



# FINANCE POLICY

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## 1. DEFINITIONS

|                                      |  |
|--------------------------------------|--|
| “Arrears”                            | unpaid, overdue debt, or an unfulfilled obligation.  |
| “Assets”                             | anything of value owned by the First Nation.   |
| “Asset Recognition Criteria”         | criteria to be used to set the threshold for determining whether a capital asset must be included in the capital asset register.   |
| “Assign”                             | transfer of duties or functions from one person to another where the former person (the assignor) retains responsibility for ensuring the activities are carried out.                      |
| “Authorization and Delegation Table” | a table approved by Council specifying the delegation and assignment authorities over decisions or activities related to the First Nation’s financial administration.                      |
| “Budget”                             | a plan or outline of expected money and spending over a specified period.  |
| “Capital Assets”                     | tangible capital assets (physical assets) such as buildings, land, and major equipment.  |
| “Capital Plan”                       | a consolidated plan or outline of expected money and spending of all capital projects to be undertaken in a fiscal year.   |
| “Capital Project”                    | the construction, rehabilitation or replacement of the First Nation’s capital assets and any other major capital projects in which the First Nation or its related entities are investors. |
| “Capital Project Plan”               | a project management plan to carry out a capital project that includes the budget.   |
| “Cash”                               | money, cheques, money orders, and equivalent forms of currency.  |
| “Cash Reserves”                      | money that a company keeps on-hand to meet short-term and emergency funding needs.   |

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| “Classification”              | process of categorizing records in an organized way.   |
| “Chairperson”                 | head of a meeting, department, committee, or board. The vice-chairperson acts as the head when the chairperson is not there.   |
| “Code of Conduct Declaration” | statement that Council, committee members, employees, and contractors must sign on an annual basis that states they understand and agree to the First Nation government’s code of conduct. |
| “Committee”                   | group of people appointed by Council for advising Council or conducting decision-making activities assigned by Council until or unless they are suspended or disbanded by Council.         |
| “Conflict of Interest”        | situation of personal gain at the expense of others.   |
| “Contract”                    | legally binding agreement between two parties.   |
| “Control”                     | policy, procedure, or process put in place to manage a First Nation government’s administration.   |
| “Corrective Actions”          | steps taken to deal with job-related behavior that does not meet agreed upon and communicated performance expectations.  |
| “Cost”                        | amount of money to be paid or spent to obtain something.   |
| “Council”                     | elected or appointed official representatives of the First Nation that includes Chief, Councillors and the equivalent terminology used by the First Nation.                                |
| “Debt”                        | something that is owed or due, usually money.  |
| “Deficit”                     | shortage that occurs when an organization spends more money than it has on-hand over a period.   |
| “Delegation”                  | transfer of specific responsibilities from one person to another.  |
| “Director of Finance”         | Senior finance person responsible for the day-to-day management of the First Nation’s finances.  |

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| “CAO”                      | Senior Administration person who is responsible for leading the day-to-day administration or management of the First Nation and who reports directly to Council.  |
| “Direct Supervisor”        | employee responsible for managing and overseeing the work and development of other staff.   |
| “Eligibility Criteria”     | requirements set by Council which must be met by an individual to be considered independent and eligible to be appointed to the Finance and Audit Committee.  |
| “Engagement Letter”        | written document prepared by the auditor that serves as a contract to confirm the audit arrangements between the auditor and the First Nation government; it is required by Canadian Generally Accepted Auditing Standards. |
| “Entity”                   | corporation, partnership, joint venture or unincorporated association or organization whose financial transactions are consolidated in the First Nation government’s financial statements in accordance with GAAP.          |
| “Expenditure”              | amount of money spent by the First Nation government to buy goods or services.  |
| “Expenses”                 | amount of money spent on transportation, accommodation, meals, hospitality, or incidentals, to be paid back (reimbursed).   |
| “Financial Competency”     | ability to read and understand the First Nation government’s financial statements.  |
| “Financial Reporting Risk” | possibility of a significant error in financial information often caused by weak internal controls or fraud.  |
| “Financial Statement”      | formal record of all money and property of the First Nation within a specific period.   |

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| “Fiscal Year”          | twelve-month period used for tax or accounting purposes.  |
| “Fraud”                | wrongful or criminal act that involves lying or holding back information; this is usually done for personal or financial gain.  |
| “GAAP”                 | Canadian Generally Accepted Accounting Principles, the framework of accounting guidelines, rules, and procedures.   |
| “HR Records”           | records that contain information on an individual’s hiring, job duties, compensation, performance, and general employment history.  |
| “Indemnity”            | security or protection against a loss or other financial commitment.  |
| “Independence”         | <p>eligibility criteria for finance and audit committee membership defined as an individual who does not have a direct or indirect relationship with the First Nation government that could, in the opinion of Council, reasonably interfere with the individual’s judgment as a member of the finance and audit committee.</p> <p>an individual with a role in the financial management of the First Nation involving planning, organizing, directing or controlling of its financial activities – including budgeting, financial accounting, financial reporting, procurement and use of funds, does not meet the minimum independence requirements for finance and audit committee membership.</p> |
| “Information”          | knowledge received and any documented material regardless of source or format.  |
| “Information Security” | way a First Nation government protects information from unauthorized access, use, modification, or destruction.   |

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| “Integrated Planning and Budgeting” | annual process of planning and budgeting activities across every level of the First Nation government that are linked, coordinated, and driven by the First Nation’s vision and strategic objectives.                |
| “Internal Assessment”               | review of an activity/process by an independent First Nation staff member (i.e., an individual not responsible for or involved in the activity) to determine the effectiveness of that specific activity or process. |
| “Investment”                        | an asset or item bought with the hope that it will gain value or provide income in the future.   |
| “Life-Cycle Plan”                   | plan of the First Nation’s assets in terms of costs to buy, operate, upkeep and get rid of over a specified period.  |
| “Loan Guarantee”                    | promise to pay all or a part of the principal and/or interest on a debt obligation in the event of default by the borrower.  |
| “Local Revenues”                    | term used to describe property taxes under the <i>First Nations Fiscal Management Act</i> .  |
| “Materiality”                       | financial amount that the First Nation government considers significant, typically large amounts; the materiality threshold is the minimum financial amount that a First Nation government considers significant.    |
| “Misconduct or Wrongdoing”          | breach of the First Nation’s Financial Administration Law including conflict of interest provisions, code of conduct, Council-approved policies, and administrative procedures.                                      |
| “Officer”                           | CAO, Director of Finance, Tax Administrator, or any other employee of the First Nation government designated by the Council as an Officer.   |
| “Organizational Chart”              | visual representation of the different positions in a First Nation government that clearly shows reporting relationships (who reports to who).   |

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

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| “Replacement”            | substitution, in whole or in part, with another of the First Nation government’s capital assets.  |
| “Requisition”            | purchase order used by the First Nation government when recording expenditures.   |
| “RFP”                    | Request for Proposal, competitive process followed by the First Nation government to enter into a major service contract. RFPs lay out the First Nation government’s needs and conditions and leave it up to the potential contractors to present a proposal that shows their experience, skills and ability to carry out the contract within time and cost specifications.                                 |
| “Risk”                   | possibility of a loss or other negative event that could threaten the achievement of a First Nation government’s goals and objectives.  |
| “Sole Source”            | contract entered into by the First Nation government without a competitive process to purchase goods and/or services.   |
| “Special Committee”      | committee formed for a specific purpose and is dissolved when that purpose has been achieved.   |
| “Special Purpose Report” | financial report on a specific activity. Special Purpose Reports any financial reports required by an agreement or law. Other requirements per the FAL Standards: <ol style="list-style-type: none"> <li>1. Local revenue requirements</li> <li>2. Payments made by the FN to honour guarantees and indemnities.</li> <li>3. All debt and obligations forgiven by the FN during the fiscal year.</li> </ol> |
| “Standing Committee”     | committee that has an ongoing purpose.  |
| “Tax Administrator”      | person responsible for managing the local revenues and local revenue account on a day-to-day basis, if the First Nation government is collecting local revenues.  |

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| “Terms of Reference”      | outline of the purpose and structure of a project, committee, meeting, or negotiation.   |
| “Travel Status”           | pre-approved travel on official First Nation government business by an individual’s direct supervisor; Travel Status begins from the individual’s place of work (e.g., the First Nation government office) to the approved destination and ends once they return to their place of work. |
| “Useful Life”             | estimate of how long a capital asset is expected to be used by the First Nation government; the life of a capital asset may extend beyond the Useful Life and the life of a capital asset, other than land, is fixed. (limited)  |
| “Value for Money”         | best combination of price, quality, and benefits of a product or service.  |
| “Virtual Private Network” | VPN is a way to use public telecommunication infrastructure, such as the internet, to provide remote offices or individual users with secure access to the First Nation government’s virtual network.  |

## 2. PREAMBLE

We are indigenous to this land and have never abandoned our spiritual values, our traditions, or our attachment to our great mother the earth, the fountain of our existence. We are proud of our heritage and culture.

### VISION

A strong sovereign First Nation fighting assimilation and respecting other Nations the Creator has placed on our path. Working to build a foundation with other Nations that embrace trust, harmony, and honour.

A community living in harmony with all of Creation, maintaining a healthy balance between individual and community needs and working productively with other Indigenous and non-Indigenous governments and communities.

A community seeking to address the needs of its Citizens based on equality.

### MISSION

Through generations of unwavering perseverance and after suffering for more than 220 years of forced assimilation, Caldwell First Nation is asserting jurisdiction over our un-surrendered lands as chosen by our ancestors.

Reaffirming our inherent rights to our ancestral lands as set out in historical documents and as passed on through oral tradition.

Our mission to Caldwell First Nation Citizens is to renew and preserve our culture, our traditions and our home.

### PURPOSE, APPLICATION, AND RESPONSIBILITY OF CALDWELL FIRST NATION FINANCIAL POLICY

#### Purpose

The purpose of the policy is to provide individuals whose duties involve the financial management of Caldwell First Nation with a clear understanding of their responsibilities. This Financial Policy may be amended from time to time, by Chief and Council and the necessary individuals will be notified of changes as they occur. An up-to-date copy of this Financial Policy will be available for reference at all times in the office of the Senior Financial Officer and will be accessible at times by members only.

#### Application

Unless otherwise stated, this policy

- Applies to Chief and Council, and all Managers, employees, committee members, and agents involved in the financial administration of Caldwell; and
- Affects all members of Caldwell First Nation.

#### Financial Responsibility

Every individual who performs a responsibility in Caldwell First Nation financial administration must comply with all applicable provisions in the Financial Policy and all applicable Council policies, procedures, directions and are subject to their professional standards.

#### AUTHORITY

This Financial Policy is established under the authority of Chief and Council and may be amended, from time to time, by Chief and Council. This policy applies to the financial activities of Caldwell First Nation in all aspects of its administration and services to the membership.

Chief and Council are responsible for:

- approval of policies or procedures and their interpretation or the giving of directions respecting any financial administration matter.
- the approval of budgets and financial statements of Caldwell First Nation.
- the approval to borrow on behalf of Caldwell First Nation with full disclosure to the citizens of the Nation within sixty days.
- appoint the auditor for Caldwell First Nation.
- shall approve purchases and/or investments over \$35,000 or more (excluding the Caldwell Trust and the Infant Trust subject to confirmation).
- Caldwell First Nation Infant Trust: transfers/payments are authorized by Senior Financial Officer and the Council member designated to the Finance portfolio. Caldwell Trust expenditures are approved by Council as directed by requested trustees of the Caldwell Trust.

For clarity, Chief and Council are accountable for the financial administration of Caldwell First Nation, whether or not any part of that function is assigned or delegated to a manager, employee, contractor, or agent under the Financial Policy.

The CAO:

- shall work with the Senior Financial Officer to develop and recommend changes to the Financial Policy.
- shall ensure the implementation and interpretation of this Financial Policy.

- shall ensure appropriate custody of the funds, property, and securities of Caldwell First Nation.
- shall ensure full and accurate accounts of all assets, liabilities, receipts, and disbursements of Caldwell First Nation are maintained.
- shall ensure the deposit of money, the safekeeping of securities, and the disbursements of funds of Caldwell First Nation, under the direction of Chief and Council.
- shall ensure that no cheques are issued in payment of any account unless:
  - goods or services have been received, as evidenced by a signed delivery slip, or unless services have been rendered.
  - credit is not issued or available from the vendor within the spending authority of the CAO and proper documentation is received.
- shall recommend long-term financial commitments to Chief and Council.
- shall present annual and other operating budgets, funding agreements, salary schedules, and expenditure reports and make recommendations to Chief and Council.
- shall review and make recommendations on purchases of shall refer to payments \$35,000 or more to Chief and Council.
- shall submit summary financial statements quarterly and, at the request of Council, provide details of specific revenue and expenditure accounts.
- may approve purchases up to \$35,000; and
- may negotiate funding contributions with relevant agencies of other governments according to approved budgets and/or mandates and under direction of Chief and Council.

### 3. POLICIES AND PROCEDURES

#### Purpose

It is Council's policy to establish a process around creating, revising, and issuing policies and procedures that reflect the First Nation's practices and meet legal and regulatory requirements that affect the First Nation's financial administration. The purpose of this policy is to make sure that there is a standardized way of preparing, reviewing, issuing, maintaining, and revising the First Nation's financial management system policies and procedures.

#### Scope

This policy applies to the Council, Committees of Council and all employees and any other persons with authority to conduct activities in connection with the financial administration of the First Nation.

#### Responsibilities

Council is responsible for:

- approving new, revised, or removed policies and procedures by Council Resolution that comply with applicable laws, regulations and standards unless procedures approval has been delegated to the CAO.

The Finance and Audit Committee is responsible for:

- recommending to Council the issuance, revision or removal of policy and procedure document related to reimbursable expenses and perks of Council members and employees only.

The CAO is responsible for:

- approving new, revised, or removed procedures as delegated by Council.
- maintaining a comprehensive list of all existing policies and procedures.
- making sure that the current list of policy and procedures is made available to all affected persons.
- reviewing all policy requests (new, revised, removed) and submitting a recommendation to Council for approval.
- determining if the policy and/or procedure document request needs to be referred to a subject matter expert for additional review.

- determining if the policy and/or procedure document needs cross functional review from other departments within the First Nation
- making sure proposed or revised policy and procedures incorporate the requirements of applicable laws, regulations, and standards.
- making sure proposed or revised procedures are consistent and compliant with the respective Council approved policies.
- making sure that existing policy and procedures are kept current by reviewing periodically.

The Director of Finance is responsible for:

- making sure policy and procedure documents being reviewed comply with the First Nation's Financial Administration Law and GAAP
- conducting an assessment for each significant function or activity of the Nation's financial administration to determine if a policy and procedure document is required.

All persons affected by the policies and procedures are responsible for:

- understanding and complying with the policies and procedures appropriate to their responsibility and interaction.

## Procedures

### Creation

Any employee may recommend a policy or procedure; however, the CAO will create a list of all policies and procedures required by the First Nation's Financial Administration Law or required to adequately and effectively manage and control the financial management system and to safeguard the First Nation's assets.

The CAO will determine the appropriate content keeping within the following format for the policy:

- policy – clear statement that indicates the protocol or rule affecting the specific area.
- purpose – the reason or rationale underlying the policy and procedure.
- scope – the areas, functions, individuals, or departments affected by the policy.
- definitions – any specialized terms that are not otherwise defined.
- responsibilities – describes who, using titles or positions, is responsible for implementing or maintaining the policy and procedure.
- references (optional) – list of applicable documents, policies, laws, and regulations

- attachments (optional) – forms, reports, or records that are generated from the policy.

The CAO will agree on appropriate content keeping within the following format for procedures:

- procedures – describes the steps, details, or methods to be used to implement and maintain the policy and procedures.
- references (optional) – list of applicable policies

#### Approval and Communication

Council must approve all policies and procedures by Council Resolution unless procedures' approval has been delegated to the CAO. Where approval of procedures has been delegated to the CAO, the CAO must approve all procedures in accordance with the policies and procedures of the First Nation.

The CAO will communicate all approved policies and procedures and make sure they are accessible to all affected departments and persons whether on the First Nation's server, website or a location to which all those affected have access.

The CAO will make sure that all employment and service contracts require employees and contractors of the First Nation to comply with the policies and procedures of the First Nation.

#### Maintenance

At least every two years, all issued policy and procedures will be reviewed for completeness, accuracy, and relevancy and revised or removed accordingly.

#### References and Related Authorities

##### FMB's Financial Management System Standards

- Standard 9.0 – Policies and Procedures

##### FMB's Financial Administration Law Standards

- Standard 8.0 – First Nation Council

## 4 DELEGATED & ASSIGNED RESPONSIBILITIES

### Purpose

It is Council's policy to establish a process around giving financial administration authorizations and delegations to identified departments, committees, and individuals. Overall responsibility for financial management of the First Nation remains with the Council. The purpose of this policy is to document and specify the use of delegation and assignment authority to transfer the responsibility for making a decision or performing a duty to another functional area, Officer, employee, or agent and to provide accountability with respect to financial authorization and authority to bind the First Nation to legal obligations.

### Scope

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

### Responsibilities

Council is responsible for:

- authorizing the CAO to delegate any Council duties or functions related to the First Nation's financial administrative system to an Officer, employee, Committee, contractor, or agent except:
  - the approval of financial administration policies that fall under Council's responsibility as specified in a Financial Administration Law
  - the appointment and removal of the Finance and Audit Committee members, including the Chairperson and Vice-Chairperson
  - the approval of budgets, budget amendments, borrowings, and financial statements
  - the approval of the Authorization and Delegation Table
  - any matter relating to the employment or authorities of any Officers.

The CAO is responsible for:

- assigning their financial management activities or functions except:
  - making sure those with delegated authority understand their responsibilities and have the skill and knowledge necessary to effectively exercise authority.

- establishing protocols for delegation and temporary assignments to deal with absences due to illness, vacation, or other extended leaves using the Temporary Delegation and Authorization form.

Regardless of the delegation of any financial administration authority by Council, Council remains responsible for the financial management of the First Nation.

## Procedures

### Delegation

The CAO will prepare and update the Authorization and Delegation Table in accordance with this policy.

The CAO will make sure there is an appropriate level of documentation including the Authorization and Delegation Table and a signed Temporary Delegation and Authorization form. The CAO will make sure that delegated authority is specified in job descriptions where appropriate.

The CAO will submit the Authorization and Delegation Table to Council for approval.

The CAO will make sure that that the Authorization and Delegation Table is communicated to all staff to make sure delegated responsibilities can be carried out effectively.

Council, Committees, Officers, employees, contractors, and agents may delegate authority only to individuals competent and capable of carrying out the delegated authority.

The CAO will make sure that any delegation of authority granted is aligned with the organizational chart structure.

### Temporary Delegation

Delegation and temporary assignments for absences due to illness, vacation, or other extended leaves must be documented using the Temporary Delegation and Authorization form and reported to and filed with the CAO.

## Monitoring and Evaluation

The CAO will monitor and evaluate the performance of the delegated duties and functions and if necessary, make recommendations to Council for amendments to the Authorization and Delegation Table.

## References and Related Authorities

### FMB's Financial Management System Standards

- Standard 8.0 – Delegated/Assigned Responsibilities

### FMB's Financial Administration Law Standards

- Standard 8.0 – First Nation Council
- Standard 11.0 – First Nations Officers and Employees

## Attachments

1. Authorization and Delegation Table
2. Temporary Delegation of Duty/Function Form

## AUTHORIZATION AND DELEGATION TABLE

| Financial Administration Activity / Function                       | Responsible   | Authority Level (where applicable)          |
|--|---|---|
| Policy Approval  | Council   | No delegation                               |
| Procedure Approval   | Council   | Can delegate to CAO                         |
| Annual Signing of Code of Conduct Declaration                      | Council, Finance & Audit Committee Members, Officers, Employees | No delegation                               |
| Annual Completion and Signing of Private Interests Disclosure Form | Council, Finance & Audit Committee Members, Officers, Employees | No delegation                               |
| Appointment and Termination of Finance & Audit Committee Members   | Council   | No delegation                               |
| Finance & Audit Committee Terms of Reference Approval              | Council   | No delegation                               |
| Signing of Finance & Audit Committee Eligibility Declaration       | Finance & Audit Committee Members                               | No delegation                               |
| Committee Establishment, Terms of Reference and Termination        | Council   | No delegation                               |
| Strategic Plan Approval  | Council   | No delegation                               |
| Annual Risk Register Approval                                      | Council   | Can delegate to an Officer                  |
| Multi-year Financial Plan Approval by March 31 of each year        | Council   | No delegation                               |
| Annual Budget Approval by March 31                                 | Council   | No delegation                               |
| Budget Amendment Approval  | Council   | Must approve amounts greater than \$ 30,000 |
| Annual Report Approval by Sept 27                                  | Council   | No delegation                               |
| Annual Audited Financial Statements Approval by July 29            | Council   | No delegation                               |
| Annual Special Purpose Reports Approval                            | Council   | No delegation                               |
| Quarterly Financial Statements Approval Before Next Quarter        | Council   | No delegation                               |
| External Auditor Appointment and Termination                       | Council   | No delegation                               |
| Investment Strategy Approval                                       | Council   | No delegation                               |
| Investment Manager Appointment and Termination                     | Council   | No delegation                               |

| Financial Administration Activity / Function                                | Responsible       | Authority Level (where applicable)   |
|---|-------------------|--|
| Annual Emergency and Operations Continuity Plan Review and Approval         | CAO               | Can delegate to another Officer  |
| Annual Review of Financial Management System                                | CAO               | Can delegate to another Officer  |
| Document Retention Periods Approval   | Council           | No delegation  |
| Organization Chart Approval   | Council           | Can delegate non-Officer approval to CAO   |
| Appointment, Termination, Severance and Salary Adjustments – Officers       | Council           | No delegation  |
| Annual Performance Evaluation of Officers                                   | Council           | Can delegate Director of Finance performance evaluation to CAO   |
| Annual Performance Evaluations of Employees                                 | Direct Supervisor | No delegation  |
| Hiring, Termination, Severance and Salary Adjustments – Non-Officers        | CAO               | No delegation  |
| Approval of Budgeted Expenditures and Capital Asset Purchases and Disposals | Council           | Must approve amounts greater than \$ 35,000  |
|   | CAO               | Must approve amounts up to \$ 35,000   |
|   |                   |  |
| Approval of Extraordinary Expenditures                                      | Council           | Must approve amounts greater than \$30,000   |
|   | CAO               | Must approve amounts up to \$ 35,000   |
| Approval of Contracts – Less than 12 months                                 | Council           | Must approve amounts greater than \$35,000   |
|   | CAO               | Must approve amounts up to \$35,000  |
| Approval of Capital Project Trigger Threshold                               | Council           | A project is considered a “capital project” when total cumulative costs will be greater than \$ 35,000 |
| Capital Projects Approval   | Council           | No delegation  |
| Capital Asset Reserve Fund Establishment                                    | Council           | No delegation  |
| Approval of Contracts – Greater than 12 months                              | Council           | No delegation  |

| Financial Administration Activity / Function      | Responsible          | Authority Level (where applicable)                              |
|---|----------------------|---|
| Approval of Insurance Coverage and Premiums       | Council              | No delegation   |
| Annual Review of Insurance Coverage               | CAO                  | Can delegate to another Officer                                 |
| Approval of Capital/Operating Leases              | Council              | No delegation   |
| Approval of Bank Account Transfers                | Council              | Two approvals from authorized signatories – no delegation       |
| Bank Accounts – Opening/Closing                   | Council              | No delegation   |
| Bank Accounts – Approval of Reconciliations       | Councillor or CAO    | No delegation   |
| Approval of Borrowing Transactions                | Council              | No delegation   |
| Approval of Lending – Principal amount            | Council              | No delegation   |
|   |                      |   |
| Approval of Lending – Loans Receivable            | Council              | No delegation   |
|   |                      |   |
| Approval of Guarantees and Indemnities            | Council              | No delegation   |
|   |                      |   |
| Loan Forgiveness Approval                         | Council              | No delegation   |
|   |                      |   |
| Payroll Advance Approval                          | CAO                  | No delegation   |
| Expense Allowance Approval                        | CAO                  | No delegation   |
|   |                      |   |
| Payroll Remittance Package Approval               | Director of Finance  | No delegation   |
| Approval of Reimbursable Expense Claims – Council | Council and Officers | Two approvals – one non-claimant Council member and one Officer |

**TEMPORARY DELEGATION OF DUTY/FUNCTION FORM**

I, [insert name and position title], hereby delegate to [insert name and position title] the duty/function, on a temporary basis, of my position effective [insert start date] to [insert end date].

Agreed to on the XX day of Month 20XX

Person delegating:

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Name and Position Title

Person delegated to:

---

Name and Position Title

## 5. CODE OF CONDUCT AND CONFLICT OF INTEREST

### Purpose

It is Council's policy to establish a process around having Council, committee members, Officers and any staff and contractors, if applicable involved in the financial administration of the First Nation, make an annual Code of Conduct Declaration, and disclose as soon as possible any circumstances which could result in an actual or potential conflict of interest. The purpose of this policy is to provide each Council member, committee member, employee and contractor with a clear understanding of their expected conduct, including managing conflicts of interest, in the performance of their responsibilities.

### Scope

This policy applies to all individuals involved with the financial administrative system of the First Nation, including Council, committee members, Officers, employees, and contractors.

### Responsibilities

Council is responsible for:

- at the beginning of their term of office, reading and understanding the code of conduct and conflict of interest requirements and signing the Code of Conduct Declaration and the Conflict of Interest Disclosure forms.
- in addition to annually, disclosing as they arise and as soon as possible, any circumstances which could result in an actual or potential conflict of interest.
- complying with the Financial Administration Law, Appendix A – Mitigating Conflicts of Interest, and any other applicable First Nation law, policies, procedures, and any applicable standards
- taking appropriate action, as outlined in the Financial Administration Law, to remedy Councillor misconduct.
- rejecting gifts or benefits over the value of \$500 that might reasonably be seen to have been offered in order to influence the making of a decision.
  - if a Councillor is unsure whether to accept a gift or benefit, they will bring the matter before Council for a decision.
- taking appropriate action to remedy undisclosed conflicts of interest by Councillors.
  - if a Councillor has reason to believe that another Councillor has a conflict of interest or an apparent conflict of interest regarding a matter before the Council, the Councillor may request clarification of the circumstances at a Council meeting.

- if a Councillor is alleged to have a conflict of interest or an apparent conflict of interest and does not acknowledge it and take action to disclose the conflict, Council must determine whether the Councillor has a conflict of interest or an apparent conflict of interest.
- the minutes of the Council meeting must record any decision made by the Council regarding an undisclosed conflict of interest by a Councillor.
- if Council determines that a Councillor has a conflict of interest or an apparent conflict of interest, the Councillor must comply with the requirement to disclose the conflict of interest.

The CAO is responsible for:

- making sure that Council members, committee members, employees and contractors are informed of the code of conduct and conflict of interest requirements and that training/orientation is provided to Council members, Officers and employees and contractors in a timely manner upon being hired or elected.
- making sure that Council members sign the Code of Conduct Declaration and the Conflict of Interest Disclosure forms annually and submit it to the CAO in a timely manner.
- making sure that Officers, committee members, employees and contractors sign the Code of Conduct Declaration upon appointment and annually thereafter, and the Conflict of Interest Disclosure forms as actual or potential conflicts arise and submit it to the CAO in a timely manner.
- filing the Code of Conduct Declaration and Conflict of Interest Disclosure forms according to the relevant records management policy that protects the privacy of the persons making the disclosure.

Officers, committee members, employees and contractors are responsible for:

- disclosing circumstances which could result in an actual or potential conflict of interest as they arise and as soon as possible.

Immediate supervisors are responsible for:

- making sure their supervised employees and contractors sign the Code of Conduct Declaration annually, and Conflict of Interest Disclosure forms as actual or potential conflicts arise, and submit to the CAO in a timely manner if the CAO has delegated this responsibility to immediate supervisors.

## Procedures

### Acceptance of Gifts

Councillors, committee members, officers, employees, and contractors will not accept any non-monetary gifts and benefits exceeding a value of \$500 or that might reasonably be seen to have been offered in order to influence the making of a decision by that person. If an employee or contractor is unsure whether to accept a gift or benefit, they will discuss the matter with their immediate supervisor.

Monetary gifts, bonuses, or other monetary compensation received by the Chief or Councillors (other than regular remuneration from Caldwell First Nation, directly) during their tenure of Council must be remitted to Caldwell First Nation's Finance Department. These funds do not become discretionary spending by Chief & Council but are applied to the Chief & Council budget (or appropriate budget as determined by the CAO or Senior Financial Officer).

Honoraria will be paid to Councillors and others in accordance with honoraria rates and conditions officially approved by Chief and Council for a fiscal year in the annual operating budget of the First Nation.

### Code of Conduct Declaration and Conflict of Interest Disclosure Forms

At the end of each fiscal year, the CAO will communicate, in writing, to Council members, Officers, employees and contractors to obtain the signed Code of Conduct Declaration, and to obtain annual Conflict of Interest Disclosure forms from Council members.

The CAO will file the Code of Conduct Declaration and Conflict of Interest Disclosure forms according to the relevant records management policy that protects the privacy of the persons making the disclosure.

Signed Council Code of Conduct Declaration and Conflict of Interest Disclosure forms will be filed with the relevant administrative personnel.

The CAO will retain all Code of Conduct Declarations and Conflict of Interest Disclosure forms in the respective Officer, employee personnel or contractor file.

Council will act if the required forms are not received within 90 days of being notified by the CAO.

## References and Related Authorities

### FMB's Financial Management System Standards

- Standard 13.0 – Conduct Expectations

### FMB's Financial Administration Law Standards

- Standard 12.0 – Conduct

## Attachments

1. Code of Conduct Declaration
2. Conflict of Interest Disclosure Form

## CODE OF CONDUCT DECLARATION

I hereby confirm that I have read and understand the Conduct and Conflict of Interest Expectations set out in Appendix A – Avoiding and Mitigating Conflicts of Interest, and the First Nation’s Financial Administration Law (“the Law”) and agree to comply fully with them.

I agree that I will adhere to the following principles and responsibilities governing my professional and ethical conduct.

To the best of my knowledge and ability:

- I will comply with the Law, any other applicable First Nation law and any applicable standards.
- I will act with honesty, good faith and in the best interest of the First Nation
- I will exercise the care, diligence, and skill that a reasonably prudent individual would exercise in comparable circumstances.
- I will avoid any real, potential, or apparent conflicts of interests.
- I will act with due care, competence, and diligence, without misrepresenting material facts or allowing my independent judgement to be subordinated.
- I will respect the confidentiality of information acquired in the course of my work or service except when authorized to do so in the performance of my duties or am otherwise legally obligated to disclose.
- I will ensure responsible use of and control over all First Nation assets and resources entrusted to me.
- I will be accountable for adhering to this declaration.

Declaration of Understanding:

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Council member, Employee or Contractor  
name (print)

---

Council member, Employee or Contractor  
name (signature)

---

Title

---

Date

## CONFLICT OF INTEREST DISCLOSURE FORM

A Council member, employee or contractor (“an individual”) has a “conflict of interest” when the individual exercises a power or performs a duty or function and at the same time knows or ought reasonably to have known that in the exercise of the power or performance of the duty or function there is an opportunity to benefit the individual’s private interests, otherwise known as personal gain at the expense of others.

All Council members, employees and contractors are required to declare any actual, potential, or apparent conflicts of interest to the First Nation. Conflicts of interest could arise from “personal interests” which include:

- the individual’s spouse.
- a person under the age of eighteen (18) years in respect of whom the individual or the individual’s spouse is a parent or acting in a parental capacity.
- a person for whom the individual or the individual’s spouse is acting as guardian.
- a person, other than an employee, who is financially dependent upon the individual or the individual’s spouse or on whom the individual is financially dependent.
- an entity in which the individual or the individual in combination with any other person described in this section has a controlling interest.
- close family or personal relationships with persons in a position to influence the affairs of the First Nation, or otherwise engaged in the affairs of the First Nation
- close relationships with persons having an interest in information, competitive, intellectual, or other interests of the First Nation

Declaration: I disclose the following actual, potential, or apparent conflicts of interest:

|  |
|--|
| <b>Declaration:</b> I disclose the following actual, potential, or apparent conflicts of interest: |
| <br><br><br><br><br><br><br><br><br><br>   |

\_\_\_\_\_  
Council member, Employee or Contractor  
name (print)

\_\_\_\_\_  
Council member, Employee or Contractor  
name (signature)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

## 6 COMMITTEE ESTABLISHMENT AND DISSOLUTION

### Purpose

It is Council's policy to establish a process around standing committees and special committees it deems necessary to fulfill its mandate or to assist in meeting its legal and regulatory obligations. The purpose of this policy and procedure is to establish an effective governance system that makes sure Committees are consistently and purposefully structured to carry out its specified functions assigned by Council or in First Nation laws.

### Scope

This policy applies to Council, its committees, and the CAO.

### Responsibilities

Council is responsible for:

- establishing a committee and its mandate
- approving the terms of reference for each committee
- determining the minimum qualifications and eligibility requirements of committee members and chairpersons
- appointing a chairperson or filling a chairperson vacancy on a committee
- evaluating the effectiveness of each committee
- approving any recommendations presented by the committee.

The CAO is responsible for:

- making sure that the agendas and minutes of all committee meetings are retained for a period of at least seven years, or a period specified in the First Nation's relevant policy

The Chairperson is responsible for:

- facilitating committee meetings and making sure they are conducted in an efficient and effective manner.
- scheduling committee meetings as necessary and planning committee activities to make sure that the committee is successful in fulfilling its mandate and addressing its functions, duties, and responsibilities, including working within its approved budgetary resources.
- approving committee agendas

- making sure that minutes are prepared and that they accurately reflect meeting outcomes.
- identifying the necessary qualifications and eligibility criteria for committee members, subject to First Nation's laws
- recruiting qualified committee member candidates and recommending them to Council
- evaluating committee members and their contributions
- recommending member appointments and removals to Council
- reporting to Council on behalf of the committee

The Committee members are responsible for:

- preparing for applicable committee meetings by reading reports and background materials prepared for each meeting and obtaining information necessary for decision making.
- becoming knowledgeable of the committee functions
- participating fully in the discussions of the committee
- attending all committee meetings
- avoiding conflicts of interests and complying with conflicts of interest policies and procedures established by Council or under the First Nation's laws.

## Procedures

### Establishment / Dissolution

Subject to First Nation laws, Council may establish or dissolve a committee, other than the Finance and Audit Committee, by passing a Council Resolution. Council will also establish terms of reference regarding the committee's mandate, objectives and expected outcomes.

Subject to First Nation laws, for each new committee, the CAO and the chairperson will develop and recommend to Council for approval the terms of reference which will include, at a minimum, the following:

- composition of members, including minimum number of Council members and any requirements for specific experience, skills, knowledge, or expertise
- quorum
- term of the committee members
- detailed role and functions
- voting rules
- meeting and reporting obligations

### Member Appointment

Subject to First Nation laws, Council will appoint a committee chairperson.

Subject to First Nation laws, the CAO and the respective committee chairperson will develop and recommend to Council for approval membership qualification and eligibility criteria for each committee, including potential conflicts of interest avoidance.

The chairperson, based on consultations with the committee, will recommend to Council the appointment of new committee members.

### Performance Monitoring and Evaluation

Annually, the chairperson will evaluate the committee's progress against its terms of reference, objectives, and stated outcomes. The results of the analysis will be presented to Council and used as the basis for the following year plan for the committee.

The chairperson will continually monitor the performance of committee members against their terms of appointment.

### Member Removal

Subject to First Nation laws, a committee member may be removed on the recommendation of the committee chairperson if the committee member has committed a breach of the code of conduct, confidentiality, a First Nation policy or fails to perform expected duties of a committee member or is no longer qualified or eligible to be a committee member.

### References and Related Authorities

FMB's Financial Management System Standards

- Standard 11.0 – First Nation Committees

## 7 FINANCE AND AUDIT COMMITTEE

### Purpose

It is Council's policy and a requirement of the First Nation's Financial Administration Law to establish a process around creating and maintaining a Finance and Audit Committee ("the FAC") to assist Council in carrying out its oversight responsibilities for financial reporting, internal control, and risk management processes. The purpose of this policy is to set out the composition, responsibilities, and procedures in creating and maintaining a Finance and Audit Committee.

### Scope

This policy applies to Council, the Finance and Audit Committee, the CAO, and the Director of Finance.

### Responsibilities

Council is responsible for:

- assigning to the FAC any responsibilities or functions in addition to those set out in the Law.
- approving the FAC's terms of reference
- determining eligibility criteria of FAC members, chairpersons, and vice-chairpersons
- confirming, before appointment, that each potential FAC member is eligible to be a member and is independent.
- making sure that each FAC member signs a statement annually, confirming that they continue to meet the eligibility criteria and remain independent.
- determining the requirements of financial competency to be met by the majority of FAC members.
- appointing the FAC's chairperson and vice-chairperson and filling any vacancies in those offices
- evaluating the FAC's effectiveness
- providing the FAC with the resources it might need to carry out its functions.
- considering any FAC recommendations or advice
- If the chairperson is not a Council member, sending notices and agendas of all Council meetings to the chairperson.

The Finance and Audit Committee Chairperson is responsible for:

- facilitating the FAC's interaction with Officers

- chairing FAC meetings and making sure they are conducted in an efficient and effective manner.
- planning the FAC's activities to make sure that it is successful in fulfilling its mandate and addressing its functions, duties, and responsibilities.
- preparing FAC agendas
- making sure minutes are recorded at each duly called meeting.
- recruiting qualified FAC member candidates and recommending them to Council
- evaluating FAC members and their contributions
- reporting to Council on behalf of FAC

FAC Members are responsible for:

- preparing for meetings by reading reports and background materials prepared for each meeting and acquiring adequate information necessary for decision making.
- actively participating in FAC deliberations
- attending all scheduled FAC meetings subject to reasonable exceptions acceptable to the chairperson
- becoming knowledgeable of FAC's functions and statutory responsibilities under the First Nation's Financial Administration Law
- maintaining communications with management, FAC members, the auditor, and other advisors as appropriate
- making sure they have the minimum level of financial competency necessary to fulfill their responsibilities.
- making sure they maintain their independence as required in the First Nation's Financial Administration Law
- avoiding conflicts of interests and complying with conflict of interest policies and procedures established by Council and described in the Financial Administration Law
- reviewing and making recommendations to the chairperson on the FAC terms of reference for Council consideration and approval

The CAO is responsible for:

- maintaining the current FAC member list
- tracking FAC member financial competency
- keeping the chairperson current on major developments and provide FAC with sufficient information on a timely basis to enable FAC to discuss potential issues, make decisions, and fulfill its mandate.

- assisting the chairperson in planning and making necessary arrangements for setting agendas, giving required meeting notices, and holding meetings
- attending each FAC meeting, unless excused by the chairperson for a reasonable reason or excluded from attendance by FAC vote as provided in the First Nation's Financial Administration Law

The Director of Finance is responsible for:

- attending each FAC meeting, unless excused by the chairperson for a reasonable reason or excluded from attendance by FAC vote as provided in the First Nation's Financial Administration Law
- providing technical and professional support to the FAC as requested or as required in the First Nation's Financial Administration Law

## Procedures

### Member Appointment and Removal

Subject to the First Nation's Financial Administration Law, Council will appoint the FAC chairperson and vice-chairperson.

Council must establish its FAC consistent with the number of members specified in the Financial Administration Law.

Council, upon recommendation of the chairperson, will appoint the FAC members by passing a Council Resolution, a majority of whom must have financial competency and all of whom must have independence and meet the eligibility criteria as set out in the terms of reference approved by Council.

A FAC member may be removed from office by Council in the circumstances permitted in the First Nation's Financial Administration Law. In such circumstances, Council will remove a FAC member by passing a Council Resolution.

Subject to the First Nation's Financial Administration Law, Council may choose to appoint an alternate FAC member by passing a Council Resolution.

### Term Requirements

Subject to the First Nation's Financial Administration Law, when making FAC appointments, Council will make sure that no more than half of the members' terms will expire in any one fiscal year.

The CAO will maintain a register of FAC members which will, for each member, include the date of appointment or re-appointment, the term of the membership, and the term end date and which will track independence and financial competency issues for each member.

Upon any changes in FAC membership, the CAO will report to Council on the term end dates for each FAC member.

The term of a FAC member will be as established in the First Nation's Financial Administration Law.

The terms of office of FAC members are staggered to ensure the continuing effectiveness of the FAC and to provide for succession planning. Non-Council members shall serve three-year terms, appointed in opposite years of Council elections.

Council members must be appointed to the Finance and Audit Committee as soon as possible following their election to the Council and will serve on the Finance Committee to the end of their term on Council.

If a FAC member is removed from office, dies, or resigns before their term expires, Council must as soon as possible appoint a new FAC member to hold office for the remainder of the term.

### Eligibility Criteria

Council will establish FAC member eligibility criteria as set out in the Finance and Audit Committee Declaration of Eligibility. Council will specify that an individual will not have a role in the financial management of the First Nation involving the planning organizing, directing, or controlling of its financial activities, including budgeting, financial accounting, financial reporting, procurement, and utilization of funds.

Council will document FAC member criteria for independence by specifying that the individual does not have a direct or indirect financial relationship with the First Nation

government that could, in the opinion of Council, reasonably interfere with the individual's exercise of independent judgment as a FAC member.

Council will establish FAC member financial competency criteria that, in the opinion of Council, will reasonably allow a FAC member to fulfill their required role and responsibilities and support the FAC effectiveness.

All FAC members will sign the Finance and Audit Committee Eligibility Declaration form and provide to the CAO for record retention.

#### Administration and Reporting

Subject to the First Nation's Financial Administration Law, the quorum necessary for the transaction of business at FAC meetings will be a majority of FAC members.

Subject to the First Nation's Financial Administration Law, the FAC will meet at least quarterly and otherwise as necessary but in any event as soon as possible following receipt of the audited annual financial statements and report of the auditor.

All Council members of the First Nation may attend FAC meetings provided, however, that no Council member is entitled to vote at such meeting and is not counted as part of FAC quorum if they are not a FAC member.

The external auditor may attend and be heard at FAC meetings.

The FAC will maintain written meeting records of attendance of FAC members and of any ex-officio member such as the CAO and the Director of Finance.

The FAC will provide minutes of its meetings to Council and the chairperson will provide reports to Council as appropriate on the substance of meetings as soon as possible.

If the FAC has permission under the provisions of the FAL to make rules for the conduct of its meetings, those rules must not contradict the FAL, the policies and procedures of the First Nation, or the directions of Council.

## References and Related Authorities

### FMB's Financial Management System Standards

- Standard 11.0 – First Nation Committees

### FMB's Financial Administration Law Standards

- Standard 10.0 – Finance and Audit Committee
- Standard 21.0 – Audits

## Attachments

1. Finance and Audit Committee Terms of Reference
2. Finance and Audit Committee Eligibility Declaration

## **FINANCE AND AUDIT COMMITTEE TERMS OF REFERENCE**

Composition: At least one (1) Council member must be a member of a Finance and Audit committee consisting of three members and at least two (2) Council members must be members of a Finance and Audit committee consisting of four or more members. Council will appoint committee members, including a chairperson and a vice-chairperson one of whom must also be a member of Council. Each committee member will perform their role in an objective, fair, and impartial manner. The majority of committee members must have financial competency and all the members must have independence as defined below.

Financial Competency:

- the ability to read, understand and analyze the First Nation's annual audited financial statements and the notes to the financial statements.
- the ability to understand accounting policies, including any estimates used or judgments applied by management in the application of the First Nation's accounting policies, when these are explained by the First Nation's Director of Finance and the auditor.
- an understanding of the First Nation's objectives and operations that may impact the selection or application of accounting policies.
- a knowledge and understanding of the strategies that have been adopted by the First Nation and the risks involved with any new strategies.
- an ability to understand the First Nation's risk environment.

Independence: An individual is independent if they do not have a direct or indirect financial relationship with the First Nation that could, in the opinion of Council, reasonably interfere with the individual's exercise of independent judgment as a member of the Finance and Audit Committee with the below exception:

An individual who has a role in the financial management of the First Nation involving the planning, organizing, directing, or controlling of its financial activities – including budgeting, financial accounting, financial reporting, procurement and utilization of funds is not considered independent.

Quorum: Quorum necessary for the transaction of business at committee meetings will be majority of the voting members of the committee.

Voting Rules: Unless a committee member is not permitted to participate in and vote on a motion because of a conflict of interest, every member has one vote in all committee decisions. In the event of a tie vote, the chairperson may cast a second tie-breaking vote.

**Committee Term:** The Finance and Audit Committee is a standing committee established by the Financial Administration Law.

**Member Term:** The members of the Finance and Audit Committee must serve staggered terms, as follows:

- non-Council members shall serve three-year terms, appointed in opposite years of Council elections.
- Council members must be appointed to the Finance and Audit Committee as soon as possible following their election to the Council and will serve on the Finance Committee to the end of their term on Council.

**Chairperson:** Appointed by Council. Either the chairperson or the vice-chairperson must be a member of Council.

**Vice-chairperson:** Appointed by Council. Either the chairperson or the vice-chairperson must be a Council member.

**Mandate:** The Finance and Audit Committee is responsible to review and make recommendations to Council on the financial administration matters of the First Nation. The Finance and Audit Committee will assist Council in fulfilling its oversight responsibilities for the financial reporting process, the internal control system, the audit process, and the process for monitoring compliance with laws and regulations and the code of conduct.

**Meetings:** The Finance and Audit Committee will meet not less than quarterly and immediately following completion of the annual audit, with the chairperson having authority to convene additional meetings as circumstances required.

All committee members are expected to attend each meeting, in person or via tele/videoconference. The committee will invite members of the management, auditors, or others to attend meetings as necessary.

The CAO and Director of Finance must be notified of all meetings and must attend those meetings, subject to reasonable exceptions.

The auditor of the First Nation must receive notices of all meetings and may attend and be heard at such meetings.

Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared. The chairperson will report key decisions and areas of discussion or concern to Council as soon as possible following each Finance and Audit Committee meeting or in writing if the information needs attention in a timely manner.

The CAO or Director of Finance may be excluded from all or any part of a committee meeting at the discretion of the committee – decided by a recorded vote.

Responsibilities:

#### Financial Accounting and Reporting Oversight

- subject to the First Nation's Financial Administration Law, review draft annual budgets and multi-year financial plans and recommend them to Council for approval.
- monitor the financial performance of the First Nation against budget and report any significant variations and their reasons to Council.
- review the quarterly and annual financial statements of the First Nation and recommend them to Council for approval.
- If the First Nation collects local revenues, review the annual financial statements of the First Nation's local revenue account, and recommend them to Council for approval.
- review the annual special purpose reports of the First Nation and recommend them to Council for approval.
- review the annual report of the First Nation and recommend it to Council for approval.
- make any other recommendations to Council on any matter respecting the financial administration of the First Nation
- review management's approach for safeguarding the First Nation's assets and information systems, the adequacy of staffing of key financial functions and any plans for improvement.
- review with management and the external auditors emerging accounting issues and their potential impact on the First Nation's financial reporting.
- review with management the First Nation's financial policies and compliance with such policies

## Auditor Oversight

- make recommendations to Council on the selection, engagement, and performance of the First Nation's independent auditor.
- receive assurances on the independence of a proposed or appointed auditor.
- review and make recommendations to Council to approve the annual audit plan of the external auditor, including the scope of the audit to be performed and the estimated audit fees.
- review and make recommendations to Council respecting the audited annual financial statements, including the audited local revenue account financial statements, if applicable, and any special purpose reports
- review any management letters containing recommendations of the external auditor and management's response.
- recommend to Council pre-approval of all audits, audit-related and non-audit services to be provided to the First Nation by the external auditor
- periodically review, and make recommendations to Council respecting policies, procedures and directions on reimbursable expenses and perks of Council members, officers and employees
- monitor financial reporting risks and fraud risks and the effectiveness of internal controls designed to mitigate those risks taking into consideration the cost of implementing any change to internal control.
- review the First Nation's Financial Administration Law and recommend amendments to Council.
- review and make recommendations to Council on the terms of reference.

## Risk Management

- review the annual risk management plan and fraud risk assessment completed by the CAO and provide input to the identification, monitoring and reviewing of the annual risk assessment process.
- provide recommendations to Council on the annual risk management plan and fraud risk assessment.
- provide updates to the Council on any significant changes to the assessment and adequacy of monitoring activities.
- review requests for non-budgeted funding for the First Nation's business enterprises and make recommendations to Council.

## Other

- review expenses of Council members and Officers and assess the First Nation's policies with respect to expense reimbursement and allowances.
- evaluate at least annually the adequacy of these terms of reference.

**FINANCE AND AUDIT COMMITTEE ELIGIBILITY DECLARATION**

The eligibility criteria to be a Finance and Audit Committee member is as follows:

- the ability to read, understand and analyze annual financial statements and the notes to the financial statements.
- the ability to understand accounting policies, including any estimates used or judgments applied by management in the application of the accounting policies, when these are explained by Director of Finance and the auditor.
- an understanding of the First Nation's objectives and operations that may impact the selection or application of accounting policies.
- a knowledge and understanding of the strategies that have been adopted by the First Nation and the risks involved with any new strategies.
- an ability to understand the First Nation's risk environment.

Valid for the [enter fiscal year] fiscals unless member term ends, whichever comes first.

I have read the terms of reference of the Finance and Audit Committee and will comply with these.

I am independent and am eligible to be a member of the Finance and Audit Committee.

\_\_\_\_\_  
[Insert name]

\_\_\_\_\_  
Date

\_\_\_\_\_  
[Insert title]

## 8 OFFICER APPOINTMENT AND RESPONSIBILITIES

### Purpose

It is Council's policy to establish a process around outlining the duties and roles of the First Nation's officers, which include the CAO and the Director of Finance and the Tax Administrator, if applicable, and to establish a process for the appointment or removal of Officers of the First Nation. The purpose of this policy is to provide guidance on the appointment and removal process and responsibilities of Officers of the First Nation.

### Scope

This policy applies to Council and Officers of the First Nation.

### Responsibilities

Council is responsible for:

- appointing the Officers of the First Nation

The CAO is responsible for:

- developing and recommending policies and procedures for Council approval, if procedures' approval has not been delegated by Council to the CAO
- preparing and recommending for Council approval, descriptions of the powers, duties, and functions of all employees of the First Nation
- hiring the employees of the First Nation, as the CAO considers necessary and within Council approved budget, and to set the terms and conditions of their employment.
- overseeing, supervising, and directing the activities of all Officers and employees of the First Nation.
- overseeing and administering the contracts of the First Nation
- identifying, assessing, monitoring, and reporting on financial reporting risks and fraud risks.
- monitoring and reporting on the effectiveness of mitigating controls for financial reporting and fraud risks.
- other duties as required by Council that are not contrary to the First Nations Fiscal Management Act ("the FMA") or inconsistent with the CAO' duties under the First Nation's Financial Administration Law.
- reporting directly to Council.

The Director of Finance is responsible for:

- the day to day management of the First Nation's financial administration system.
- other duties as required by the CAO that are not contrary to the FMA or inconsistent with the Director of Finance's duties under the First Nation's Financial Administration Law.
- reporting directly to the CAO.
- administering and supervising the maintenance of the records of all receipts and expenditures of the First Nation.
- preparing any documentation and financial information required by Council or the FAC to carry out their responsibilities.
- any other duties as set out in the Financial Administration Law.

If applicable, the Tax Administrator is responsible for:

- the day to day management of the First Nation's local revenues system.
- other duties as required by the CAO that are not contrary to the FMA or the First Nation's local revenue laws or inconsistent with the tax administrator's duties under the First Nation's Financial Administration Law
- reporting directly to the CAO.

## Procedures

### Appointment

Council will approve, prior to posting a job, the specific qualifications required for each position.

Council will determine the selection process for all Officer positions identified by this policy. At minimum the Council will create an Officer selection committee. The Officer selection committee will develop criteria for a selection process that will evaluate the qualifications, experience, and any other interview standards deemed appropriate for each candidate.

Initial screening will occur to assess each applicant's ability to meet the minimum stated standards. Applications of qualified candidates received for a posting will be forwarded to the selection committee to further screen the applications to select individuals to be interviewed for the position. The interview process will be consistent for all applicants.

The Officer selection committee will then evaluate each candidate against the established criteria and recommend a candidate for the position to Council.

#### References and Related Authorities

##### FMB's Financial Management System Standards

- Standard 12.0 – First Nations Officers and Employees

##### FMB's Financial Administration Law Standards

- Standard 11.0 – First Nations Officers and Employees

## 9 EXTERNAL AUDIT

### Purpose

It is Council's policy to establish a process around the appointment, management, and termination of a qualified and licensed external auditor to render an audit opinion on the annual financial statements (and special purpose reports, where applicable) of the First Nation in accordance with GAAP. The purpose of this policy is to provide guidance on the appointment of an external auditor and the management of the annual audit process within the First Nation.

### Scope

This policy applies to Council, the Finance and Audit Committee, Officers and employees providing services within the financial administration system.

### Responsibilities

Council is responsible for:

- appointing (re-appointing) an auditor meeting the specified eligibility requirements and documenting the appointment by Council Resolution.
- making sure the engagement letter requires the auditor to confirm that the financial statements and the audit comply with the First Nations Financial Management Board's standards, any relevant funding agreement requirements, and applicable laws.
- approving and reviewing periodically the policy related to the external auditor's authority to receive the information and documents required to perform the audit function.
- confirming that the auditor has carried out the audit as required by the Financial Administration Law and the engagement letter.
- reviewing and approving the audited annual financial statements within 120 days after fiscal year end, and ensuring they are signed by those required in the Financial Administration Law – at minimum the Chief or Council chairperson, chairperson of the Finance and Audit Committee and the Director of Finance.
- making sure First Nation members have access to the audited financial statements and special purpose reports after they have been approved and signed as required in the Financial Administration Law.

The Finance and Audit Committee is responsible for:

- overseeing the external audit and advising Council as required.

- making recommendations to Council on the selection, engagement, and performance of an auditor.
- receiving assurances on the independence of a proposed or appointed auditor.
- approving the terms and conditions of the auditor appointment as set out in the engagement letter and making sure it includes the auditor's obligation to confirm that the annual financial statements and the audit of them comply with the Financial Administration Law, the FMA and the First Nations Financial Management Board's Standards and any relevant funding agreements.
- reviewing the draft annual financial statement from the Director of Finance and presenting the statements to Council within [ninety days] following the end of the fiscal year for which they were prepared.
- reviewing and making recommendations to Council on the planning, conduct and results of audit activities.
- reviewing and making recommendations to the Council on the audited annual financial statements, including the audited local revenue account financial statements if applicable and any special purpose reports.

The CAO is responsible for:

- directing and facilitating any notices regarding meetings on the annual audit or audited financial statements.

The Director of Finance is responsible for:

- overseeing, supervising, directing and facilitating requests for any information required by the auditor to carry out its audit responsibilities.
- providing auditor with copy of the First Nation's Financial Administration Law and FMB's Local Revenue Financial Reporting Standards, if the First Nation is collecting property taxes and the auditor is auditing the First Nation's local revenues financial report.
- preparing and providing to the Finance and Audit Committee within [forty-five] days of the fiscal year end the annual financial statements and special purpose reports for the fiscal year in accordance with Canadian GAAP and any funding agreements.
- making sure the accounts are properly updated to reflect audit adjustments, the account balances are reconciled to the audit statements and schedules, and a proper year end closing of the accounts is completed.
- providing feedback on the auditor's performance to the CAO.

## Procedures

### Auditor Selection, Engagement and Performance

The CAO and the Director of Finance will establish evaluation criteria to be included in a Request for Proposal (“RFP”) for the external audit which will be reviewed by the Finance and Audit Committee and approved by Council and include, at a minimum, for the auditor to be:

- independent from the First Nation, its related bodies, Council and Officers and members.
- in good standing with regulatory bodies (Chartered Professional Accountants of Canada) and/or their respective counterparts in the province or territory in which the firm or accountant is practicing.
- licensed to practice public accounting.

The Finance and Audit Committee will review the Officers’ evaluation of the proposals and their recommendation. The Finance and Audit Committee may recommend or ask for additional information, including an in-camera (i.e. without management) interview with the recommended auditor.

The Finance and Audit Committee will recommend the engagement of the selected auditor and the engagement letter to Council for approval.

Council will review the engagement letter with the auditor selected to make sure it contains the content required by the Financial Administration Law including the following:

- requirement for audit to be completed in compliance with Canadian Generally Accepted Auditing Standards
- audit objective and scope
- auditor responsibilities
- First Nation’s management responsibilities
- expected form and content of any reports issued by auditor including circumstances when a report may be different from these requirements.
- requirement for auditor to communicate in writing to Council matters that come to auditor’s attention during audit involving:
  - identified or suspected non-compliance with relevant laws (other than insignificant non-compliance matters)
  - significant internal control deficiencies

Council will proceed to sign the engagement letter in accordance with the First Nation's Authorization and Delegation Table and make sure it is delivered to the auditor.

On a periodic basis, the Finance and Audit Committee will review and make recommendations to Council on the engagement of the external auditor and recommend to

Council for approval on whether an RFP should be initiated for the appointment of a new auditor.

#### Auditor Independence

The Finance and Audit Committee will make sure that the First Nation has received a letter from the auditor, before the annual audit is finalized, in which the auditor confirms their continued independence.

#### Audit Planning

The Director of Finance will meet with the auditor before commencement of the annual audit to review the proposed audit plan, to make any requests or to provide any feedback that the auditor should consider when finalizing the plan and conducting the audit.

The Director of Finance will submit the finalized audit plan to the Finance and Audit Committee for review.

The Finance and Audit Committee will submit the finalized audit plan along with any recommendations to Council for approval.

#### Audit Preparations

The Director of Finance will keep the auditor informed and discuss in advance of the audit of any significant accounting issues, developments or changes for the First Nation that could have an impact on the audit and the audit report.

Prior to fiscal year end, the Director of Finance will oversee staff concerning fiscal year end procedures to make sure of the accuracy and completeness of the First Nation's financial statements and disclosures.

Staff, under the direction of the Director of Finance, will prepare necessary schedules and working papers. This will include preparation of accounts receivable and accounts payable

confirmation letters, financial institution account confirmations, and account balance reconciliations.

The Finance and Audit Committee will be informed of any issues that could affect the audit (e.g., where the auditor believes a change in the terms of the engagement may be needed).

#### Audited Annual Financial Statements

The Finance and Audit Committee will receive and review the draft audited annual financial statements, including any special purpose reports and the local revenue account financial statements if applicable.

The Finance and Audit Committee will satisfy itself that:

- the audit has been completed according to the plan.
- the financial statements are fairly presented according to Canadian GAAP.
- the auditors have provided an opinion on the financial statements and an opinion over any special purpose reports as required by the First Nation's Financial Administration Law.
- there are no significant unresolved issues.

The Finance and Audit Committee will meet with the auditor to review the draft audited financial statements. The committee may meet with the auditor 'in camera' (without the First Nation's management team) for a part of the meeting.

When satisfied with its review of the draft audited financial statements and the resolution of any audit issues, the Finance and Audit Committee will recommend the draft audited financial statements to Council for approval.

Before publishing the audited financial statements, the following approvals are required:

- approval of Council through a Council Resolution
- approval by signature from Chief or Council chairperson, chairperson of the Finance and Audit Committee and the Director of Finance

#### Auditor Dismissal

Council may remove the auditor before the expiration of the term on the recommendation of the Finance and Audit Committee by passing a Council Resolution or may choose not to re-appoint the auditor for a further term.

If Council removes or does not re-appoint the auditor, the auditor selection process will be initiated in accordance with this policy and procedure.

#### References and Related Authorities

##### FMB's Financial Management System Standards

- Standard 22.0 – Audits

##### FMB's Financial Administration Law Standards

- Standard 10.0 – Finance and Audit Committee
- Standard 21.0 – Audits

## 10 REPORTING OF COMPENSATION, BENEFITS AND CONTRACTS

### Purpose

It is Council's policy and a requirement of the First Nation's Financial Administration Law to establish a process around the annual disclosure for each Council member the remuneration paid, and expenses reimbursed by the First Nation, and by any entity that is consolidated by the First Nation, whether such amounts are paid to the Council member while acting on Council or in any other capacity. The purpose of this policy is to establish accountability, transparency and full disclosure for each Council member's remuneration and expenses paid by the First Nation and by its consolidated entities.

### Scope

This policy applies to Council. This policy and procedure does not apply to remuneration or expenses received:

- in common by all First Nation members
- under a program or service universally accessible to First Nation members on published terms and conditions
- from a trust agreement, according to the terms of the trust

### Responsibilities

Council is responsible for:

- making sure that each Council member annually reports to the Director of Finance all remuneration paid and all expenses reimbursed by the First Nation and by any entity consolidated into the First Nation's annual audited financial statements.

The Director of Finance is responsible for:

- preparing an annual report separately listing the remuneration paid and expenses reimbursed by the First Nation, and by any entity, to each Council member whether such amounts are paid to them while acting on Council, or in any other capacity.
- including the Schedule of Remuneration and Expenses as a special purpose report in the First Nation's financial statements
- making the Schedule of Remuneration and Expenses report available on the First Nation website or location to which membership has access.

## Procedures

The Director of Finance or a designate will use amounts from the general ledger to complete the special purpose report.

The special purpose report must include any Council member that left prior to the end of the fiscal year.

If a Council member worked in another capacity for the First Nation during part of a fiscal year that is being disclosed, the remuneration earned, and any other expenses paid in the other position must be included. To be clear, a footnote will be included in the special purpose report to explain which amounts relate to the respective roles.

The Director of Finance will hire the First Nation's independent auditor to issue an audit or a review engagement report on the special purpose report in accordance with the terms of the engagement.

The Director of Finance will submit the special purpose report along with the draft unsigned audit or review engagement report from the First Nation's auditor to the Finance and Audit Committee for review and recommendation for approval to Council.

Once the special purpose report is approved by Council, the Director of Finance will arrange for it to be included in the annual report. The special purpose report will be formatted so it can be published electronically.

The Director of Finance will retain and safeguard the records of each Councillor according to the requirements for information management set out in the policies and procedures of the First Nation.

## References and Related Authorities

### FMB's Financial Management System Standards

- Standard 10.0 – Reporting of Remuneration and Expenses

### FMB's Financial Administration Law Standards

- Standard 9.0 – Reporting of Remuneration and Expenses
- Standard 20.0 – Financial Reporting

## 11 BREACHES INFORMANT POLICY

### Purpose

It is Council's policy to establish a process around the reporting and investigation of misconduct while protecting the identity of individuals who report misconduct to the extent possible. The purpose of this policy is to make sure there is a procedure to report, investigate, and act on allegations of wrongdoing within the financial management system and to provide protection to persons who come forward with these reports in good faith.

### Scope

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

### Responsibilities

Council is responsible for:

- making sure that this policy is communicated to all affected and interested persons.
- investigating reported misconduct Finance and Audit Committee members.
- making sure that the identity of the person who makes a report of misconduct in good faith is kept confidential to the extent possible in all circumstances and not subject to negative actions for making the report.
- approving policies and procedures required in the Financial Administration Law on such matters.
- supporting and fostering an open and ethical environment.

The Finance and Audit Committee is responsible for:

- reviewing any reports provided to it on inquiries into the circumstances of the reported misconduct; conducting any further inquiry it considers necessary; and providing a report to Council, along with any recommendations.
- taking all reasonable steps to make sure that the identity of the person who makes a report of misconduct is kept confidential to the extent possible in all circumstances.
- taking necessary steps to make sure that persons who have reported instances of wrongdoing remain protected against any negative actions including but not limited to discrimination, threats, harassment or loss of employment or employment opportunities.
- supporting and fostering an open and ethical environment.

The Chair of the Finance and Audit Committee is responsible for:

- taking all reasonable steps to make sure that the identity of the person who makes a report of misconduct is kept confidential to the extent possible in all circumstances.
- taking necessary steps to make sure that persons who have reported instances of wrongdoing remain protected against any negative actions including but not limited to discrimination, threats, harassment or loss of employment or employment opportunities.
- reporting to Council any potential or real breaches of policy and/or negative actions against the whistleblower.

The CAO is responsible for:

- communicating the Whistleblower Policy to all affected and interested persons.
- providing a confidential reporting procedure(s) to report violations.
- receiving reports of misconduct, making an appropriate and timely inquiry into the matter, and reporting to the Finance and Audit Committee as soon as possible.
- taking all reasonable steps to make sure that the identity of the person who makes a report of misconduct is kept confidential to the extent possible in all circumstances.
- taking necessary steps to make sure that persons who have reported instances of wrongdoing remain protected against any negative actions including but not limited to discrimination, threats, harassment or loss of employment or employment opportunities.
- reporting to Council any potential or real breaches of policy or negative actions against the whistleblower.
- securing related records.
- fostering and supporting an open and ethical environment.

## Procedures

### Fostering an Open and Ethical Working Environment

The identity of any person who raises a concern of wrongdoing will remain confidential to the extent possible.

A person reporting a breach in good faith will receive fair and unbiased treatment throughout the investigative process. Council will make sure that the person is protected from any discrimination, threats, retaliation, or harassment.

A person against whom a report has been made will receive fair and unbiased treatment. Where a preliminary inquiry into a report indicates a possible finding of misconduct, the person against whom the report has been made will be given an appropriate opportunity to answer the allegation in a manner consistent with the other provisions of this policy.

On an annual basis, the Finance and Audit Committee will provide Council with a report on the effectiveness of this policy and the Code of Conduct policy.

#### Reporting Wrongdoing

Council has established the following procedures to receive, retain, investigate, and act on complaints and concerns of Council members, Officers, employees, contractors and agents of the First Nation regarding instances of misconduct or wrongdoing.

The CAO will make sure that the procedures described above will be included in contracts and the appointment of agents and committee members.

The CAO and the Chair of the Finance and Audit Committee will receive and inquire into reports of misconduct or wrongdoing.

The CAO and the Chair of the Finance and Audit Committee will report their respective findings of an inquiry into a report of misconduct or wrongdoing that they receive.

The Finance and Audit Committee will inquire, if necessary, further into any findings reported.

Any report received by a Council member, Officer, employee, contractor, or agent from any source inside or outside the First Nation will be immediately forwarded to the Finance and Audit Committee chairperson.

First Nation Officers, employees, contractors, and agents will forward their reports to the CAO or the Finance and Audit Committee chairperson.

Instances of wrongdoing will be reported directly to the Finance and Audit Committee chairperson in the following ways:

- anonymously in writing to the attention of the Finance and Audit Committee chairperson

- via email
- via telephone to the Finance and Audit Committee chairperson

Instances of wrongdoing can be reported directly to the CAO in the following ways:

- anonymously in writing to the attention of the CAO
- via email
- via telephone to the CAO

### Inquiry

Promptly upon receipt of a report, the CAO and the Finance and Audit Committee chairperson will:

- if not anonymous, confirm in writing to the whistleblower that the report has been received.
- make sure that the identity of the person(s) making the report is kept confidential to the extent possible and that individuals who report in good faith are protected from negative actions.
- include the report in a confidential memo including the following:
  - the nature of the report (including specific allegations made and the names of the persons involved)
  - the date of receipt of the report
  - the current status of any inquiry
  - the report made to the Finance and Audit Committee
  - any final resolution of the reported wrongdoing
- decide on the appropriate action to be taken when conducting the inquiry and start the inquiry as soon as possible. The inquiry should seek to confirm or deny the allegations presented.
- when the alleged incident is of significant risk to the operations, reputation, etc. of the First Nation, related to potential criminal acts by individuals, or of high financial value to the First Nation, the CAO or the Finance and Audit Committee chairperson may retain external expertise to conduct the inquiry.
- within a period of eight weeks from the moment the report has been received, inform the whistleblower, if not anonymous, of the status of the inquiry and steps that have been taken or will be taken following the results of the inquiry.
- report on the progress of current inquiries at each Finance and Audit Committee meeting
- upon completion of the inquiry, report to the Finance and Audit Committee on the conduct of the inquiry and the result of the inquiry and recommended actions to Council for review and approval:

- the Finance and Audit Committee will actively monitor inquiries to make sure they are conducted in accordance with this policy.
- if the reported wrongdoing concerns a Finance and Audit Committee member, Council will inquire into the matter or retain external expertise to conduct the inquiry.

#### Response and Remedial Actions

After considering the final report of an inquiry, the Finance and Audit Committee will make a recommendation to Council which will make a decision to resolve the issue as soon as possible.

Recommended actions will correspond with the severity of the wrongdoing and can include reprimands, leave without pay, termination, revocation of appointment or other actions as determined by Council and subject to the provisions of the relevant policy.

Police will be contacted if activities of a criminal nature are identified.

Recovery of First Nation funds as a result of the wrongdoing as described in the Financial Administration Law will be tracked and collected from the responsible individual(s).

#### References and Related Authorities

The FMB's Financial Management System Standards

- Standard 28.0 – Financial Misconduct

The FMB's Financial Administration Law Standards

- Standard 32.0 – Financial Misconduct

## 12. ANNUAL PLANNING AND BUDGETING

### Purpose

It is Council's policy to establish a process for establishing the First Nation's short and long-term priorities and goals and linking them to operations and spending. The purpose of this policy is to make sure that a comprehensive planning process is established to support the on-going decision making of the First Nation. This is to make sure that the First Nation has enough resources to deliver quality services to members at a reasonable cost and support it in achieving its goals.

### Scope

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

### Responsibilities

Council is responsible for:

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

The Finance and Audit Committee is responsible for:

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

The CAO is responsible for:

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

The Director of Finance is responsible for:

- establishing the format for draft budgets.
- participating in budget planning sessions with Council, the Finance and Audit Committee, CAO and other key stakeholders.
- collaborating with the appropriate employees in setting draft expenditures for their respective department.
- preparing the draft budget or consolidating and evaluating draft budgets from departments for accuracy, reasonableness, applicable guidelines, and anticipated resources in accordance with the Financial Administration Law.
- developing revenue projections based on reviews of fiscal transfer agreements and collaboration with other Officers on own source revenues projections.

- recommending the annual materiality threshold for budget amendments to the Finance and Audit Committee, for recommendation to Council for approval.
- preparing and communicating to the Finance and Audit Committee budget amendments that meet the Council approved materiality threshold, for recommendation to Council for approval.
- presenting draft annual budgets to the CAO and to the Finance and Audit Committee on an annual basis.
- implementing financial monitoring, including preparing and analyzing budgeted versus actual revenue and expenditure reports for the Finance and Audit Committee use and overseeing any Council approved budget amendments after the annual budget is approved.
- making projections and preparing budgets for capital assets, within the capital plan.
- any other responsibilities as outlined in the Financial Administration Law.

## Procedures

### Annual Integrated Planning and Budgeting Process

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

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

The First Nation's integrated planning and budgeting process must link and provide the relationships between related aspects of the strategic plan, multi-year financial plans, capital plans, life-cycle management program plans and annual budgets. The strategic priorities and goals identified in the strategic plan must be reflected in all aspects of the planning documents to operational levels, such as departmental work plans.

Documentation of the First Nation's integrated planning should be evident at all participating levels including program managers, senior managers, CAO, Director of

Finance, Finance and Audit Committee and Council review process. The integrated planning process can include the following items:

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

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

The CAO will coordinate and ensure regular reporting on integrated planning takes place and is documented.

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

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

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

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

#### Budget

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

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

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

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

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

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

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

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

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

#### Strategic Plan

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

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

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

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

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

#### Multi-Year Financial Plan

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

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

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

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

#### Plan and Budget Amendments

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

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

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

- On or before June 15 of each year the Director of Finance must prepare and submit to the Finance and Audit Committee for review a draft amendment of the component of the annual budget respecting the First Nation's local revenue account.
- On or before June 30 of each year, the Finance and Audit Committee must review the draft amendment of the component of the annual budget respecting the First Nation's local revenue account.

- No later than July 15 of each year, the Council must approve the amendment of the component of the annual budget respecting the First Nation's local revenue account.

#### References and Related Authorities

##### FMB's Financial Management System Standards

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

##### FMB's Financial Administration Law Standards

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

## 13 FINANCIAL AND OPERATIONAL REPORTING

### Purpose

It is Council's policy to establish financial and operational processes that promote transparency and accountability and to communicate to members the First Nation government's progress towards achieving its goals. The purpose of this policy is to establish financial and operational reporting requirements and practices to provide timely, accurate and relevant financial and operational information to decision-makers. This will support the First Nation in assessing progress toward achieving its goals.

### Scope

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

### Responsibilities

Council is responsible for:

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

The Finance and Audit Committee is responsible for:

- determining the financial reports list contents and frequency of reporting it requires from the First Nation.

- reviewing the financial reports list quarterly and annually, the quarterly and annual financial statements and reports and the Director of Operation's corresponding recommendations and making appropriate recommendations to Council.
- reviewing financial reporting risks and fraud risks reported by the CAO and making recommendations to Council.

The CAO is responsible for:

- identifying, assessing, monitoring, and reporting on financial reporting risks to the Finance and Audit Committee.
- monitoring and reporting on the effectiveness of mitigating controls for the financial reporting risks and fraud risks taking into consideration the cost of implementing these controls.
- ensuring that financial reporting risk assessment and management practices have been performed in relation to quarterly and annual financial statements.
- periodically reviewing these policies in consultation with the Director of Finance and other staff as appropriate and recommending any updates to the Finance and Audit Committee.

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

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

The Director of Finance is responsible for

- preparing and updating the financial reports list
- preparing the financial statements and reports in accordance with Canadian GAAP and this policy and procedure
- reviewing the financial statements and reports and making appropriate recommendations to the Finance and Audit Committee
- developing a "financial closing and reporting process checklist" for use at the end of each fiscal year, which will include procedures to mitigate financial reporting risk.
- assessing and managing financial reporting risk and reporting risks to the CAO
- developing and recommending procedures for identifying and mitigating financial reporting risks and fraud risks and ensuring approved procedures are followed.
- providing all requested information related to the preparation of financial statements and reports and the assessment and management of Financial Reporting Risk.

- If the First Nation has a loan from the First Nations Finance Authority (FNFA) that is secured by other revenues: maintaining a complete set of all records respecting other revenues of the First Nation, including all records referred to in section 5 of the Local Revenue Management Implementation Regulation as amended by the Financing Secured by Other Revenues Regulations.

## Procedures

### Financial Reports List

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

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

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

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

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

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

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

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

### Financial Statement Preparation

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

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

The quarterly financial statements will be considered and recommended to Council by the Finance and Audit Committee no later than 40 days following quarter end and considered and approved by Council no later than 45 days following quarter end.

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

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

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

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

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

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

The Finance and Audit Committee will review the annual financial statements, the accompanying information and the Director of Finance’s comment(s) and recommendation(s). Subsequently, the Finance and Audit Committee will forward the financial statements, accompanying information, and its comment(s) and

recommendation(s) to Council no later than 105 days following the end of the fiscal year for which they were prepared.

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

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

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

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

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

#### Financial Reporting Risks

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

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

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

- reconciliation / analysis of all statement of financial position accounts with approval by the Director of Finance; in those instances, where the Director of Finance prepared the reconciliation or analysis, then the CAO will be required to approve the reconciliation or analysis (or alternatively a member of the Finance and Audit Committee)

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

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

#### Fiscal Year

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

## Annual Report

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

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

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

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

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

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

## References and Related Authorities

### FMB's Financial Management System Standards

- Standard 14.0 – Fiscal Year
- Standard 20 – Risk Management
- Standard 21.0 – Financial Reporting
- Standard 23.0 – Annual Reports

### FMB's Financial Administration Law Standards

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



## 14 FINANCIAL INSTITUTION ACCOUNT AND CASH MANAGEMENT

### Purpose

It is Council's policy to establish effective and efficient controls for all banking activities and financial service agreements with financial institutions. The purpose of this policy is to specify authorities and responsibilities over banking activities including signing and approval authorities, opening, and closing of accounts, and processing transactions. Having control over access to, and the management of, the First Nation's bank accounts limits the chance of loss of funds.

### Scope

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

### Responsibilities

Council is responsible for:

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

The Finance and Audit Committee is responsible for:

- ensuring significant irregularities or unusual reconciling items are investigated.

The Director of Finance is responsible for:

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

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

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

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

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

- preparing a reconciliation for each of the financial institution bank accounts.
- ensuring that supporting documentation and records are retained for each reconciliation.

## Procedures

### Financial Institution Account Management

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

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

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

- a. general account for funds from any sources other than those described in (b) to (d)
- b. a local revenue account for funding from local revenues, if applicable
- c. a trust account if the First Nation has funds held in trust, if applicable, and

- d. a tangible assets reserve account for funds set aside for tangible capital asset replacement.

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

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

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

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

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

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

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

#### Accounting Systems

The accounting system of Caldwell First Nation will ensure that all funds received and expended are properly recorded and credited or debited to the proper account and that financial reporting requirements of funding agencies are met in compliance with funding agreements.

A consecutively pre-numbered receipt is to be prepared in triplicate for all cash transactions received by the First Nation. The original receipt is to be issued to the payer; the second copy is to be attached to the deposit record, and the third is to remain in the

Receipt Book and is to be retained as a permanent record of the date and amount received, the source and purpose or reason for the payment to the First Nation.

A double entry accounting system will be maintained regularly to record all financial transactions, including:

- a) assets and liabilities
- b) receipts and receivables
- c) disbursements and payables
- d) details of employees' salary and payroll deductions

A general ledger will be maintained and to facilitate continuous accounting of revenue received, expenses incurred, and changes to assets, liabilities, and the First Nation's equity.

#### Cash Receipts

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

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

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

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

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

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

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

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

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

A 30/60/90 day outstanding accounts receivable list that could assist in determining whether the deposits were posted to the correct account.

An outstanding deposits list that could assist in determining whether all expected deposits were deposited in the financial institution account(s)

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

The Senior Financial Officer shall ensure the timely deposit of cash and cheques to the current account of the Caldwell First Nation as they are required.

Funding for U.S. students attending post-secondary education will have a direct deposit option with TD Bank as directed from BCR #2020-02-65.

Payments to suppliers/vendors will be made through electronic fund transfers as directed from BCR #2020-02-66.

Optional payment methods will be made available through wire transfers as directed from BCR #2020-02-67.

#### Petty Cash

Petty cash accounts are not allowed.

#### Cheque Stock

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

Cheque stock should be sequentially pre-numbered.

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

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

**Cheque signers will not sign blank cheques under any circumstances.**

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

Credit Lines

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

Opening a Financial Institution Account

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

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

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

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

Closing a Financial Institution Account

The request to close a financial institution account must include:

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

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

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

#### Transfers between Bank Accounts

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

#### Financial Agreements

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

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

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

#### Account Reconciliation

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

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

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

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

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

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

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

## Independent Review

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

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

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

## Irregularities

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

## References and Related Authorities

### FMB's Financial Management System Standards

- Standard 19.0 – Financial Management and Controls

### FMB's Financial Administration Law Standards

- Standard 18.0 – Financial Management and Controls

## Attachments

### 1. Financial Institution Account Reconciliation Template

**Financial Institution Account Reconciliation Template**

[ ] First Nation

**Financial Institution Account Reconciliation**

**Month:**[XXXX, 20XX]

**Financial Institution name:**[\_\_\_\_\_ Bank]

**Financial Institution account name:**[XXXX, XXXXX]

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

**GL #:**[\_\_\_\_\_ Bank]

Ending bank balance \$ [XXX.XX]

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

**LESS:** Outstanding cheques

**Cheque #      Amount**

[#]              [XXX.XX]

[#]              [XXX.XX]

[#]              [XXX.XX]

Total outstanding cheques [XXX.XX] [XXX.XX]

Adjusted bank balance \$[XXX.XX]

Ending general ledger (GL) balance \$[XXX.XX]

ADD/LESS: Unrecorded transactions Recorded? [✓]

Monthly bank fee [X.XX]

Adjusted GL balance \$[XXX.  
XX]

Difference: [XXX.XX]

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

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

## 15 PURCHASING

### Purpose

It is Council's policy to establish a process around the purchase of goods and services that demonstrates due diligence, transparency, fairness, quality, and value for money. The purpose of this policy is to provide guidance to the First Nation on how purchases will be planned, managed, approved, and paid. Having clear rules around purchasing makes sure that the goods and services meet the First Nation's quality and cost expectations.

### Scope

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

### Responsibilities

The Council is responsible for:

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

The CAO is responsible for:

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

The Director of Finance is responsible for:

- developing, documenting, and maintaining policies and procedures relating to the procurement process for goods, services, and assets.
- assisting in the selection, evaluation, and monitoring of contractors and suppliers
- managing and monitoring expenditures and identifying and reporting on budget variances.

### Procedures

#### Purchasing of Goods and Services

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

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

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

(2) Procurement of moderate value goods and services \$2,501 to \$10,000. A documented analysis of the costs and benefits of at least three options will be

performed and where practical, informal quotes will be obtained through advertisements, direct solicitations to suppliers and other methods to compare prices and select the best option for the First Nation.

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

(3) Procurement of goods and services above \$35,000 when Council approval is required per the Authorization and Delegation Table, a competitive purchasing process must occur.

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

#### Competitive Purchasing Process

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

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

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

The relevant Officer(s), representatives from Council, and any relevant employees will form a review panel and review the proposals received against the pre-determined selection

criteria for the RFP as outlined in the attachment. The review panel will provide Council with a recommended course of action.

#### Exceptions to the Competitive Purchasing Process

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

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

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

#### Approval, Initiation and Monitoring

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

Service Contracts may establish a start-up payment of no more than fifty percent (50%) of the entire contract amount unless approved by Council.

#### Documentation Requirements

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

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

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

#### Monitoring of Suppliers

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

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.

## Encouraging new suppliers

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

## References and Related Authorities

### FMB's Financial Management System Standards

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

### FMB's Financial Administration Law Standards

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

## Attachments

### 1. Local Content

### 2. Contractor/Supplier Evaluation Template

#### **Local Content Requirements**

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

#### **Pre-RFP Considerations for Local Content**

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

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

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

## Contractor/Supplier Evaluation Template

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

### Attachments:

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

## 16 EXPENDITURES

### Purpose

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

### Scope

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

### Responsibilities

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

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

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

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

Employees, committees, and Council members are responsible for:

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

The CAO is responsible for:

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

The Director of Finance is responsible for:

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

## Procedures

### General and Operational Expenditures

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

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

In the event that a state of emergency (ex. natural or health disasters) is declared, a special meeting of a quorum of Council shall be convened. The Council shall approve an expenditure for an emergency purpose that was not anticipated in the budget.

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

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

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

- the work or services have been performed or the goods supplied, any conditions in an agreement respecting the work, services or goods have been met and the price charged or

amount to be paid is in accordance with an agreement or, if not specified by an agreement, is reasonable.

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

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

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

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

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

#### Payroll

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

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

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

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

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

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

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

Any irregularities will be reported to the CAO.

#### Reimbursable Expenses

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

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

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

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

Travel expenditures eligible for reimbursement include:

#### Transport

Commercial transport will be the preferred method of travel. For each type of travel, the lowest price alternative will be purchased. Rates used at published, approved Treasury Board Rates.

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

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

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

#### **Private Vehicles**

Private vehicle mileage will be reimbursed at published, approved Treasury Board Rates. All other non-business-related vehicle costs are the responsibility of the individual.

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

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

## **Per Diems and Incidentals**

A maximum per diem amount will be reimbursed for each day on approved travel status on behalf of the First Nation to cover meal expenses and incidentals. Per diems may be claimed according to Treasury Board of Canada rates, as approved by Council.

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

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

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

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

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

### **Advances**

Advances of up to 50% may be allowed for travel, meals, incidentals, and per diems, subject to sections 17 and 18 of this policy. Advances may be declined as a result of failure to comply with section 17.1 of this policy. This can be done at discretion of Council (for any member of Chief and Council or Committee).

Advances of up to 50% may be allowed for travel, meals, incidentals, and per diems, subject to sections 17 and 18 of this policy. Advances may be declined as a result of failure to comply with section 17.1 of this policy. This can be done at discretion of Council or the CAO (for any member of staff or Committee).

Staff will be issued the remainder 50% upon submission of an official Travel Expense Claim form, report to supervisor, submission of final claim form, and approval of supervisor.

"Double-dipping" (up for immediate review or dismissal) is subject to discipline (under the Governance Policy for members of Chief and Council) or the Human Resources Policy Manual (for members of staff).

## **Other Travel Expenses**

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

## **Memberships (note this may be a new section, for Council review)**

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

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

### Reporting and Documentation

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

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

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

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

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

## Credit Cards

Staff may acquire a credit card from a banking institution with a limit of up to \$15,000 per card to cover credit requirements pertaining to required prepayment of Caldwell First Nation Business. This list of positions can only be approved by BCR at the Council's discretion and under the recommendation of the CAO.

The designated card holder is responsible for its use and for reporting its theft or loss immediately.

It is the responsibility of the user to ensure that the appropriate documentation relating to the transaction is submitted to the Finance Department upon receipt. Failure to submit appropriate documentation may result in the suspension of usage of the credit card.

Any charges on the credit card that does not have the appropriate approval and/or back-up documentation will be considered a personal expense by the user.

Any inappropriate use of Caldwell First Nation credit and/or property will be addressed by the CAO through written documentation. This documentation will be provided as soon as the misuse occurs and will provide the individual the opportunity to address the concern.

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.

## Approval for Payment

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

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

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

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

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

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

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

Reimbursable expense claims for Council members require two approvals:

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

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

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

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

Payments

Automatic deposits will apply to approved payroll expenses.

EFT/Wire Transfers will apply to post-Secondary expenses.

EFT/Wire Transfers will apply to membership distributions; reviewed by CAO and Senior Financial Officer.

Accounts payable will be paid within thirty (30) days of the receipt of an invoice or reimbursable expense claim, except for those invoices or expense claims, which require management approval.

The Claimant is ultimately responsible for providing complete, accurate and appropriate information to substantiate the claim for reimbursement.

All claims must be submitted on a quarterly basis – no later than 2 working weeks after a fiscal quarter end.

1. (Q1 | April 1 – June 30)
2. (Q2 | July 1 – September 30)
3. (Q3 | October 1 – December 31)

#### 4. (Q4 | January 1 – March 31)

Employees who fail to submit expense forms within their fiscal quarter forfeit their eligibility to receive financial reimbursement. All fourth quarter expenses must be submitted no later than April 15 in any given year for auditing purposes. Failure to comply with any of the aforementioned stipulations will result in the forfeiture of expense reimbursement. (As per the Human Resources Policy.)

Approvers will be accountable for their decisions concerning expense claims, which must be taken with great care, good judgment, with full knowledge of the situation, and must at all times uphold the principles and requirements outlined in this Policy and associated Policies.

Authorization for expense claims will only be given for expenses:

- Necessarily incurred in the performance of CFN business.
- Within the scope and amount of the budget for the unit.
- For claims that are compliant with CFN's policies and procedures.
- That include all appropriate documentation, including original itemized receipts, as required; and
- Submitted within the fiscal quarter in which the expense(s) was/were incurred.

In the event a situation arises where managerial discretion needs to be exercised in the authorization of expense claims, Approvers will consider whether their decision:

- Is able to stand up to scrutiny by auditors and the public.
- Can be properly explained and documented; and
- Is fair, equitable, reasonable, and appropriate. In such cases, it is the responsibility of the Claimant and the Approver to work out appropriate arrangements that would meet the test of being fair and equitable.
- Expenses must be submitted individually with a detailed breakdown of their personal expense.

All expense records will be maintained in the Finance Offices for verification and audit purposes and will be retained in accordance with the CFN Records Retention and Privacy Schedule.

Expense records will be collected, protected, used, disclosed, and retained in compliance with Ontario's Freedom of Information and Protection of Privacy Act (FIPPA).

The finance department will prepare cheques every weekly, on Thursday.

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

- a listing of all payments prepared noting the payee, amount, and payment date.
- supporting documentation for each payment (e.g., cheque, transfer) including:

- approved invoices, expense claims, purchase orders, and receiving documents.
- evidence that the finance department has completed the processing of the payment, including account coding.

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

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

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

#### References and Related Authorities

##### FMB's Financial Management System Standards

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

##### FMB's Financial Administration Law Standards

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

#### Attachments

1. None, see Finance or Supervisor for the current Expense Claim form

## 17 BORROWING

### Purpose

It is Council's policy to establish a process around borrowing, repayments, use of borrowed funds and recording and reporting of borrowing to members. The purpose of this policy is to establish an effective borrowing framework for the First Nation. Borrowing funds can support a First Nation in carrying out its plans and in achieving its goals.

### Scope

This policy applies to Council, Officers, Finance and Audit Committee and those persons with the authority to recommend or approve borrowing.

### Responsibilities

Council is responsible for:

- reviewing and approving any proposed borrowing, including the terms and conditions, recommended by the Finance and Audit Committee.

The Finance and Audit Committee is responsible for:

- reviewing borrowing proposals presented by the CAO and Director of Finance and recommending a course of action to Council.
- monitoring borrowings and repayments.

The CAO is responsible for:

- reviewing borrowing proposals prepared by the Director of Finance and recommending a course of action to the Finance and Audit Committee.

The Director of Finance (in conjunction with the Tax Administrator for local revenue account related debts) is responsible for:

- preparing borrowing proposals for each proposed borrowing and presenting it to the CAO for review
- ongoing monitoring and management of all borrowing, including timely payments, maintaining sufficient documentation, and performing regular reconciliations of debt transactions.
- reporting and disclosing borrowings in the financial statements in accordance with Canadian GAAP, the Financial Administration Law, and any agreements under which the borrowings were incurred.

## Procedures

### Determination of Need and Evaluation of Options

If the general account described in Section 14 of this policy is not sufficient to meet the expenditures authorized to be made from it and the Director of Finance recommends that funds be borrowed to ensure that the general account is sufficient for these purposes, the First Nation may borrow an amount not exceeding a maximum amount specified by Council each year as indicated in the Authorization and Delegation Table.

The First Nation may enter into financial agreements, as noted in the financial institution account and cash management section, with financial institutions for overdrafts or lines of credit and, for the purpose of securing any overdrafts or lines of credit, may grant security to the financial institution in a form, amount, and on terms and conditions that the Council approves.

The relevant Officer will document the requirement for the First Nation to incur borrowing by examining the strategic plans, multi-year financial plan, annual budget, current financial situation, and any planned activities requiring borrowing. Once the need and amount of borrowing required is determined, the relevant Officer will outline the various borrowing options available.

The Director of Finance will prepare a borrowing proposal, which includes the following:

- need for financing and alternatives considered.
- evaluation of available borrowing options and security required for each option (if applicable)
- recommended borrowing option.
- the purpose use and application of borrowing
- description of repayment plans based on cash flow analysis including identification of revenue source for debt repayment.
- reference to the integrated planning process including strategic plan, multi-year financial plan, annual budget, and cash flow statements.
- the timely payment of debt obligations
- identification of any provisions in the Financial Administration Law or in any other applicable law that limits borrowings or that imposes requirements or conditions which must be met before borrowing may be incurred.
- requirement for consultation with members of the First Nation before any capital project related debt is incurred by the First Nation

The Director of Finance will consider at least the following prior to preparing a borrowing proposal:

- impact on future budgets and projected cash flow.
- cost and interest rate.

- level of risk involved (e.g., any borrowing covenants, ratios, etc.).
- ability to service the borrowing and repayment schedules.
- an analysis of the terms and conditions and impact.
- any financial reporting implications.

The CAO will review the borrowing proposal, including a recommended course of action to the Finance and Audit Committee.

The CAO may engage legal counsel on the borrowing proposal.

#### Approval

The CAO and Director of Finance will present the borrowing proposal to the Finance and Audit Committee for their review. The Finance and Audit Committee will review the report and make a recommendation to Council.

Council will review the borrowing proposal and recommendations. Subject to the Financial Administration Law, Council will vote on whether to approve the requirement for entering into a borrowing obligation. Council must also approve the borrowing and terms and conditions by Council Resolution.

#### Management and Monitoring of Borrowings

The Council will manage and monitor borrowing obligations by:

making sure that any financial covenants contained in borrowing agreements are reported to the appropriate stakeholders in a timely manner.

The Director of Finance will manage and monitor the borrowings by:

- ensuring that timely payments are made according to the terms and conditions and repayment schedule.
- performing reconciliations between the First Nation's financial records and statements from the lender on a monthly basis.
- ensuring that funds borrowed for a specific purpose is not used for any other purpose.
- calculating any financial covenants contained in borrowing agreements and evaluating whether compliance with the terms of the covenants have been met.

#### Reporting on Borrowings

The CAO will report to the Finance and Audit Committee on the following:

- gross amount outstanding.
- interest paid or payable for the period.

The Director of Finance will make sure that borrowing obligations are reported to the Finance and Audit Committee and Council on a quarterly basis in the financial statements in accordance

with Canadian GAAP, the Financial Administration Law and any obligations under the borrowing agreement(s).

#### Use of Borrowed Funds

The Director of Finance will ensure that borrowed funds are only used for the specific purpose of the borrowed funds.

All or some of the funds borrowed for a specific purpose by the First Nation and not required to be used immediately for that purpose may be temporarily invested under one or more of the following until required:

- Securities issued or guaranteed by Canada, a province, or the United States of America.
- Fixed deposits, notes, certificates and other short-term paper of, or guaranteed by, a financial institution.
- Securities issued by the First Nations Finance Authority or by a local, municipal or regional government in Canada.
- Commercial paper issued by a Canadian company that is rated in the highest category by at least two (2) recognized security-rating institutions.
- [add any other permitted types of financial instruments or investments].

If some of the funds borrowed for a specific purpose are no longer required for that purpose, the funds must be applied to repay the debt from the borrowing.

#### Records Management

The Director of Finance will make sure borrowing records are created, maintained, and retained in accordance with the Record Information Management policy. For each borrowing, the following will be documented:

- the loan agreement and any supporting agreements.
- the borrowing proposal on which Council based its decision.
- documented Council approval and required membership information or involvement.
- an interest and principal repayment schedule (if applicable) that includes the dates of all payments required under the loan agreement or plan for borrowing retirement.
- the cost of borrowing including interest payments and service or other charges.
- the purpose of the borrowings.

#### References and Related Authorities

##### FMB's Financial Management System Standards

- Standard 19.0 – Financial Management and Controls

##### FMB's Financial Administration Law Standards

- Standard 18.0 – Financial Management and Controls

## 18 LENDING, GUARANTEES AND INDEMNITIES

### Purpose

It is Council's policy to establish a process around lending, loan guarantees and indemnities that may include loans to members if Council has approved a lending program to members. The purpose of this policy is to provide the First Nation with an effective and transparent process for the approval, collection and documentation of lending, loan guarantees and indemnities given by the First Nation as permitted in the Financial Administration Law.

### Scope

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

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

### Responsibilities

Council is responsible for:

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

The Finance and Audit Committee is responsible for:

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

The CAO is responsible for:

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

The Director of Finance is responsible for:

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

## Procedures

### Requirements

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

Loans (including granting of leases):

Caldwell First Nation does not issue loans to members.

All loans and all payments received from those loans must be set out in an annual report that includes details about;

- the amounts loaned.
  - the purposes of the loans.
  - subject to applicable privacy laws, the names of those receiving a loan.
  - repayments of principal and interest on the loan.
- recorded in a written agreement that provides for proper security for repayment and sets out the terms for repayment of principal and interest.
- the principal loan amount and loans receivable must obtain the required authorizations as set out in the Authorization and Delegation Table approved by Council. An agreement must be signed with the entity requesting the loan and will only be granted if the risk of non-payment is at an acceptable level for the First Nation.
- instances where there is a high risk or likelihood that the entity will be unable to pay will require Council approval
- interest, if charged, will be applied as per Council approval
- A binding legal written agreement will be made between the First Nation and entity requesting the loan. The agreement will contain standard clauses that are consistently applied to entities that apply for and secures a loan from the First Nation. The following items, at a minimum, will be present in the agreement:
  - the legal name of the entity.
  - amount of the loan.
  - If applicable, the nature and amount of any security over the loan pledged in favour of the First Nation or provided as loan collateral.
  - interest (if applicable).
  - repayment schedule.
  - approval will be enacted by signing the agreement with the entity requesting the loan.

#### Loan Guarantees

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

- housing loan guarantees for members
- guarantee debt incurred by separate legal entities (e.g., economic development corporation)

The amount of the loan guarantee must not exceed the amount specified in the Authorization and Delegation Table approved by Council. Loan guarantees will be approved by Council upon consideration of the report of the Director of Finance. Approval will be enacted by signing the agreement with the individual/entity requesting the loan guarantee and will only be granted if the risk of non-payment or non-fulfillment of an obligation is at an acceptable level for the First Nation.

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

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

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

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

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

#### Indemnities

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

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

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

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

#### Standard Clauses

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

## Payroll Advances

Employees may request a payroll advance from the First Nation. Payroll advances are allowed only once per fiscal year. Payroll advances will be approved by the CAO. All payroll advances must be repaid prior to the end of the fiscal year.

## Expense Reimbursement Advances

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

## Leases

### Granting of a Lease by the First Nation

Follow loan procedures in section 8.1.

### Entering a lease to buy arrangement.

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

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

### Collection

On a monthly basis, the Director of Finance will review the list of outstanding loans receivable and corresponding loan payments. The actions below will be taken to resolve overdue payments and delinquent accounts.

For loan payments that are between 30 and 60 days overdue, the individual/entity 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.

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/entity and the First Nation. The individual/entity 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.

For loan payments that are more than 120 days overdue, the Director of Finance will determine whether the loan should be considered impaired and written off or sent to an external collection

agency. The Director of Finance (or delegate) will inform the individual/entity in writing and by phone that the payments in Arrears have been transferred to an external agency for collection.

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

#### Debt Forgiveness

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

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

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

#### Write-offs

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

#### Monitoring and Reporting

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

- purpose of the loan (e.g., housing), loan guarantee or indemnity.
- amount of the original loan, loan guarantee or indemnity.
- principal repayment component.
- interest earned and collected.
- actual payments made, if any, against loan guarantees.
- actual payments made to compensate for damages, if any, against indemnities.
- list of payments in arrears, subject to applicable privacy law.
- for loans made under a member loan program – subject to applicable privacy laws, the names of those receiving a loan.

- any expected payments required as a result of the First Nation having to fulfill or honour a guarantee or indemnity agreement based on the Director of Finance's knowledge of the contracts in place and changes in their underlying financial condition.

#### Record Keeping

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

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

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

#### References and Related Authorities

##### FMB's Financial Management System Standards

- Standard 19.0 – Financial Management and Controls

##### FMB's Financial Administration Law Standards

- Standard 18.0 – Financial Management and Controls

## 19 INVESTMENTS

### Purpose

It is Council's policy that First Nation's investments will be managed and administered to preserve capital and generate sufficient income and growth to meet the First Nation's operational or strategic objectives. The purpose of this policy is to provide a framework for management of the First Nation's investments to achieve short and long-term operational and strategic objectives within an acceptable level of risk.

### Scope

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

### Responsibilities

Council is responsible for:

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

The Finance and Audit Committee is responsible for:

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

The CAO is responsible for:

- reporting any significant changes to the investment portfolio to the Finance and Audit Committee for recommendation to Council.
- liaising with the Finance and Audit Committee, investment manager, Director of Finance, and investment consultants, as required.

- providing the Finance and Audit Committee with recommendations in relation to preliminary risk assessment of funds, appointing of the investment manager, funds to be invested, monitoring performance, rebalancing portfolios, and the redemption of invested funds.

The Director of Finance is responsible for:

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

## Procedures

### Determine Investment Management Strategy

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

The investment management strategy will:

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

## Risk Assessments

### **New Investments:**

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

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

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

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

**Existing Investments:**

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

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

[Investment Account](#)

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

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

[Selection of Investment Manager](#)

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

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

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

#### Termination of Investment Manager

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

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

#### Designation and Transfers of Investment Funds

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

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

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

#### Government Transfer Funds and Local Revenues Permitted Investments

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

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

#### Monitoring of Investments

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

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

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

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

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

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

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

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

#### Re-balancing of the Investment Portfolio

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

#### Record Keeping

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

#### References and Related Authorities

##### FMB's Financial Administration System Standards

- Standard 20.0 – Risk Management

##### FMB's Financial Administration Law Standards

- Standard 19.0 – Risk Management

## 20 CAPITAL ASSETS

### Purpose

It is Council's policy to establish a process around capital assets that includes a life-cycle approach to effectively plan, manage, account for and dispose of assets according to the First Nation's capital asset strategy and to accurately reflect these in the First Nation's financial statements. The purpose of this policy is to provide guidance on the planning, management, and accounting treatment for capital assets over the entire capital asset life cycle so the First Nation can manage its resources efficiently and effectively to meet its goals and priorities.

### Scope

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

### Responsibilities

Council is responsible for:

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

The Finance and Audit Committee is responsible for:

- reviewing on or before January 15 the capital asset register and capital plan.
- reviewing and recommending to Council procedures for the safeguarding of assets.
- reviewing status reports on the capital asset reserve fund and making recommendations to Council relative to the funding contribution.
- reviewing any scheduled capital project plans including supplemental information and their budgets and developing recommendations for Council.

The CAO is responsible for:

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

The Director of Finance is responsible for:

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

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

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

## Procedures

### Capital Asset Register

A capital asset register will be established and updated by the CAO. The asset register will reflect the life-cycle management program including maintenance, rehabilitation, and replacement activities as well as provide an accurate inventory of capital assets.

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

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

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

#### Annual Inspection and Review

On or before November 30, the CAO will initiate an annual inspection of the First Nation's capital asset inventory. Employees in the property management department will be assigned by the CAO to complete the inspection. Where appropriate or necessary the CAO may choose to engage the services of an external specialist to assist in the valuation of assets.

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

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

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

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

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

A write-down cannot be reversed.

### Safeguarding Assets

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

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

### Maintenance of Assets

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

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

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

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

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

### Life Cycle Management Program

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

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

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

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

The Finance and Audit Committee will review by the capital plan by 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.

#### Capital Projects

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

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

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

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

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

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

The Finance and Audit committee will review the capital plan on or before January 15<sup>th</sup> and forward their recommendation to Council for approval.

Council will inform or involve members about capital projects and borrowings (if any) for capital projects in accordance with the First Nation's communication procedures, as noted in the Annual Planning and Budgeting section of this policy.

At minimum, Council will post a public notice of each Council meeting when borrowing for a new tangible capital asset project is presented for approval and allow members of the First Nation to attend that part of the Council meeting, per the Authorization and Delegation Table.

### Construction Management

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

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

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

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

### Acquisition of Capital Assets

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

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

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

### Capital Asset Reserve Fund

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

### Disposal of Capital Assets

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

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

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

### References and Related Authorities

#### FMB's Financial Management System Standards

- Standard 25.0 – Tangible Capital Assets

## FMB's Financial Administration Law Standards

- Standard 25.0 – Tangible Capital Assets Management

## 21 INSURANCE POLICY

### Purpose

It is Council's policy to establish a process around insurance coverage for its operations, staff and Councillors as part of its overall risk management strategy. The purpose of this policy is to provide guidance on the establishment and maintenance of an insurance program to make sure material risks are addressed for the First Nation and its Council, Officers, and employees.

### Scope

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

### Responsibilities

Council is responsible for:

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

The Finance and Audit Committee is responsible for:

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

The CAO is responsible for:

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

## Procedures

### Identify Significant Material Risks

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

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

### Identify and Purchase Insurance Products

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

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

- cost of the coverage
- scope of coverage

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

### Approval for Insurance Coverage

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

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

### Maintenance of Insurance Coverage

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

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

### References and Related Authorities

#### FMB's Financial Management System Standards

- Standard 20.0 – Risk Management

#### FMB's Financial Administration Law Standards

- Standard 19.0 – Risk Management

## 22 RISK MANAGEMENT

### Purpose

It is Council's policy to establish a process around identifying, managing, and monitoring risks related to the financial management system and the achievement of the First Nation's goals. The purpose of this policy is to provide guidance on risk management as part of the integrated planning process and ongoing governance activities of the First Nation.

### Scope

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

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

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

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

### Responsibilities

Council is responsible for:

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

The Finance and Audit Committee is responsible for:

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

The CAO is responsible for:

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

The Director of Finance is responsible for:

- ensuring all for-profit business activities are separately reported periodically to the Finance and Audit Committee.

- developing and recommending procedures for identifying and mitigating risks, including financial reporting and fraud risks for the annual risk management plan.
- monitoring the control activities and its impact on the First Nation and the risk management plan.
- compiling the monitoring reports for external for-profit business activities and providing to the CAO for review.

## Procedures

### Annual Risk Management Planning

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

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

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

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

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

### Fraud Risk Assessment

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

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

- fraudulent financial reporting – an intentional act that is designed to deceive users of financial reports and that may result in material omission from or misstatement of financial reports.
- fraudulent non-financial reporting – an intentional act that is designed to deceive users of non-financial reports.

- misappropriation of assets – theft of First Nation assets in circumstances where the theft may result in a material omission or misstatement in financial reports.
- corruption and illegal acts

#### Monitoring and Reporting on Financial Management System Controls

On an annual basis, the CAO will prepare a document that assesses the qualifications of individuals engaged in the First Nation’s financial management system activities to confirm they are qualified and competent to perform the services for which they have been engaged or hired.

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

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

#### For-profit Business Activity Risk Management Considerations

##### **Existing For-Profit Business Activities:**

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

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

The monitoring will be done as follows:

- for each for-profit business activity, the individual responsible for managing that activity will provide a quarterly report to the CAO within 40 days of quarter end that will include:
  - a statement of revenue and expenses containing comparison to the approved annual budget.
  - a statement of financial position.
  - non-financial report to accompany the quarterly financial statements.
- within 40 days of quarter end, the CAO will review the approved Risk Management Plan for and record an update on each risk mitigation plan related to all for-profit business activity risks identified from the person assigned responsibility for each risk.

- within 42 days of quarter end, the CAO will provide a summary of the financial and non-financial reports and update of the risk mitigation plans related to for-profit business activities to the Finance and Audit Committee .
- within 45 days of quarter end, the Finance and Audit Committee will provide an update to Council on all for-profit business activities, including the quarterly financial statements and an update on all for-profit business activity risk mitigation plans.
- The CAO will be responsible for ongoing monitoring of the external for-profit business activities. Deviations from the approved investment plan will be presented to the Finance and Audit Committee for review and recommendation to Council.

**New For-Profit Business Activities:**

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

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

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

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

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

**Management of For-Profit Business Activities:**

1. Under the conditions set out in section 2, 3, and 4, the First Nation may:
  - a. carry on business as a proprietor.
  - b. acquire an interest in a partnership as a general partner; or
  - c. act as a trustee respecting property used for, or held in the course of, carrying on a business.
2. The First Nation may carry on a business that

- a. is ancillary or incidental to the provision of programs or services or other funds of First Nation governance; or
- b. derives income from the granting of a lease or license of or is in respect of
  - i. an interest in, or natural resources on or under, the First Nation's lands or lands own in fee simple by, or in trust for, the First Nation, or
  - ii. any other property of the First Nation.

3. The First Nation may carry on business activities for the primary purpose of profit if the Council determines that the business activities

- a. do not result in a material liability for the First Nation; or
- b. do not otherwise expose the First Nation's financial assets, property, or resources to significant risk.

4. Council may impose terms and conditions on the conduct of any for-profit business activity in order to manage any risks associated with that activity.

#### Lending, Guarantees and Indemnities

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

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

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

#### Investment Risk Assessment

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

#### Financial Reporting Risks

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

- a material misstatement in information in the quarterly and annual financial statements.

- failure to achieve planned levels of financial performance.
- failure to perform the First Nation's obligations.

#### Insurance and Emergency Operations Continuity Plans

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

#### References and Related Authorities

##### FMB's Financial Management System Standards

- Standard 20.0 – Risk Management

##### FMB's Financial Administration Law Standards

- Standard 19.0 – Risk Management

## 23 EMERGENCIES AND OPERATIONS CONTINUITY

### Purpose

It is Council's policy to establish a process around emergency and operations continuity planning that addresses the key risks facing the First Nation. The purpose of this policy is to provide guidance on preparing for emergencies through a documented emergency and operations continuity plan designed to meet the size, risk and impact of potential emergencies that could affect the First Nation and its ability to achieve its goals and priorities.

### Scope

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

### Responsibilities

Council is responsible for:

- approving the emergency and operations continuity plan

The CAO is responsible for:

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

### Procedures

#### Analyze the Current Situation

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

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

#### Develop the Emergency and Operations Continuity Plan

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

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

### **Buildings and sites**

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

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

### **Critical equipment**

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

How quickly can repairs be made and by whom?

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

### **Information Technology**

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

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

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

### **People**

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

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

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

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

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

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

### **Implement the Plan**

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

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

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

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

#### Annual Review

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

Changes to the plan will be approved by Council.

#### References and Related Authorities

##### FMB's Financial Management System Standards

- Standard 20.0 – Risk Management

## 24 FINANCIAL MANAGEMENT SYSTEM IMPROVEMENT

### Purpose

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

### Scope

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

### Responsibilities

The Finance and Audit Committee is responsible for:

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

The CAO is responsible for:

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

### Procedures

#### Financial Management System Review

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

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

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

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

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

The CAO will make the report available to Council and auditors.

#### Internal Assessments

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

Operations or activities under review by the employee assigned by the CAO includes the following:

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

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

Reports will be issued to the CAO.

#### Continual Improvement Process

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

#### Review of Financial Administration Law

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

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

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

#### Membership Information or Involvement

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

#### References and Related Authorities

##### The FMB's Financial Management System Standards

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

##### The FMB's Financial Administration Law Standards

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

# APPENDIX A – AVOIDING AND MITIGATING CONFLICTS OF INTEREST

## PART I - Interpretation

### Interpretation

1.(1) In this Appendix:

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

“the FAL” means the Financial Administration Law.

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

### Definition of Conflict of Interest

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

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

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

- (a) the individual’s spouse,
- (b) a person under the age of eighteen (18) years in respect of whom the individual or the individual’s spouse is a parent or acting in a parental capacity,
- (c) a person in respect of whom the individual or the individual’s spouse is acting as guardian,
- (d) a person, other than an employee, who is financially dependent upon the individual or the individual’s spouse or on whom the individual is financially dependent, and
- (e) an entity in which the individual or the individual in combination with any other person described in this subsection has a controlling interest.

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

- (a) are the same as those of a broad class of members of the First Nation of which the individual is a member; or
- (b) are so remote or insignificant that they could not be reasonably regarded as likely to influence the individual in the exercise of a power or performance of a duty or function.

## PART II - Councillors and Committee Members

### Application

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

### General Obligations

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

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

### Disclosure of Interests

5.(1) "Real property" includes an interest in a reserve held under

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

(2) A Councillor must file a written disclosure of the following information with the Chief Administrative Officer:

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

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

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

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

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

## Gifts and Benefits

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

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

(a) would be considered within

(i) normal protocol exchanges or social obligations associated with the Councillor's office,

(ii) normal exchanges common to business relationships, or

(iii) normal exchanges common at public cultural events of the First Nation;

(b) is of nominal value;

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

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

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

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

## Confidential Information

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

(a) to members of the public; or

(b) to members of the First Nation.

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

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

## Procedure for Addressing Conflict of Interest

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

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

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

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

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

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

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

(2) If, as a result of a clarification discussion under subsection (1), a Councillor is alleged to have a conflict of interest or an apparent conflict of interest and the Councillor does not acknowledge the conflict of interest or apparent conflict of interest and take the actions required under section 8, the Council must determine whether the Councillor has a conflict of interest or an apparent conflict of interest before the Council considers the matter referred to in subsection (1).

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

(4) If the Council determines under subsection (2) that a Councillor has a conflict of interest or an apparent conflict of interest, the Councillor must comply with section 8.

## **Obligations of Committee Members**

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

1a. Sections 4 and 6 to 9 apply to a member of a Council committee and all references in those sections to

(a) a Councillor are considered to be references to a member of a Council committee; and

(b) a Council meeting are considered to be references to a committee meeting.

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

### **Application**

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

### **General Obligations**

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

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

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

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

## Disclosure of Conflict of Interest

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

(a) disclose the circumstances in writing as soon as practicable to the Chief Administrative Officer or, in the case of the Chief Administrative Officer, to the chair of the Finance and Audit Committee; and

(b) refrain from participating in any discussions or decision-making respecting the circumstances of the conflict of interest until advised by the Chief Administrative Officer or the chair, as the case may be, on actions to be taken to avoid or mitigate the conflict of interest.

## Gifts or Benefits

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

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

(a) would be considered within

(i) normal exchanges common to business relationships, or

(ii) normal exchanges common at public cultural events of the First Nation;

(b) is of nominal value;

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

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

## Outside Employment and Business Interests

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

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

## Confidential Information

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

(a) to members of the public; or

(b) to members of the First Nation.

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

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

## **First Nation Property and Services**

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

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

## **PART IV - Contractors**

### **Application**

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

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

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

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

### **General Obligations**

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

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

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

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

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

### **Confidential Information**

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

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

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

## **Business Opportunities**

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

## **First Nation Property and Services**

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