quantitative and qualitative factors should be considered when assessing the significance of Fraud Risks to the Band. For example, certain Fraud Risks may only pose an immaterial direct financial risk to the Band, 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 Band 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 protocols.
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 Band to assess identified Fraud Risks on an inherent basis, without consideration of Internal Controls.
6. **Assessment of Mitigating Controls:** The Band 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 address such remaining risk. The Fraud Risk response could be implementing additional controls.

Appendix M – Fraud Risk Assessment Guidelines

This document provides examples and considerations for the Band 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 Band 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 Band. Every organization has inherent Fraud Risks that arise from internal and external conditions relative to the Band’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 Band Administrator has the primary responsibility for performing Fraud Risk assessments. Ideally, the Band Administrator should identify a risk assessment team to conduct the risk assessment. Individuals from throughout the Band’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:

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

The Finance and Audit Committee should have an active role in the oversight of process, understand identified Fraud Risks, and evaluate the Band’s implementation of antifraud measures. The Finance and Audit Committee, together with Band 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 Band 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 Band'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 Band?
- 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 Band 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 Band 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 Band have whistleblower policy with adequate protocols 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 Band?
- Is information on ethics and management and council's commitment to antifraud programs and controls effectively communicated throughout the Band 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 Band's control environment as it influences the tone of the entire organization. Control environment factors include the integrity, ethical values, and competence of the Band's management and employees and have a pervasive effect on the Band'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 Band's attitude towards fraud and fraud prevention; and
- Promote effective controls to prevent, deter and detect fraud.

All employees of the Band 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, Band Administrator should address each identified Fraud Risk by determining whether control activities exist and mitigate the risks. Control activities are policies and protocols designed to address risks and help ensure the achievement of the Band's objectives.

Where control activities are not already present, Band 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 Band'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 Band's newsletters, intranet sites, training and through presentations led by Council or management.

Monitoring Activities

Band Administrator and the Finance and Audit Committee should monitor the quality and effectiveness of antifraud programs and controls. Ongoing monitoring protocols 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 N – Risk Management Plan

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

Appendix O – Examples of risks to consider

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