



Finance Policy and Procedures

Lheidli T'enneh First Nation

FINANCE POLICY AUTHORIZATION

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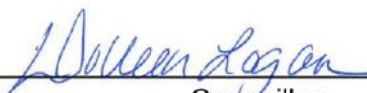
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FINANCE PROCEDURES AUTHORIZATION

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1. DEFINITIONS

“Annual Integrated Planning”	a plan to forecast and integrate expenses and revenues
“Arrears”	unpaid, overdue debt, or an unfulfilled obligation
“Assets”	anything of value owned by the Lheidli T’enneh 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 Lheidli T’enneh 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 Lheidli T’enneh First Nation’s capital assets and any other major capital projects in which the Lheidli T’enneh 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
“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 Lheidli T'enneh 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 Lheidli T'enneh 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 Lheidli T'enneh First Nation that includes Chief, Councillors and the equivalent terminology used by the Lheidli T'enneh 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
“Chief Financial Officer”	person responsible for the day-to-day management of the Lheidli T'enneh First Nation's finances
“Direct Supervisor”	employee responsible for managing and overseeing the work and development of other staff
“Eligibility Criteria”	requirements set by Council which must be met by an individual to be considered independent and eligible to be appointed to the Finance and Audit Committee
“Engagement Letter”	written document prepared by the auditor that serves as a contract to confirm the audit arrangements between the auditor and the Lheidli T'enneh 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 Lheidli T'enneh First Nation government's financial statements in accordance with GAAP
“Executive Director”	person who is responsible for leading the day-to-day administration or management of the Lheidli T'enneh First Nation and who reports directly to Council
“Expenditure”	amount of money spent by the Lheidli T'enneh 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)
“Extraordinary Expenditure”	amount of money spent by the Lheidli T'enneh First Nation government beyond approved budget
“Financial Competency”	ability to read and understand the Lheidli T'enneh 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 Lheidli T'enneh First Nation within a specific period
“Fiscal Year”	twelve-month period used for tax or accounting purposes
“Fraud”	wrongful or criminal act that involves lying or holding back information; this is usually done for personal or financial gain
“GAAP”	Canadian Generally Accepted Accounting Principles, the framework of accounting guidelines, rules and procedures
“HR Records”	records that contain information on an individual's hiring, job duties, compensation, performance, and general employment history
“Indemnity”	security or protection against a loss or other financial commitment
“Independence”	eligibility criteria for finance and audit committee membership defined as an individual who does not

	<p>have a direct or indirect relationship with the Lheidli T'enneh 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 Lheidli T'enneh 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 Lheidli T'enneh First Nation government protects information from unauthorized access, use, modification, or destruction
“Integrated Planning and Budgeting”	annual process of planning and budgeting activities across every level of the Lheidli T'enneh First Nation government that are linked, coordinated, and driven by the Lheidli T'enneh First Nation's vision and strategic objectives
“Internal Assessment”	review of an activity/process by an independent Lheidli T'enneh 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 Lheidli T'enneh 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 Lheidli T'enneh First Nations <i>Fiscal Management Act</i>
“Materiality”	financial amount that the Lheidli T'enneh First Nation government considers significant, typically large amounts; the materiality threshold is the minimum

	financial amount that Lheidli T'enneh First Nation government considers significant
“Misconduct or Wrongdoing”	breach of the Lheidli T'enneh First Nation’s Financial Administration Law including conflict of interest provisions, code of conduct, Council-approved policies and administrative procedures
“Officer”	Executive Director, Chief Financial Officer, or any other employee of the Lheidli T'enneh First Nation government designated by the Council as an Officer
“Organizational Chart”	visual representation of the different positions in Lheidli T'enneh First Nation government that clearly shows reporting relationships (who reports to who)
“Performance Improvement Plan”	plan developed by an employee’s direct supervisor, in consultation with the employee, to address the areas for improvement/development identified during the performance review process
“Personal Information”	information about a specific individual. In addition to common items such as an individual’s name, gender, physical characteristics, address, contact information, identification and file numbers - it also includes criminal, medical, financial, family and educational history as well as evaluative information and other details of an individual’s life
“Privacy Protection”	rules Lheidli T'enneh 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 Lheidli T'enneh First Nations Financial Management Board Standards
“Record”	information created, received, and maintained by the Lheidli T'enneh First Nation government for operational purposes or legal obligations. A record may be electronic, or hardcopy paper based

“Recordkeeping”	how an organization creates, obtains, and manages records
“Rehabilitation”	asset alteration, extension and renovation but does not include routine maintenance
“Remuneration”	salaries, wages, commissions, bonuses, fees, honoraria and dividends and any other monetary and non-monetary benefits
“Replacement”	substitution, in whole or in part, with another of the Lheidli T'enneh First Nation government's capital assets
“Requisition”	purchase order used by the Lheidli T'enneh First Nation government when recording expenditures
“RFP”	Request for Proposal, competitive process followed by the Lheidli T'enneh First Nation government to enter into a major service contract. RFPs lay out the Lheidli T'enneh 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 Lheidli T'enneh First Nation government's goals and objectives
“Sole Source”	contract entered into by the Lheidli T'enneh 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
“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 Lheidli T'enneh First Nation government is collecting local revenues
“Terms of Reference”	outline of the purpose and structure of a project, committee, meeting, or negotiation
“Travel Status”	pre-approved travel on official First Nation government business by an individual's direct supervisor; Travel

Status begins from the individual's place of work (e.g. the Lheidli T'enneh 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 Lheidli T'enneh 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 Lheidli T'enneh First Nation government's virtual network

2. ANNUAL PLANNING AND BUDGETING

POLICY

Policy Statement

It is Council's policy to establish a process for establishing the Lheidli T'enneh First Nation's short and long-term priorities and goals and linking them to operations and spending.

Purpose

The purpose of this policy is to make sure that a comprehensive planning process is established to support the on-going decision making of the Lheidli T'enneh First Nation. This is to make sure that the Lheidli T'enneh 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 and employees of the Lheidli T'enneh First Nation involved in the planning and budgeting process.

Responsibilities

Council is responsible for:

- reviewing and approving the annual budget and ensuring that it was prepared in accordance with the Lheidli T'enneh 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 budget, and a multi-year financial plan
- reviewing and approving the annual materiality threshold for budget amendments
- reviewing and approving any amendments to the annual budget or other planning documents
- 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 Lheidli T'enneh First Nation is informed about or involved in the preparation of the annual budget, multi-year financial plan, projected budget deficits or projected extraordinary expenditures as set out in the Lheidli T'enneh First Nation's Financial Administration Law
- establishing general budget policies such as requirements for a balanced budget and use of cash reserves

The Finance and Audit Committee is responsible for:

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

The Executive Director is responsible for:

- creating a planning and budgeting calendar and making sure deadlines are met – subject to the Lheidli T'enneh First Nation's Financial Administration Law
- making sure that the budgeting 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 Chief Financial Officer is responsible for:

- establishing the format for draft budgets
- participating in budget planning sessions with Council, the Finance and Audit Committee, Executive Director 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 Executive Director 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
- any other responsibilities as outlined in the Financial Administration Law

ADMINISTRATIVE PROCEDURES

Procedures

2.1 Budget

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

Capital budgeting 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 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 Chief Financial Officer will complete and submit the draft budget to Executive Director for review no later than March 15. The final draft budget recommended for approval to Council by the Finance and Audit Committee will be approved by Council no later than March 31st of the fiscal year preceding the budget year.

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.

2.2 Strategic Plan

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

The plan should include community input on the vision and priorities.

The plan will include a long-term vision for the Lheidli T'enneh 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.

2.3 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 as defined in the Financial Administration Law, payments required to address any deficits and payments for all other purposes
- projected transfers between accounts that include the amounts from the capital asset reserve account
- all categories of restricted cash
- 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.

2.4 Plan and Budget Amendments

Amendments to budgets are limited to situations of material changes to the projected revenues or expenditures of the Lheidli T'enneh First Nation or to the expenditure priorities of Council. Materiality is approved by Council each year as indicated in the Delegation and Authorization Table.

Budget amendments will be brought to the Finance and Audit Committee for review and recommendation to Council.

On or before March 15 of each year the Chief Financial Officer must prepare and submit to the Executive Director for review a draft amendment of the component of the annual budget respecting the Lheidli T'enneh First Nation's local revenue account.

On or before March 21 of each year, the Finance and Audit Committee must review the draft amendment of the component of the annual budget respecting the Lheidli T'enneh First Nation's local revenue account.

No later than March 30 of each year, the Council must approve the amendment of the component of the annual budget respecting the Lheidli T'enneh 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

3. FINANCIAL AND OPERATIONAL REPORTING

POLICY

Policy Statement

It is Council's policy to establish financial and operational processes that promote transparency and accountability and to communicate to members the Lheidli T'enneh First Nation government's progress towards achieving its goals.

Purpose

The purpose of this policy is to establish financial and operational reporting requirements and practices to provide timely, accurate and relevant financial and operational information to decision-makers. This will support the Lheidli T'enneh First Nation in assessing progress toward achieving its goals.

Scope

This policy applies to all financial operations and activities of the Lheidli T'enneh First Nation including those operations that the Lheidli T'enneh First Nation controls. The persons affected by this policy include Council, Finance and Audit Committee, Officers and employees of the Lheidli T'enneh First Nation.

Responsibilities

Council is responsible for:

- reviewing the financial statements and reports and the Finance and Audit Committee's corresponding recommendations
- approving the financial reports list, the financial statements and reports
- determining the preferred level of auditor involvement for the report to be issued by the auditors on the special purpose reports referred to in the FAL
- documenting procedures for identification of risks

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 annual financial statements and reports and the Executive Director's corresponding recommendations and making appropriate recommendations to Council

The Executive Director 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 Chief Financial Officer and other staff as appropriate and recommending any updates to the Finance and Audit Committee

The Chief Financial Officer 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
- assessing and managing financial reporting risk and reporting risks to the Executive Director
- 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 Lheidli T'enneh First Nation has a loan from the Lheidli T'enneh First Nations Finance Authority (FNFA) that is secured by other revenues: maintaining a complete set of all records respecting other revenues of the Lheidli T'enneh First Nation, including all records referred to in section 5 of the Local Revenue Management Implementation Regulation as amended by the Financing Secured by Other Revenues Regulations]

ADMINISTRATIVE PROCEDURES

Procedures

3.1 Financial Reports List

Council and the Finance and Audit Committee, with the assistance of the Chief Financial Officer, 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 Chief Financial Officer will be tailored to the needs of the Lheidli T'enneh 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 Executive Director], as written in the FAL.

If the Lheidli T'enneh First Nation has borrowed money 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 Chief Financial Officer 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.

3.2 Financial Statement Preparation

The Chief Financial Officer will prepare monthly information on the financial affairs of the Lheidli T'enneh 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 Chief Financial Officer.

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 20 Days following quarter end and considered and approved by Council no later than 25 days following quarter end.

Each quarterly financial statement will include the following for the Lheidli T'enneh First Nation:

- a statement of revenue and expenditures containing a comparison to the approved annual budget
- a statement of financial position
- [financial information for the local revenue account as required by the Financial Administration Law [and the Local Revenue Policy]
- [if the Lheidli T'enneh First Nation has borrowed money from the Lheidli T'enneh 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 Lheidli T'enneh First Nation:

- the financial information and disclosures for the Lheidli T'enneh 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 Lheidli T'enneh 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 [45] 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 Chief Financial Officer's comment(s) and recommendation(s). Subsequently, the Finance and Audit Committee will forward the financial statements, accompanying information, and its comment(s) and recommendation(s) to Council no later than [60] days following the end of the fiscal year for which they were prepared.

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 Executive Director 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 Chief Financial Officer's recommendation(s)

The financial reporting record file will be classified as confidential and secure, and maintained according to the relevant policy. Retention period will be seven years unless otherwise specified by Council policy.

3.3 Financial Reporting Risks

Annually, as part of the evaluation process, the Executive Director 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 Chief Financial Officer 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 will be approved by the Chief Financial Officer.
- 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 Chief Financial Officer
- 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 Chief Financial Officer
- provision of draft departmental financial statements to respective departments for review, comment and budgetary variance explanations
- the Chief Financial Officer 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 Chief Financial Officer and consultation and communication with the Finance and Audit Committee and Council. Changes such as the addition/deletion/modification of general ledger accounts, customer/member accounts, or vendor accounts require approval from the Chief Financial Officer.

3.4 Fiscal Year

The fiscal year for the Lheidli T'enneh First Nation will be the period beginning on April 1 and ending on March 31 of the following year.

3.5 Annual Report

The Council must prepare and publish an annual report within the earlier of 180 days after the fiscal year end, or the timeline specified in the Financial Administration Law, that details the progress towards the financial and operational goals of the Lheidli T'enneh 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 Lheidli T'enneh First Nation and its operations
- a progress report on any established objectives and performance measures of the Lheidli T'enneh 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 Lheidli T'enneh First Nation as required by the Financial Administration Law, and provided to all Council members, the Lheidli T'enneh 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 Lheidli T'enneh First Nation within the required timeframe.

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

4. FINANCIAL INSTITUTION ACCOUNT AND CASH MANAGEMENT

POLICY

Policy Statement

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

Purpose

The purpose of this policy is to specify authorities and responsibilities over banking activities including signing and approval authorities, opening and closing of accounts, and processing transactions. Having control over access to, and the management of, the Lheidli T'enneh First Nation's bank accounts limits the chance of loss of money.

Scope

This policy applies to Council, 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 Lheidli T'enneh First Nation
- designating the financial institutions that the Lheidli T'enneh First Nation may conduct banking activities with
- approving the establishment of an operating line of credit or overdraft account

The Finance and Audit Committee is responsible for

- ensuring significant irregularities or unusual reconciling items are investigated

The Chief Financial Officer is responsible for:

- representing the Lheidli T'enneh First Nation in dealing with financial institutions
- coordinating the opening, maintenance and closing of bank accounts
- 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 money received by the Lheidli T'enneh 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 Lheidli T'enneh First Nation's cash position
- managing the Lheidli T'enneh First Nation's short-term liquidity and working capital including credit line facilities

The employees assigned banking duties by the Chief Financial Officer 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
- recording revenue deposited in the accounting system
- making sure all anticipated recurring deposits have been received

The employee designated by the Chief Financial Officer to prepare financial institution account reconciliations is responsible for:

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

ADMINISTRATIVE PROCEDURES

Procedures

4.1 Financial Institution Account Management

The Chief Financial Officer maintains correspondence and official documents relating to the opening, maintenance, and closing of all financial institution accounts upon approval of the Executive Director.

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

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

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 will be provided with online banking access to perform transactions

- transaction completion activities, such as electronic funds transfers, will be controlled in a similar manner as cheques and two employees will be required to approve each transaction; each employee will have a separate login and individual password

4.2 Cash Receipts

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

Cheques received by direct mail will be recorded in a receipt log and endorsed (stamped) immediately as “for deposit only to [account #] ” by a designated person. This blocks negotiation of the cheque(s) if stolen. The log will include the date, source amount and reason for payment.

Cheques must face in the same direction for expediting the bank processing.

An adding machine tape must be run to determine the total amount of cheques being deposited. A second adding machine tape must be run to verify the total previously calculated. Continue calculating until the two adding machine tapes match.

Cheques must be bundled with a rubber band and include one of the matching adding machine tapes.

A deposit slip must be prepared by one employee and reviewed by a second employee.

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.

Each deposit will be placed in a separate deposit bag (inspect the bag for holes or tears before using).

Deposit all cash & Cheque receipts to the Lheidli T'enneh First Nation's bank accounts within:

- 3 days after being received for accumulations of \$1,000 or more in cash/cheques
- Once and at the end of a week after being received for accumulations of less than \$1,000 in cash/cheques

At the end of each day, any cash received will be stored in the Lheidli T'enneh 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.

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

In recording deposits to the bank account, various entities use clearing accounts to record amounts due from the following sources:

- A/R Cash
- A/R Debit
- A/R Visa
- A/R MasterCard
- A/R other credit card(s)

These clearing accounts will be treated as if they were bank accounts and reconciled on a monthly basis. As an overall guidance, amounts outstanding in these accounts should under no circumstances be older than 5 working days.

The following steps cannot be followed or initiated until the bank reconciliations are complete for all bank accounts for the month under review:

- make sure all deposits were prepared in accordance with above procedures
- prepare monthly bank reconciliation
- determine balance left in all clearing accounts
- print detail for each clearing account
- obtain list of uncleared amounts from the prior month
- mark off or strike out each deposit expected as compared to the amount which cleared the bank by starting with the items uncleared from the prior month - note any differences
- make a new listing of amounts which are uncleared at the end of the month which should include detail of the date the funds were received, the source of the funds and the amount due. The listing should be added and totaled and agreed to the control account
- go to the online access for the Lheidli T'enneh First Nation's banking and print out transactions posted for the Lheidli T'enneh First Nation's bank accounts for the first 10 days of the next month
- make sure that outstanding clearing amounts were received in that 10-day period - that is to say, outstanding amounts that have cleared must be documented as part of preparing the listing

4.3 Petty Cash

Lheidli T'enneh does not maintain petty cash. Any cash collection is being deposited to bank in full immediately.

4.4 Cheque Stock

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

Cheque stock should be sequentially pre-numbered.

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

4.5 Credit Lines

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

4.6 Opening a Financial Institution Account

Once the opening of a financial institution account has been approved by Executive Director, the Chief Financial Officer outlines the following:

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

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

Once the financial institution account is opened, the Chief Financial Officer instructs the appropriate employee to set up the account in the general ledger.

4.7 Closing a Financial Institution Account

The request to close a financial institution account must include:

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

Upon approval by Council, 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 Lheidli T'enneh First Nation.

Once the financial institution account has been closed, the Chief Financial Officer will instruct the appropriate employee to disable the account in the general ledger.

4.8 Account Reconciliation

Each of the Lheidli T'enneh 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 relevant 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 Chief Financial Officer.

The Chief Financial Officer will submit all financial institution account reconciliations for independent review.

4.9 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.

4.10 Irregularities

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

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

Lheidli T'enneh First Nation

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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: _____

5. PURCHASING

POLICY

Policy Statement

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

Purpose

The purpose of this policy is to provide guidance to the Lheidli T'enneh 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 Lheidli T'enneh 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 Lheidli T'enneh First Nation.

Responsibilities

The Council is responsible for:

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

The Executive Director is responsible for:

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

The Chief Financial Officer 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

ADMINISTRATIVE PROCEDURES

Procedures

5.1 Purchasing of Goods and Services

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

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 Lheidli T'enneh First Nation.

When appropriate, the Lheidli T'enneh First Nation will promote the use of local content in the procurement of goods and services in accordance with the attachment.

When Council approval is required per the Delegation and Authorization Table, a competitive purchasing process must occur.

5.2 Competitive Purchasing Process

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

The Officer responsible for managing an RFP will include 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 Lheidli T'enneh 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.

5.3 Exceptions to the Competitive Purchasing Process

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

- if there were no bids received during the RFP process
- when the good or service is available only through a sole source
- in an emergency where a delay in purchasing the good or service would result in severe loss or damage to the Lheidli T'enneh First Nation

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

5.4 Approval, Initiation and Monitoring

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

5.5 Documentation Requirements

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

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

5.6 Monitoring of Suppliers

On an ongoing basis, the Executive Director in consultation with the department manager 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 Executive Director.

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.

5.7 Encouraging new suppliers

Contracts will be reviewed on an annual basis (or other timeframe as deemed appropriate by the Executive Director for the nature and complexity of the goods 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 Lheidli T'enneh 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 Lheidli T'enneh 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 Lheidli T'enneh 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.

Lheidli T'enneh First Nation

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CONTRACTOR/SUPPLIER EVALUATION				
Organization name:				
Service/goods to be provided:				
RFP reference #:				
Value of contract:				
	Criteria	Details / Comments	Value	Score
1.	RFP or other requirements [list here] [xxxx] [xxxx]	<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 Lheidli T'enneh First Nation?</i>	[#]	[#]
4.	Has the organization worked previously with the Lheidli T'enneh First Nation? Provide details and an evaluation of the work.	<i>Evaluate the Lheidli T'enneh First Nation's previous experience with this supplier</i>		
5.	[xxxx]			
6.	[xxxx]			
7.	[xxxx]			
11.	Price	<i>Evaluation of the price, results of previous criteria.</i>		
12.	Other considerations?	<i>Anything not covered above that should be included in evaluation the supplier i.e. inclusion of local content</i>		
Evaluation			Score:	[XX/XX]
Overall comments / recommendation:				%
Attachments:				
1. Contractor/Supplier response to RFP				
2. Results of any previous contractor/supplier evaluations				
3. Other supporting information as required				
_____			_____	
Signature			Date	

6. EXPENDITURES

POLICY

Policy Statement

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

Purpose

The purpose of the policy is to make sure that all expenditures from First Nation's funds are in support of valid First Nation services and activities and that processing of payments are subject to proper approvals and budget controls. Having rules in place for how spending can get approved and for what is an important part of Lheidli T'enneh First Nation's ability to operate smoothly.

Scope

This policy applies to the Council, committees of Council, Officers, employees of the Lheidli T'enneh First Nation and any other persons conducting activities in connection with the financial administration of the Lheidli T'enneh First Nation.

Responsibilities

Officer(s) identified in the Delegation and Authorization 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
- reviewing reimbursable expenditure claims to make sure that the requirements of relevant policy have been met before approving for payment
- updating and communicating the reimbursable expenditure claim form to current rates
- 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 before processing for payment
- making sure that all required documentation accompanies each payment and is retained in the financial records of the Lheidli T'enneh First Nation in accordance with the relevant policy

Employees, committees and Council members are responsible for:

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

The Executive Director 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 Lheidli T'enneh First Nation law

ADMINISTRATIVE PROCEDURES

Procedures

6.1 General and Operational Expenditures

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

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

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

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

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

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

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

6.2 Payroll

Employee payroll will be processed 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 bi-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 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 Executive Director.

6.3 Reimbursable Expenses

Employees will clearly demonstrate and document that all amounts they are claiming for reimbursement were directly related to authorized activities performed on behalf of the Lheidli T'enneh First Nation. All reimbursement will be done according to relevant existing policy.

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 Lheidli T'enneh 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 according to the existing policy.

6.4 Memberships

Memberships in professional organizations that are required for an individual's position or are meeting a demonstrated need of the Lheidli T'enneh 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 Executive Director before initiating the expense and submitting a reimbursement claim.

6.5 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 money 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 Executive Director a member of Council will approve, for Council members the Chair of the Finance and Audit Committee will approve)
 - if applicable, a signed pre-authorization supporting business class travel
 - proof of payment for items claimed, which includes credit card or debit receipts

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

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

6.6 Approval for Payment

No money will be paid out of any financial institution account without a requisition for payment and approved by the appropriate authority as per Delegation and Authorization Table.

In addition to the steps below, the authorized Officer must authorize payment out of a local revenue account.

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

Any exceptions to the above will require authorization from the Chief Financial Officer for payment.

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

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

6.7 Payments

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 finance department will prepare cheques on weekly basis, typically every 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 Chief Financial Officer immediately of any instances of:

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

References and Related Authorities

FMB's Financial Management System Standards

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

FMB's Financial Administration Law Standards

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

Attachments

1. Reimbursable Expenses Claim Template

Lheidli T'enneh First Nation

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Lheidli T'enneh

Reimbursable Expenses Claim

Employee name:

Title:

Reason for claim:

Description of the claim and why it was necessary for the Lheidli T'enneh First Nation's business.

Declare any third-party funding / reimbursements received for this activity.

Receipt No.	Date	Description	Type of expense	Amount	Exchange rate	CAD amount
Total Claimed:						#[XXX.XX]
Less: Advance (if applicable)						#[XXX.XX]
Total to be reimbursed:						#[XXX.XX]

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

Employee signature:

Date:

Approval signature:

Date:

7. BORROWING

POLICY

Policy Statement

It is Council's policy to establish a process around borrowing, repayments, use of borrowed money and recording and reporting of borrowing to members.

Purpose

The purpose of this policy is to establish an effective borrowing framework for the Lheidli T'enneh First Nation. Borrowing money can support Lheidli T'enneh 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 Executive Director and Chief Financial Officer and recommending a course of action to Council
- monitoring borrowings and repayments

The Executive Director is responsible for

- reviewing borrowing proposals prepared by the Chief Financial Officer and recommending a course of action to the Finance and Audit Committee

The Chief Financial Officer (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 Executive Director 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

ADMINISTRATIVE PROCEDURES

Procedures

7.1 Determination of Need and Evaluation of Options

The relevant program manager will document the requirement for the Lheidli T'enneh 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 Chief Financial Officer will prepare a borrowing proposal which includes the following:

- need for financing and alternatives considered
- evaluation of available borrowing options
- recommended borrowing option
- the purpose use and application of borrowing
- description of repayment plans based on cash flow analysis
- 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 Lheidli T'enneh First Nation before any capital project related debt is incurred by the Lheidli T'enneh First Nation

The Chief Financial Officer 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 Executive Director will review the borrowing proposal, including a recommended course of action to the Finance and Audit Committee.

The Executive Director may engage legal counsel on the borrowing proposal.

7.2 Approval

The Executive Director and Chief Financial Officer 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.

7.3 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 Chief Financial Officer 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 Lheidli T'enneh First Nation's financial records and statements from the lender
- calculating any financial covenants contained in borrowing agreements and evaluating whether compliance with the terms of the covenants have been met

7.4 Reporting on Borrowings

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

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

The Chief Financial Officer will make sure that the borrowing obligation is reported to the Finance and Audit Committee on a quarterly basis in the financial statements in accordance with Canadian GAAP and any requirements of the Financial Administration Law.

7.5 Records Management

The Chief Financial Officer will make sure borrowing records are created, maintained and retained in accordance with the relevant 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

8. LENDING, GUARANTEES AND INDEMNITIES

POLICY

Policy Statement

The Lheidli T'enneh First Nation do not provide financial loan in any form.

References and Related Authorities

FMB's Financial Management System Standards

- Standard 19.0 – Financial Management and Controls

FMB's Financial Administration Law Standards

- Standard 18.0 – Financial Management and Controls

9. INVESTMENTS

POLICY

Policy Statement

It is Council's policy that First Nation's investments will be managed and administered to preserve capital and generate sufficient income and growth to meet the Lheidli T'enneh First Nation's operational or strategic objectives.

Purpose

The purpose of this policy is to provide a framework for management of the Lheidli T'enneh 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 Lheidli T'enneh First Nation.

Responsibilities

Council is responsible for:

- determining and approving the Lheidli T'enneh First Nation's short- and long-term investment strategy
- 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
- 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
- making sure the approved investment strategy is periodically reviewed for effectiveness

The Finance and Audit Committee is responsible for:

- providing Council with recommendations for an investment strategy
- monitoring performance
- the redemption of invested funds not related to operational financial institution accounts and the rebalancing of funds

The Executive Director is responsible for:

- monitoring the performance of all parties to whom duties have been delegated
- 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, Chief Financial Officer, and investment consultants, as required
- providing the Finance and Audit Committee with recommendations in relation to preliminary risk assessment of funds, funds to be invested, monitoring performance, rebalancing portfolios, and the redemption of invested funds

The Chief Financial Officer is responsible for:

- 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, and any other recommendations

ADMINISTRATIVE PROCEDURES

Procedures

9.1 Determine Investment Management Strategy

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

The investment management strategy will include both short and long-term strategies and will determine the allowable uses of available funds.

9.2 Designation and Transfers of Investment Funds

The Chief Financial Officer 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 Chief Financial Officer will communicate and oversee approved requests to redeem investments and transfer the proceeds to the Lheidli T'enneh First Nation.

9.3 Local Revenues Permitted Investments

If Lheidli T'enneh First Nation is collecting local revenues, these 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 Lheidli T'enneh First Nations Finance Authority or a municipal finance authority established by a province

9.4 Monitoring of Investments

The Chief Financial Officer will reconcile the investment accounts to the general ledger and investment statements.

The Chief Financial Officer will verify the investment management fees charged to make sure they are consistent with the underlying contracts.

The Chief Financial Officer will prepare a quarterly monitoring report and provide that report to the Executive Director. 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

The Executive Director 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.

References and Related Authorities

FMB's Financial Administration System Standards

- Standard 20.0 – Risk Management

FMB's Financial Administration Law Standards

- Standard 19.0 – Risk Management

10. CAPITAL ASSETS

POLICY

Policy Statement

It is Council's policy to establish a process around capital assets that includes a life-cycle approach to effectively plan, manage, account for and dispose of assets according to the Lheidli T'enneh First Nation's capital asset strategy and to accurately reflect these in the Lheidli T'enneh First Nation's financial statements.

Purpose

The purpose of this policy is to provide guidance on the planning, management, and accounting treatment for capital assets over the entire capital asset life cycle so the Lheidli T'enneh 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
- approving capital project plans and capital asset reserve fund transactions
- making sure capital project budgeting requirements are implemented
- establishing a capital asset reserve fund
- establishing asset recognition criteria
- establishing the capital project trigger threshold amount
- informing or involving First Nation members about capital asset projects and borrowings for capital projects

The Finance and Audit Committee is responsible for:

- reviewing on or before May 1 the financial information provided on the life-cycle management program by the Chief Financial Officer
- reviewing and recommending to Council the annual budget for capital assets
- 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 Executive Director 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 Lheidli T'enneh 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
- establishing the criteria including monetary threshold for defining a capital asset and capital project as per the Delegation and Authorization Table and recommending to Council for approval

The Chief Financial Officer 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 financial information related to maintenance and or replacement of capital assets as required in the Financial 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 annual capital plans

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 Executive Director

ADMINISTRATIVE PROCEDURES

Procedures

10.1 Capital Asset Register

A capital asset register will be established and updated by the Executive Director. 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 may 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
- general comments

The capital asset register will be maintained by individual department manager and the finance department will regularly reconcile the capital asset register to the general ledger.

10.2 Annual Inspection and Review

On or before [November 30], the Executive Director will initiate an annual inspection of the Lheidli T'enneh First Nation's capital asset inventory. A property management team will be assigned by the Executive Director to complete the inspection. Where appropriate or necessary the Executive Director 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 Executive Director for review and approval. Once reviewed and approved by the Executive Director, the changes will be recorded in the capital asset register and the office manager will be coordinating the process and be the custodian of the document.

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

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 Executive Director 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 Lheidli T'enneh First Nation's ability to provide goods and services, or that the value of future economic benefits associated with the capital asset is less than its net book value, the cost of the capital asset should be reduced to reflect the decline in the asset's value.

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

A write-down cannot be reversed.

10.3 Safeguarding Assets

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

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

10.4 Maintenance of Assets

The Executive Director will prioritize capital assets in the register according to importance and impact on the safety and well-being of the Lheidli T'enneh 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 Executive Director. 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 Executive Director 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 annual capital plan based on the results of the inspections performed for the year.

10.5 Life Cycle Management Program

Based on the information in the capital asset register and contributions from relevant employees, the Chief Financial Officer will prepare the annual capital plan by January 15 of each year.

The annual 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 Chief Financial Officer 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 annual capital plan and capital assets register.

The Finance and Audit Committee will review by the annual capital plan by January 31 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.

10.6 Capital Projects

The Capital Project manager, with input from the Chief Financial Officer, will develop a plan for each capital project, and submit to Executive Director for review. 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 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 Capital Project manager will coordinate planning, design, engineering, RFP, supplier selection, and environmental requirements for each capital project. Capital project external advisors may be engaged to carry out these obligations with approval from Executive Director.

The Chief Financial Officer will coordinate project costing, budgeting, financing and approval for each capital project.

The annual 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 annual capital plan on or before January 31 and forward their recommendation to Council for approval.

Council will inform or involve members about capital projects and borrowings (if any) for capital projects.

10.7 Construction Management

The Executive Director will obtain appropriate course of construction insurance for each capital project in accordance with the relevant policy and will require guarantees and bonding from the supplier.

The Chief Financial Officer will process supplier progress payments, manage construction holdbacks and payments.

The Chief Financial Officer will report to the Finance and Audit Committee on each capital project respecting:

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

10.8 Acquisition of Capital Assets

The acquisitions of capital assets are subject to the relevant policy.

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

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

10.9 Capital Asset Reserve Fund

The Council will establish a capital asset reserve fund to be applied for the purposes of construction, acquisition, maintenance, rehabilitation and replacement of the Lheidli T'enneh First Nation's capital assets.

10.10 Disposal of Capital Assets

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

Members of the Lheidli T'enneh First Nation shall have an equal opportunity to purchase surplus assets through a competitive disposal process.

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

References and Related Authorities

FMB's Financial Management System Standards

- Standard 25.0 – Tangible Capital Assets

FMB's Financial Administration Law Standards

- Standard 25.0 – Tangible Capital Assets Management

11. INSURANCE POLICY

POLICY

Policy Statement

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

Purpose

The purpose of this policy is to provide guidance on the establishment and maintenance of an insurance program to make sure material risks are addressed for the Lheidli T'enneh 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 Lheidli T'enneh 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 Lheidli T'enneh 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 Executive Director 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 Lheidli T'enneh First Nation

ADMINISTRATIVE PROCEDURES

Procedures

11.1 Identify Significant Material Risks

The Executive Director, with input from members of the management team, the Finance and Audit Committee and Council, will develop a list of potential significant material risks to the Lheidli T'enneh First Nation's financial assets and operations. This will include an examination of:

- potential sources of liability of the Lheidli T'enneh First Nation arising from its operations
- value and use of assets under control of the Lheidli T'enneh 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 Lheidli T'enneh First Nation and could be insured

11.2 Identify and Purchase Insurance Products

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

The Executive Director 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 Lheidli T'enneh First Nation.

11.3 Approval for Insurance Coverage

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

Once approved by Council, purchase of the insurance coverage will follow the relevant policy.

11.4 Maintenance of Insurance Coverage

The Chief Financial Officer 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 Executive Director 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 Lheidli T'enneh First Nation.

References and Related Authorities

FMB's Financial Management System Standards

- Standard 20.0 – Risk Management

FMB's Financial Administration Law Standards

- Standard 19.0 – Risk Management

12. RISK MANAGEMENT

POLICY

Policy Statement

It is Council's policy to establish a process around identifying, managing and monitoring risks related to the financial management system and the achievement of the Lheidli T'enneh First Nation's goals.

Purpose

The purpose of this policy is to provide guidance on risk management as part of the integrated planning process and ongoing governance activities of the Lheidli T'enneh First Nation.

Scope

This policy applies to Council, Officers, the Finance and Audit Committee and all other employees involved in risk management at the Lheidli T'enneh First Nation.

Responsibilities

Council is responsible for:

- providing input to the annual risk assessment, including consideration of fraud risks
- reviewing, approving, and monitoring the annual First Nation risk management plan and fraud risk assessment
- subject to the Financial Administration Law, approving
 - the undertaking of for-profit 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 an approved for-profit activity

The Finance and Audit Committee is responsible for:

- providing input to the annual risk assessment including consideration of fraud risks
- reviewing the risk management plan and fraud risk assessment on a regular basis

The Executive Director 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 activity and monitoring of any approved for-profit 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 Lheidli T'enneh First Nation's financial management system that they understand their responsibilities

The Chief Financial Officer 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 Lheidli T'enneh First Nation and the risk management plan

ADMINISTRATIVE PROCEDURES

Procedures

12.1 Annual Risk Management Planning

As part of the integrated planning process, a risk assessment will be developed by the Executive Director. 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 Executive Director 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 Executive Director will review the risk management plan with the risk owners to update the risk and mitigation plans. Any significant changes will be reported to and reviewed by the Finance and Audit Committee and approved by Council.

12.2 Fraud Risk Assessment

On an annual basis as part of the integrated planning process, a fraud risk assessment will be performed by the Executive Director.

On an annual basis, the Executive Director will prepare a documentation that assesses the qualification of individuals engaged in fraud risk control activities in the Lheidli T'enneh First Nation's financial management system.

On a periodic basis, the individuals involved in the fraud risk controls must confirm in writing that they understand their responsibilities.

12.3 For-profit Business Activity Risk Management Considerations

Prior to beginning any for-profit business activity, the Executive Director will lead the preparation of a business case supporting the activity. The business case should contain, at a minimum, a detailed description of the proposed activity, costs, projected revenues and benefits, funding arrangements, strategic impact, and a risk assessment (including whether the activity will result in a material liability of the Lheidli T'enneh First Nation or expose the Lheidli T'enneh 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 Lheidli T'enneh 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.

The Executive Director 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.

12.4 Investment Risk Assessment

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

12.5 Financial Reporting Risks

The Chief Financial Officer 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 Lheidli T'enneh First Nation's obligations

12.6 Insurance and Emergency Operations Continuity Plans

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

References and Related Authorities

FMB's Financial Management System Standards

- Standard 20.0 – Risk Management

FMB's Financial Administration Law Standards

- Standard 19.0 – Risk Management

13. EMERGENCIES AND OPERATIONS CONTINUITY

POLICY

Policy Statement

It is Council's policy to establish a process around emergency and operations continuity planning that addresses the key risks facing the Lheidli T'enneh First Nation.

Purpose

The purpose of this policy is to provide guidance on preparing for emergencies through a documented emergency and operations continuity plan designed to meet the size, risk and impact of potential emergencies that could affect the Lheidli T'enneh 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 Lheidli T'enneh First Nation.

Responsibilities

Council is responsible for:

- approving the emergency and operations continuity plan

The Executive Director 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 Lheidli T'enneh First Nation staff and members as part of its implementation along with any necessary training
- updating the emergency and operations continuity plan on an annual basis

ADMINISTRATIVE PROCEDURES

Procedures

13.1 Analyze the Current Situation

The Executive Director will conduct a risk assessment to identify all risks that could have an impact on the operations and finances of the Lheidli T'enneh First Nation, including potential threats such as fires, natural disasters, and environmental risks.

For each of the risks identified, the Executive Director will determine the likelihood of the threat occurring and the potential impact on the Lheidli T'enneh First Nation's operations.

13.2 Develop the Emergency and Operations Continuity Plan

Based on the likelihood and impact, the Executive Director, 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 Lheidli T'enneh 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 Lheidli T'enneh 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 Executive Director will develop an emergency notification procedure to explain how to enact the plan should an emergency occur.

13.3 Implement the Plan

The Executive Director will develop a communication strategy 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 Executive Director. Testing could include mock disaster exercises, communication and off-site computing tests, fire drills, etc.

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

13.4 Annual Review

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

Changes to the plan will be approved by Council.

References and Related Authorities

FMB's Financial Management System Standards

- Standard 20.0 – Risk Management

14. FINANCIAL MANAGEMENT SYSTEM IMPROVEMENT

POLICY

Policy Statement

It is Council's policy to establish a process around continuous improvement in the Lheidli T'enneh First Nation's financial management system.

Purpose

The purpose of this policy is to provide guidance on the Lheidli T'enneh First Nation's continuous improvement of its financial management system. Regularly reviewing and making improvements to the financial management system of the Lheidli T'enneh 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 Lheidli T'enneh 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 Lheidli T'enneh First Nation's financial management systems and practices and the Lheidli T'enneh First Nations Financial Management Board Standards and monitoring actions taken to bring the Lheidli T'enneh First Nation into compliance

The Executive Director 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 Lheidli T'enneh First Nation's financial management systems and practices against the Lheidli T'enneh First Nation Financial Management Board's Standards and monitoring to make sure that any gaps or areas of non-compliance are resolved as soon as possible
- reporting to Council and the Finance and Audit Committee the results of reviews
- ensuring issues and concerns regarding the financial management system are collected, tracked, managed, reported and resolved as required in this policy

ADMINISTRATIVE PROCEDURES

Procedures

14.1 Financial Management System Review

Annually on a date scheduled by the Finance and Audit Committee, the Executive Director 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 Lheidli T'enneh First Nation's corporate and personnel organization charts

The Executive Director 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 Executive Director will make the report available to Council and auditors.

14.2 Internal Assessments

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

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 Executive Director.

14.3 Continual Improvement Process

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

14.4 Review of Financial Administration Law

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

- determine if it facilitates effective and sound financial administration of the Lheidli T'enneh First Nation
- identify any amendments to this Law that may better serve this objective

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

14.5 Membership Information or Involvement

In the event that recommendations from the Finance and Audit Committee require amendments to the Financial Administration Law, Council will make sure that Lheidli T'enneh 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.

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