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INTRODUCTION TO THIS MANUAL

This Manual establishes uniform finance practices and procedures throughout the Stellat’en First Nation ("SFN") in the use and management of the Nation’s financial resources to ensure funds are used in a reasonable and prudent manner in the achievement of the desired goals and objectives of the Nation.
## DEFINITIONS

<table>
<thead>
<tr>
<th>KEY TERM</th>
<th>DEFINITION</th>
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<tr>
<td>“Annual Integrated Planning Process”</td>
<td>refers to the annual process whereby all planning and budgeting activities throughout every level of the organization are effectively linked, coordinated, and driven by SFN’s vision and strategic objectives.</td>
</tr>
<tr>
<td>“Approved Travel Status”</td>
<td>travel on official First Nation business that has been pre-approved by an individual’s immediate supervisor. Approved Travel Status begins once the individual leaves their place of residence for the approved destination and ends once they return to their place of residence or their regular place of employment (e.g. SFN office).</td>
</tr>
<tr>
<td>“Arrears”</td>
<td>refers to an unpaid, overdue debt, or an unfulfilled obligation.</td>
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<tr>
<td>“Assets”</td>
<td>include Tangible Capital Assets such as equipment, buildings and land that have been purchased or constructed by SFN.</td>
</tr>
<tr>
<td>“Asset Recognition Criteria”</td>
<td>means the criteria to be used to set the threshold for determining whether a tangible capital asset must be included in the tangible capital asset register and in the Life-Cycle Management Program.</td>
</tr>
<tr>
<td>“Band Manager”</td>
<td>means the person employed by the Council under section 18 of the Financial Administration Law to manage, supervise and be responsible for the overall administration and operations of the Administration Office and is the Senior Stellat’en First Nation Employee.</td>
</tr>
<tr>
<td>“Best Value”</td>
<td>refers to the optimal combinations of experience, knowledge, expertise, geographic location, performance, quality, time, initial costs, operation and maintenance, cost, life cycle costs, service, performance characteristics, spare parts availability, warranties and guarantees etc.</td>
</tr>
<tr>
<td>“Budget”</td>
<td>is a plan in dollars and cents that provides for the allocation of the financial resources of SFN. Budgets provide projections of both revenues and expenditures based on historical data and reasonable assumptions for a fiscal year. All projects and programs have a budget.</td>
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<tr>
<td>“Capital Expenditure”</td>
<td>includes the purchase of furniture, equipment, vehicles, facilities etc. with a price of $5000 or more and useful life of two years or more.</td>
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<tr>
<td>“Capital Project”</td>
<td>means the construction, Rehabilitation or replacement of SFN’s Tangible Capital Assets and any other major Capital Projects in which SFN or its related bodies are investors.</td>
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<tr>
<td>“Capital Project Plan”</td>
<td>means a plan to carry out a Capital Project and an annual capital plan means all of the Capital Project Plans to be budgeted for undertaken in a fiscal year.</td>
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<tr>
<td>“cash”</td>
<td>is currency, cheques, money orders, and equivalent financial instruments.</td>
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<tr>
<td>“Cost”</td>
<td>is the gross amount of consideration given up to acquire, construct, develop or better a tangible capital asset, and includes all costs directly attributable to acquisition, construction, development or betterment of the tangible capital asset, including installing the asset at the location and in the condition necessary for its intended use. The cost of a contributed tangible capital asset, including a tangible capital asset in lieu of a developer charge, is considered to be equal to its Fair Value at the date of contribution. Capital grants would not be netted against the cost of the related tangible capital asset.</td>
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<tr>
<td>“Deferred Maintenance”</td>
<td>is maintenance that was not performed when it was scheduled, or that was delayed for a future period and may result in a decrease in service levels and can affect the life expectancy of the asset. It is noted in the asset register.</td>
</tr>
<tr>
<td>“Fairness”</td>
<td>refers to giving qualified firms and individuals an equal opportunity to compete for the contract work; and to evaluating tenders and proposals in accordance with accepted practices.</td>
</tr>
<tr>
<td>“Fair Value”</td>
<td>is the amount of the consideration that would be agreed upon in an arm’s length transaction between knowledgeable, willing parties who are under no compulsion to act.</td>
</tr>
<tr>
<td>“Financial Institutions”</td>
<td>means SFNs Finance Authority, a bank, credit union or caisse populaire.</td>
</tr>
<tr>
<td>“Financial Reporting Risk”</td>
<td>is the possibility of an undetected material misstatement in financial information due to the existence of ineffective Internal Control or fraud resulting from manipulation or alteration of accounting records, misrepresentation or intentional omissions</td>
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<tr>
<td>“Financial Reports List”</td>
<td>means the list of financial statements and reports that are to be prepared on a regular basis.</td>
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<tr>
<td>“Financial Statements”</td>
<td>report SFN’s financial activities over a specific period of time or as of a specific date. These are usually provided by the Financial Officer.</td>
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<tr>
<td>“Finance Officer”</td>
<td>means the person appointed Finance Officer under section 19 of the Financial Administration Law.</td>
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<tr>
<td>“Fiscal Year”</td>
<td>is the period beginning on April 1 of any fiscal calendar year to March 31 of the following calendar year.</td>
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<tr>
<td>“Fraud Risk”</td>
<td>is the potential for an employee, agent or other person connected to the financial administration of SFN to use deception to dishonestly make a personal gain for oneself or a loss for another. This commonly includes activities such as theft, corruption, embezzlement, or bribery etc.</td>
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<tr>
<td>“Fraudulent Financial Reporting”</td>
<td>means an intentional act in financial reporting that is designed to deceive users of financial reports and that may result in a material omission from or misstatement of financial reports.</td>
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<tr>
<td>“Fraudulent Non-Financial Reporting”</td>
<td>means the intentional act in non-financial reporting that is designed to deceive users of non-financial reports.</td>
</tr>
<tr>
<td>“Indemnity”</td>
<td>refers to the right of a person to recover the amount of a financial loss or a liability to a third party.</td>
</tr>
<tr>
<td>“Independence”</td>
<td>exists between the SFN and an individual when the individual does not have a direct or indirect relationship with the SFN government that could, in the opinion of council, reasonably interfere with the individual’s exercise of independent judgment as a member of the finance and audit committee.</td>
</tr>
<tr>
<td>“Internal Assessment”</td>
<td>is a review of an activity/process by an independent First Nation staff member (i.e. an individual not responsible for or involved in the activity) to determine the effectiveness and sufficiency of controls related to the specific activity or process.</td>
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<tr>
<td>“Internal Control”</td>
<td>is a process, effected by SFN’s Council, Finance and Audit Committee, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:</td>
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<td>• effectiveness and efficiency of operations;</td>
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<td>reliability of reporting; and</td>
<td>compliance with applicable laws and regulations.</td>
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<tr>
<td>“Invited Tender”</td>
<td>refers to a tender that is distributed to a certain number of contractors who are invited to bid on a specific project. Industry standards indicate that at least three contractors should be invited to ensure that the process is fair and there is sufficient competition.</td>
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<tr>
<td>“Life-Cycle Management Program”</td>
<td>means the program of inspection, review and planning for the management of SFN’s Tangible Capital Assets as described in the Financial Administration Law and this policy.</td>
</tr>
<tr>
<td>“Life-Cycle Planning”</td>
<td>is a key component of a Life-Cycle Management Program as it provides information for understanding the condition and assessing the performance of capital assets, anticipates the needs for replacements in the short and long term, and assesses the cost and sustainability of existing programs.</td>
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<tr>
<td>“Loan Guarantee”</td>
<td>is a promise to pay all or a part of the principal and/or interest on a debt obligation in the event of default by the borrower.</td>
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<tr>
<td>“Loan Receivable”</td>
<td>is a financial asset of SFN (as the lender) represented by a promise by a borrower to repay a specific amount, at a specified time or times, or on demand, usually with interest.</td>
</tr>
<tr>
<td>“Long Term Debt”</td>
<td>is debt that is not to be repaid within one year.</td>
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<tr>
<td>“Misappropriation of Assets”</td>
<td>means the theft of first nation assets in circumstances where the theft may result in a material omission or misstatement in financial reports.</td>
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<tr>
<td>“Net Book Value”</td>
<td>of a tangible capital asset is its cost, less both accumulated amortization and the amount of any write-downs.</td>
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<tr>
<td>“Open or Public Tender”</td>
<td>is the process by which tenders are advertised publicly. Open tenders should allow any qualified potential bidders the opportunity to bid on a project.</td>
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<tr>
<td>“Operating Expenditure”</td>
<td>includes purchase of goods with a price under $5000 or a useful life of less than two years.</td>
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<tr>
<td>“Planning Documents”</td>
<td>are the combination of a strategic (comprehensive community plan) plan, capital budget, multi-year financial plan, and annual budget.</td>
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<tr>
<td>“Portfolio Rebalancing”</td>
<td>refers to the realigning of the weightings of SFN’s portfolio of assets and involves periodically buying or selling assets in the</td>
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<td>portfolio to maintain the original desired level of asset allocation.</td>
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<tr>
<td>“PSAS”</td>
<td>refers to Public Sector Accounting Standards of the Canadian Public Sector Accounting Board, as amended or replaced from time to time.</td>
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<td>“Rehabilitation”</td>
<td>includes alteration, extension and renovation but does not include routine maintenance.</td>
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<tr>
<td>“Replacement”</td>
<td>includes substitution, in whole or in part, with another of SFN’s Tangible Capital Assets.</td>
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<tr>
<td>“Requisition”</td>
<td>refers to a purchase order used by SFN when documenting expenditures.</td>
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<tr>
<td>“Residual Value”</td>
<td>is the estimated net realizable value of a tangible capital asset at the end of its Useful Life to SFN.</td>
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<tr>
<td>“Restricted Investments”</td>
<td>are investments made with funds the source of which is either government transfers, local revenues, or other revenues with restrictions on use.</td>
</tr>
<tr>
<td>“RFP”</td>
<td>stands for Request for Proposal, which is the process generally followed before awarding a major service contract. RFPs identify the need and leave it up to the prospective contractors to make a proposal that is appropriate.</td>
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<tr>
<td>“Risk”</td>
<td>is defined as anything of variable uncertainty and significance that interferes with the achievement of a First Nation’s strategies and objectives. In insurance terms is the possibility of a loss or other adverse event that has the potential to interfere with an organization’s ability to fulfill its mandate, and for which an insurance claim may be submitted.¹</td>
</tr>
<tr>
<td>“Risk Tolerance”</td>
<td>means the degree of uncertainty SFN is willing to accept in the achievement of its goals.</td>
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<tr>
<td>“Sole Source”</td>
<td>means a person or company from whom SFN may purchase goods and/or services.</td>
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<tr>
<td>“Tangible Capital Assets”</td>
<td>are non-financial assets having physical substance that:</td>
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<td>• are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other Tangible Capital Assets;</td>
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|                           | • have useful economic lives extending beyond an accounting period;  
|                           | • are to be used on a continuing basis; and  
|                           | • are not for sale in the ordinary course of operations.                                                                                                                                                     |
| “Tax Administrator”       | means the person appointed Finance Officer under section 20 of the Financial Administration Law.                                                                                                                |
| “Tender Process”          | refers to the process where documents outlining the requirements and specifications of a project are put in the hands of prospective contractors or suppliers interested in submitting bids.                          |
| “Terms of Reference”      | is a documented statement of the mandate, objectives, purpose, scope, functions and rules under which a Committee is expected to operate.                                                                       |
| “Unrestricted Investments”| are investments made with funds the source of which is not government transfers or local revenues.                                                                                                              |
| “Useful Life”             | is the estimate of either the period over which a tangible capital asset is expected to be used by SFN, or the number of production or similar units that can be obtained from the tangible capital asset by SFN. The life of a tangible capital asset may extend beyond the Useful Life of a tangible capital asset to SFN. The life of a tangible capital asset, other than land, is finite, and is normally the shortest of the physical, technological, commercial and legal life. |
ANNUAL PLANNING AND BUDGETING

1. POLICY

1.1. Council has implemented an annual planning and budgeting process that is integrated with the operational and long-term strategy of SFN.

2. PURPOSE

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

3. SCOPE

3.1. This policy applies to Council and employees of SFN involved in the planning and budgeting process.

4. RESPONSIBILITIES

4.1. Council is responsible for:

   a. Reviewing and approving the annual budget and ensuring that it was prepared in accordance with SFN’s Financial Administration Law and other applicable First Nation laws, is based on plausible assumptions and provides for required program and services;

   b. Reviewing and approving any circumstances that are expected to create a budget deficit including consideration of any recommendations from the finance and audit committee and/or the Band Manager on plans to eliminate the budget deficit in a future period;

   c. Reviewing and approving other Planning Documents including but not limited to the comprehensive community plan, capital budget, and a multi-year financial plan;

   d. Reviewing and approving any changes or amendments to the annual budget or other Planning Documents;

   e. Ensuring that a process is in place to address membership priorities in the Strategic Plan and other Planning Documents as appropriate;

   f. Ensuring that the membership of SFN is informed about or involved in the preparation of the annual budget, multi-year financial plan, forecast budget deficits or forecast extraordinary expenditures as set out in SFN’s Financial Administration Law;

   g. Establishing general budget policies or guidelines such as requirements for balanced budget and use of cash reserves.

4.2. The Finance and Audit Committee is responsible for:
a. Reviewing the draft annual budget and multi-year financial plan and recommending them to Council for approval;
b. Providing recommendations to Council respecting plans to eliminate any budget deficit in a future year;
c. Monitoring the financial performance of SFN against the annual budget and reporting any significant variations to Council;
d. Reviewing quarterly financial statements and recommending them to Council for approval;
e. Reviewing any draft amendments of the annual budget and recommending them to Council for approval;
f. Reviewing information, schedules and proposed budget for Rehabilitation or replacement of Tangible Capital Assets and plans for new construction of Tangible Capital Assets.

4.3. The Band Manager is responsible for:
   a. ensuring that the budgeting calendar is met;
   b. reviewing draft budgets in consultation with the Finance and Audit Committee and/or Council;
   c. reviewing other draft Planning Documents in consultation with the Finance and Audit Committee and/or Council;
   d. communicating the approved budget to management and employees;
   e. conducting regular financial monitoring to compare actual income and expenses to those budgeted;
   f. maintaining a current register of all First Nation’s Tangible Capital Assets and arrange for an annual inspection of them.

4.4. The Finance Officer is responsible for:
   a. arranging early budgeting planning sessions with Council and other key stakeholders essential in developing the budget;
   b. preparing a financial procedural manual including timelines;
   c. creating a budget development calendar and ensuring deadlines are met – subject to SFN’s FAL;
   d. establishing the format for draft budgets;
   e. participating in budget planning sessions with Council, the Finance and Audit Committee, Band Manager and other key stakeholders;
   f. collaborating with Program / Department Managers in setting draft expenses for their department;
   g. preparing the draft budget or consolidating and evaluating draft budgets from Program/Department Managers for accuracy, reasonableness, applicable guidelines,
and anticipated resources in accordance with Section 26 of the Financial Administration Law;

h. developing revenue forecasts based on reviews of fiscal transfer agreements and collaboration with other officers on own source revenues forecasts;

i. presenting draft annual budgets to the Band Manager and to the Finance and Audit Committee and/or Council on an annual basis;

j. Implementing financial monitoring, including preparing and analyzing budgeted versus actual revenue and expense reports for the Finance and Audit Committee use and overseeing any Council approved corrective action (i.e. budget amendments), after the annual budget is approved;

k. Make forecasts and prepare budgets for Tangible Capital Assets; and

l. Any other responsibilities as outlined in the Financial Administration Law.

4.5. The Program/Department Managers are responsible for:

a. Identifying all potential funding sources;

b. Effectively analyzing the issue/needs facing the community and their department;

c. Evaluating the effectiveness of existing programs in meeting these issues/needs;

d. Collaborating with the Finance Officer, Band Manager, other Program Managers and staff;

e. Preparing draft budget for their department;

f. Reviewing and monitoring budgets under their control each quarter and adjusting spending if/as necessary.

5. PROCEDURES

5.1. Comprehensive Community Plan

a. Upon election of Chief and Council in accordance with section 74 of the Indian Act, Council members will hold a planning session to establish the strategic priorities of the SFN. The planning session will generally include:

i. Developing a community vision that provides the guiding principle of the plan;

ii. Developing a community priorities list (e.g. housing, education, etc.);

iii. Establishment or update of strategies, goals and objectives for the strategic plan including the plan for resources needed to meet the objectives of the plan and a timeline of activities;

iv. Council members, members of the Finance and Audit Committee, the Band Manager and other key stakeholders when required;

v. Establishment or update of strategic goals and corresponding long and/or short term action plans based on priorities established by Council in consultation with membership;
vi. Presentation of the budget development calendar;

vii. Establishment or update of key budgetary assumptions, constraints and cost drivers for the current year and the multi-year financial plan; and

viii. Establishment or update of a five-year capital plan schedule to ensure the effective management of capital assets which identifies and prioritizes expected needs, costs, and expected sources of financing.

5.2. Budget

a. Based on the comprehensive community plan, the initial operating budget estimates will be prepared and the Capital budget estimates will be prepared or updated accordingly.

b. Budget assumptions will be documented and updated throughout the budget preparation process with budget adjustments made as required.

c. The Band Manager and Program/Department Managers are responsible for the development and management of their budgets.

d. The budget process shall:

i. Identify all potential funding sources;

ii. Provide accurate income projections;

iii. Effectively analyze the critical issues/needs facing the Nation and each department, program, and enterprise;

iv. Evaluate the effectiveness of existing programs in meeting the critical issues/needs;

v. Ensure proper input from the Band Manager, Program/Department Managers, and staff; and

vi. Present budgets that efficiently meet the needs of the SFN within the allocated amount and on time.

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

f. 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.

g. The draft budget will be presented for discussion at a Finance and Audit Committee and/or Council meeting. The Committee and/or Council may accept the estimates as
presented or request amendments, within the context of the operating objectives and the strategic plan.

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

i. The final draft budget recommended for approval to Council by the Finance and Audit Committee and/or the Band Manager will be approved by Council no later than March 31st of the fiscal year preceding the budget year.

j. The draft budget must meet the requirements of SFN’s FAL and the integrated planning process must comply with the schedule for planning activities set out in that Law.

5.3. Multi-Year Financial Plan

a. Based on the comprehensive community plan, a multi-year financial plan that has a planning period of five years comprised of the current fiscal year and the four succeeding fiscal years will be prepared that also includes the following:

i. Revenue projections by major revenue type that demonstrate trends in existing revenue streams;

ii. In respect of projected revenues, sets out separate amounts for income from taxes, fees and charges, transfers from Canada or a provincial or territorial government, grants and business operations and proceeds from borrowing;

iii. In respect of projected expenditures, sets out separate amounts for payments, including payments of principal and interest on debt, payments required for Capital Projects as defined in the FAL, payments required to address any deficits and payments for all other purposes;

iv. Is based on projections of revenues, expenditures and transfers between accounts;

v. In respect of transfers between accounts, sets out the amounts from the tangible capital asset reserve account;

vi. Reserves/fund balances that estimate the available reserves available to help short-term fiscal shortfalls or unanticipated or planned expenditures;

vii. Shows all categories of restricted cash;

viii. Indicates whether in any of the five (5) years of the plan a deficit or surplus is expected from the projected revenues and expenditures that year; and

ix. A cover sheet that describes the broad assumptions and judgments used in the developments of the plan.

b. The draft multi-year financial plan will be prepared and presented for discussion at a Finance and Audit Committee and/or Council meeting in accordance with the budget and planning process schedule set out in the FAL. The Committee and/or Council
may accept the plan as presented or request amendments, within the context of the operating objectives and the strategic plan.

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

5.4. Adjustments to the Plans and Budgets

a. Proposed amendments to the comprehensive community plan or multi-year financial plan should be brought forward to the next strategic planning session.

b. Significant time-sensitive adjustments should be brought to the Finance and Audit Committee for review and recommendation to Council, or to Council for review and approval.

c. Program/Department Managers are responsible for regular monitoring of budget items within their department budget.

d. Each quarter, the Band Manager will work with the Finance Officer to prepare a budget report. It is the responsibility of each Program/Department Manager to review the quarterly report, provide information on variances and adjust accordingly.

e. Following Program/Department Manager review, budget reports and details of expenditures will be reviewed by the Finance and Audit Committee and/or Chief and Council.

f. Adjustments to plans and budgets must be made in accordance with the FAL and require the approval of Council.

g. Budget Modifications may be made quarterly if necessary to address:
   
   i. unforeseen changes to budget assumptions;
   
   ii. unanticipated expenses;
   
   iii. over expenditures in specific line items beyond the control of the Program Manager; and
   
   iv. the addition of programs or activities as approved by Chief and Council

h. Program/Department Managers may prepare modifications to request the transfer of NPD funds between operational line items including payroll, benefits, operating and special program expenses.

i. The Band Manager will review all budget modification requests to ensure adequate fund availability. Requests will be presented to Chief and Council for approval at the
monthly Band Council meeting using internal transfer sheets. The transfer sheets require signatures from two authorized signatories.

j. Any modification affecting funding from outside sources must also be approved by the appropriate outside funding source.

k. Upon approval by Chief and Council, the Band Manager will instruct the Finance Officer to enter the approved modification. All annual appropriations lapse at year-end unless Chief and Council specifically approve otherwise.

l. Capital budgets are restricted. Any modification involving the transfer of funds to or from a capital expense line item must be approved by Council.

6. REFERENCES AND RELATED ACTIVITIES

6.1. FMB’s Financial Management System Standards
   a. Standard 15.0 – Integrated Process
   b. Standard 16.0 – Financial Plans
   c. Standard 17.0 – Budgets
   d. Standard 24.3 – Life-Cycle Planning
   e. Standard 24.4 – Capital Project Plans

6.2. FMBs Financial Administration Law Standards
   a. Standard 14.0 – Financial Plans
   b. Standard 15.0 – Budgets

7. ATTACHMENTS

7.1. Appendix A – Sample planning and budgeting schedule template
FINANCIAL AND OPERATING REPORTING

1. POLICY

1.1. To comply with Canadian Public Sector Accounting Standards (“PSAS”), Council requires the preparation of Financial Statements and reports on a regular basis. An annual operations report, including the audited annual financial statements, Special Purpose Reports and an assessment of progress towards financial and operational goals of SFN, will be published within 180 days of the fiscal year end and will be provided to First Nation members, Council, and other organizations as required.

2. PURPOSE

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

3. SCOPE

3.1. This policy applies to all the financial operations and activities of SFN including those operations that SFN controls. The persons affected by this policy include the Council, Finance and Audit Committee, Band Manager, Finance Officer and Program/Department Managers of SFN.

4. RESPONSIBILITIES

4.1. Council is responsible for:
   a. Reviewing the financial statements and reports and any corresponding recommendations;
   b. Deciding whether to approve the Financial Reports List, the financial statements and reports; and
   c. Documenting procedures for identification of risks.

4.2. The Finance and Audit Committee is responsible for:
   a. Determining the Financial Reports List contents and frequency of reporting it requires from SFN’s management team; and
   b. Reviewing the Financial Reports List, the monthly reports, quarterly and annual financial statements and reports and the Band Manager’s corresponding recommendations, and making appropriate recommendations to Council.

4.3. The Band Manager or designate is responsible for:
a. Preparing and updating the Financial Reports List;
b. Reviewing the financial statements and reports in accordance with PSAS and this policy and procedure, and making appropriate recommendations to the Finance and Audit Committee and/or Council;
c. Identifying, assessing, monitoring and reporting on Financial Reporting Risks to the Finance and Audit Committee and/or Council;
d. Monitoring and reporting on the effectiveness of mitigating controls for the Financial Reporting Risks and Fraud Risks taking into consideration the cost of implementing these controls;
e. Ensuring that financial reporting risk assessment and management practices have been performed in relation to quarterly and annual financial statements; and
f. Periodically reviewing these policies in consultation with the Finance Officer and other staff as appropriate and recommending any updates to the Finance and Audit Committee.

4.4. The Finance Officer is responsible for:
   a. Preparing the financial statements and reports in accordance with PSAS and this policy and procedure;
   b. Assessing and managing Financial Reporting Risk and Fraud Risks to the Band Manager;
   c. Developing and recommending procedures for identifying and mitigating Financial Reporting Risks and Fraud Risks and ensuring approved procedures are followed; and
   d. If SFN has a loan from SFNs Finance Authority (FNFA) that is secured by other revenues: Maintaining a complete set of all records respecting other revenues of SFN, 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.

4.5. Program/Department Managers are responsible for:
   a. Providing all requested information in relation to the preparation of financial statements and reports and the assessment and management of Financial Reporting Risk.

5. PROCEDURES

5.1. Financial Reports List
   a. Council and the Finance and Audit Committee, with the assistance of the Band Manager, is responsible for preparing a list of all financial statements and reports that are to be prepared on a regular basis.
   b. The Financial Reports List must include the required monthly information, as well as quarterly and annual financial statements.
c. Monthly reports prepared by Finance Officer will be tailored to the needs of SFN’s management team for monitoring purposes in the form and content recommended by the Finance and Audit Committee and approved by Council.

d. If SFN has borrowed money from the FNFA secured by other revenues, these other revenues must be accounted for and reported on separately.

e. For each report or financial statement listed, the following information must also be identified:
   i. A brief description or contents of the report;
   ii. The person responsible for its preparation;
   iii. When it is to be made available and its frequency; and
   iv. The report’s distribution list.

f. The Finance and Audit Committee will review and update the Financial Reports List quarterly and annually, and submit the list to Council quarterly and annually for their review and recommendation.

g. Council will review and approve the Financial Reports List quarterly and annually.

5.2. Financial Statement Preparation

a. The Finance Officer will prepare monthly information respecting the financial affairs of SFN and its quarterly and annual financial statements. Other financial reports that are listed in the approved Financial Reports List will be prepared by the person identified as responsible for its preparation.

b. Each quarterly financial statement will include the following for SFN and all its related bodies:
   i. A statement of revenue and expenditures containing a comparison to the approved annual budget;
   ii. A statement of financial position;
   iii. Financial institution account reconciliations;
   iv. Financial information for the local revenue account as required by the FAL;
   v. If SFN has borrowed money from SFNs Finance Authority secured by other revenues, financial information respecting these other revenues;
   vi. If a Land Code is in force, breakdown of revenue by categories contained in SFN’s land code; and
   vii. Any other information requested by the Finance and Audit Committee or Council.

c. Each annual financial statement will include the following for SFN:
   i. The financial information and disclosures for SFN for the fiscal year prepared in accordance with PSAS;
ii. A Special Purpose Report setting out all payments made to honour guarantees and indemnities;

iii. A Special Purpose Report setting out the information required in section 10 of the FAL (Reporting of Remuneration and Expenses);

iv. A Special Purpose Report setting out all debts or obligations forgiven by SFN;

v. A Special Purpose Report setting out the information required in paragraph 64(3)(c) of the Financial Administration Law;

vi. If SFN has a land code in force, a report setting out moneys of SFN derived from First Nation lands, categorized and shown separately from other revenues and that includes a sub-category respecting revenues from natural resources obtained from First Nation lands; and

vii. Any other report required under the Act or an agreement.

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

d. Annual financial statements will be reviewed and signed by Band Manager and presented to the Finance and Audit Committee and/or Council along with his/her comment(s) and recommendation(s), no later than 45 days following the end of the fiscal year for which they were prepared.

e. The Finance and Audit Committee will review the annual financial statements, the accompanying information, and the Band Manager’s or designates 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.

f. Council will review the annual financial statements, the accompanying information, and the recommendation(s) of the Finance and Audit Committee and the Band Manager, and decide to approve or not approve the annual financial statements.

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

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

i. Financial statements presented to Council for approval;

ii. Record of, or reference to Council’s decision to approve or not approve the financial statements, the Finance and Audit Committee’s recommendation(s), and the Band Manager’s recommendation(s);

iii. Completed financial closing and reporting process checklist;

iv. Completed highlights memo (if applicable).
i. The financial reporting record file will be classified as confidential and secure, and maintained per the Records and Information Management Policy and Procedure. Retention period will be seven years unless otherwise specified by Council policy.

5.3. Financial Reporting Risks

a. The Finance Officer will review the financial reporting list to ensure that all financial statements and reports have been prepared and submitted for review and approval by the dates specified.

b. Annually, as part of the evaluation process, the Band Manager will ensure that the persons engaged in the financial management system:
   i. Have the necessary knowledge, skills and competence to perform the services for which they have been engaged;
   ii. Confirm in writing that they understand their responsibilities.

c. Changes to the accounting software (i.e. new system or major changes to the current system set-up) require authorization from the Band Manager 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 Finance Officer.

5.4. Fiscal Year

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

5.5. Annual Report

a. The Council must prepare and publish some annual reporting 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 SFN over the course of the fiscal year.

b. The annual reporting will contain, at a minimum, the following:
   i. A description of the services provided by SFN and its operations;
   ii. A review of SFN’s achievement towards its values, goals and objectives as outlined in the Comprehensive Community Plan;
   iii. A progress report on any established financial objectives and performance measures of SFN;
   iv. The audited annual financial statements for the previous fiscal year including any Special Purpose Reports.

c. Information from the annual reporting will be made available to all members of SFN (at the principal offices of SFN, on SFN website, etc.) as required by the FAL, and provided to all Council members, SFNs Financial Management Board, SFNs Finance
Authority, and other organizations as required no later than 180 days after the fiscal year end.

d. Program Managers/Department Managers will provide the required information and updates for their departments for inclusion in the monthly newsletters and orally at the Annual General Assembly. Highlights from reports are also shared monthly at community meetings.

e. The Council must ensure that a remedy process is available to first nation members who have requested but have not been provided with the annual report of SFN within the required timeframe.

6. REFERENCES AND RELATED ACTIVITIES

6.1. FMB’s Financial Management System Standards
   a. Standard 14.0 - Fiscal Year
   b. Standard 19.6 - Financial Reporting Risks
   c. Standard 20.0 - Financial Reporting
   d. Standard 22.0 Annual Report

6.2. FMBs Financial Administration Law Standards
   a. Standard 18.0 - Financial Reporting
   b. Standard 20.0 - Annual Report

7. ATTACHMENTS

7.1. Appendix B – Standard Financial Reports
EXTERNAL AUDIT

1. POLICY

1.1. A qualified and licensed external auditor will be appointed to render an audit opinion on the annual financial statements (and Special Purpose Reports, as applicable) of SFN in accordance with Public Sector Accounting Standards as established by the Canadian Public Sector Accounting Board. SFN will appropriately prepare for the audit and ensure that the external auditor has the necessary access and authorities to complete their work.

2. PURPOSE

2.1. The purpose of this policy is to provide guidance on the appointment of an external auditor and the management of the annual audit process within the SFN.

3. SCOPE

3.1. This policy applies to Council, the Finance and Audit Committee, the Band Manager and the Finance Officer and those personnel providing service within the financial administrative system.

4. RESPONSIBILITIES

4.1. Council is responsible for:

a. Appointing (re-appointing) an auditor meeting eligibility requirements and documenting the appointment with a council resolution;

b. Ensuring the Engagement Letter requires the auditor to confirm that the financial statements and the audit comply with the SFNs Financial Management Board’s standards, any relevant funding agreement requirements and all applicable laws;

c. Approving and reviewing periodically the policies and procedures related to the external auditor’s authority to receive the information and documents required to perform the audit function;

d. Reviewing and approving the audited annual financial statement within 120 days after fiscal year end, and ensuring they are signed by those required in the Financial Administration Law – Band Manager, Chief or Council Chairperson, and Chair of the Finance and Audit Committee;

e. Acting on recommendations from the Finance and Audit Committee related to the audit; and

f. Ensuring SFN members’ access to the audited financial statements and Special Purpose Reports after they have been approved and signed as required in the Financial Administration Law.
4.2. **The Finance and Audit Committee is responsible for:**
   a. Providing oversight on the external audit and advising Council as required;
   b. Making recommendations to Council on the selection, engagement and performance of an auditor;
   c. Receiving assurances on the Independence of a proposed or appointed auditor;
   d. Ensuring that the appropriate action is taken with respect to any communication from the external auditors;
   e. Approving the terms and conditions of the appointment of the auditor as set out in the Engagement Letter and ensuring that it includes the auditor’s obligation to confirm that the annual financial statements and the audit of them comply with the Financial Administration Law, the SFN’s Fiscal Management Act and the SFN’s Financial Management Board’s Standards and any relevant funding agreements;
   f. Reviewing the draft annual financial statement from the senior financial officer and presenting the statements to council within sixty days following the end of the fiscal year for which they were prepared;
   g. Reviewing and making recommendations to council on the planning, conduct and results of audit activities; and
   h. Reviewing and making recommendations to the Council on the audited annual financial statements, including the audited local revenue account financial statements and any Special Purpose Reports.

4.3. **The Band Manager is responsible for:**
   a. Directing and facilitating any notices regarding meetings concerning the annual audit or audited financial statements; and
   b. Preparing the auditor’s performance evaluation report with the input of the Finance Officer.

4.4. **The Finance Officer is responsible for:**
   a. Overseeing, supervising, directing and facilitating requests for any information required by the auditor to carry out its audit responsibilities;
   b. Preparing and providing to the Finance and Audit Committee within forty-five days of the fiscal year end the annual financial statements and Special Purpose Reports for the fiscal year in accordance with PSAS and any funding agreements;
   c. Facilitating the flow of account and other information and acting on auditor’s requests during the audit;
   d. Ensuring the accounts are properly updated to reflect audit adjustments, the account balances are reconciled to the audit statements and schedules, and a proper year end closing of the accounts is completed; and
e. Providing feedback on the auditor’s performance to the Band Manager.

5. PROCEDURES

5.1. Auditor Selection, Engagement and Performance

a. The Band Manager and the Finance Officer will establish evaluation criteria to be included in a Request for Proposal (“RFP”) for the external audit which will be approved by the Finance and Audit Committee and include, at a minimum:
   
   i. Independence from the SFN, its related bodies, Councillors and officers and members;
   
   ii. In good standing with regulatory bodies (Chartered Professional Accountants of Canada, Canadian Institute of Chartered Accountants, Certified General Accountants Association of Canada, or the Society of Management Accountants of Canada) and/or their respective counterparts in the province or territory in which the firm or accountant is practising;
   
   iii. License to practice public accounting;
   
   iv. Depth of experience serving SFNs and other public sector entities;

b. Other considerations as appropriate (i.e. funding agreement requirements).

c. The Finance and Audit Committee will review and approve the RFP before it is made public.

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

e. Upon approval, the Finance and Audit Committee will recommend the engagement of the selected auditor and the Engagement Letter to Council.

f. Council will review the Engagement Letter with the auditor selected to ensure it contains the content required by the Financial Administration Law and any other applicable requirements, and will proceed to sign the Engagement Letter in accordance with the SFN’s approved signing authorities and ensure that it is delivered to the auditor.

g. Annually at the conclusion of the audit, the Band Manager and Finance Officer will prepare a performance evaluation report of the auditor’s activities, along with any management recommendations, and present the report to the Finance and Audit Committee.

h. The Finance and Audit Committee will review the auditor’s performance evaluation and recommendations and take necessary steps as appropriate.
i. On a periodic basis, the Finance and Audit Committee and Council will review the engagement of the external auditor and determine whether an RFP should be initiated for the appointment of a new auditor.

5.2. Auditor Independence

a. The Finance and Audit Committee will ensure that the SFN has received a letter from the auditor, before the audit is finalized, in which the auditor confirms their continued Independence.

5.3. Audit Planning

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

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

5.4. Preparations for the Audit

a. The Finance Officer will keep the auditor apprised of and discuss in advance of the audit any significant accounting issues, developments or changes for the SFN that could have an impact on the audit and the audit report.

b. Prior to fiscal year end, the Finance Officer will issue instructions to the finance and accounting staff concerning fiscal year end procedures to help ensure the accuracy and completeness of the SFN’s financial statements and disclosures.

c. Additionally, finance staff, under the direction of the Finance Officer, will commence preparation before fiscal year end, of necessary schedules and working papers for audit according to the audit work plan. This will also include preparation of third party accounts receivable or accounts payable confirmation letters, financial institution account confirmations, and account balance reconciliations.

d. Issues arising or communicated in a mid-year review (if applicable) by the auditor will be discussed with the Finance and Audit Committee for recommended resolution. The instructions for preparation of the SFN’s financial statements will consider any such resolutions.

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

5.5. Audited Annual Financial Statements

a. The Finance and Audit Committee will receive and review the draft audited annual financial statements, including any Special Purpose Reports and the Local Revenue Account financial statements.
b. The Committee will satisfy itself that:
   
   i. The audit has been completed according to the plan;
   
   ii. The financial statements are fairly presented according to PSAS;
   
   iii. The auditors have provided an opinion on the financial statements and an opinion over any Special Purpose Reports as required by the SFN’s Financial Administration Law; and
   
   iv. There are no significant unresolved issues.

c. The Committee will meet with the Auditor to review the draft audited financial statements. To ensure sound governance, the committee will meet with the auditor ‘in camera’ (without the SFN’s management team) for a part of the meeting.

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

e. Before publishing the audited financial statements, the following approvals are required:
   
   i. Approval of Council through a council resolution;
   
   ii. Approval by signature from all the following:
       a) The Chief or the Chairperson of the Council of the SFN;
       b) The Chairperson of the Finance and Audit Committee;
       c) The Senior Financial Officer.

6. REFERENCES AND RELATED AUTHORITIES

6.1. FMB’s Financial Management System Standards
   
   a. Standard 21.0 Audits

6.2. FMB’s Financial Administration Law Standards
   
   a. Standard 10.5.2 Audit Functions
   
   b. Standard 19.0 Audits

7. ATTACHMENTS

7.1. None
FINANCIAL INSTITUTION ACCOUNT AND CASH MANAGEMENT

1. POLICY
1.1. It is SFN’s policy to establish effective and efficient controls for all banking activities and financial service agreements with financial institutions used for the benefit of the SFN.

2. PURPOSE
2.1. The purpose of this policy is to specify authorities and responsibilities over banking activities including signing and approval authorities, opening and closing of accounts, processing transactions, borrowing funds. It is also to ensure that all financial institution accounts be operated solely for the identified purposes and by properly authorized persons, be reconciled in a timely manner, be independently reviewed and approved, be properly recorded in the book of accounts, be reported in SFN’s financial statements, and that records be maintained of all financial institution transactions.

3. SCOPE
3.1. This policy and procedure applies to Council, the Band Manager, and any other First Nation employee who has been assigned financial institution account responsibilities.

3.2. The following policies shall apply to all banks, savings and loans, other depository, investment, or escrow accounts opened by or for the benefit of the Nation or any portion thereof, to any depository accounts bearing the names “Stellat’en First Nation” (or similar references such as federal identification number), or referencing enterprises/departments/programs of Stellat’en First Nation.

4. RESPONSIBILITIES
4.1. Council is responsible for:
   a. Approving the addition or the removal of authorized signatories for each financial institution account used by SFN;
   b. Designating the Financial Institutions that SFN may conduct banking activities with;
   c. Approving the establishment of an operating line of credit or overdraft account.

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

4.3. The Band Manager is responsible for:
a. Approving the opening and closing of bank accounts;
b. Assigning banking duties and ensuring that adequate segregation of duties is maintained;
c. Ensuring safeguards are implemented over any handling of cash
d. Reviewing and approving monthly bank reconciliations for each financial institution account;
e. Documenting and alerting the Finance and Audit Committee of any irregularities in the reconciliation process;
f. Monitoring SFN’s cash position; and
g. Managing SFN’s short term liquidity and working capital including credit line facilities.

4.4. **The Finance Officer is responsible for:**
   a. Ensuring all money received by SFN is deposited as soon as practicable;
   b. Ensuring that a reconciliation is performed each month; and
   c. Monitoring and forecasting SFN’s cash position.

4.5. **The employees assigned cash handling/banking duties are responsible for:**
   a. Receiving cheques and cash;
   b. Preparing cheques and cash for deposit to the appropriate bank account;
   c. Ensuring that supporting documentation and records are retained for each reconciliation; and
   d. Alerting the Finance Officer of any irregularities.

5. **PROCEDURES**

5.1. **Financial Institution Account Management**
   a. The Band Manager is SFN’s primary representative in dealing with Financial Institutions and at least annually provides the designated financial institution representative with necessary financial reporting information and updates on SFN operations and forecasts in order for the Financial Institutions to respond to SFN’s financial service requirements.
   b. The Band Manager is the only individual authorized by Council to negotiate financial service agreements on behalf of SFN.
   c. The Finance Officer maintains correspondence and official documents relating to the opening, maintenance, and closing of all financial institution accounts.
   d. The Finance Officer will develop a clear description of the purpose of each financial institution account and provide it to all employees who are responsible for depositing funds or reconciling the accounts.
e. The list of individuals with authorized signing authorities for each financial institution account will be maintained by the Finance Officer. All changes to signing authorities must be approved by Council.

f. Online financial institution access will be permitted and controlled as follows:
   i. the employee performing account reconciliations will be granted read-only access to the account he/she has been assigned to reconcile;
   ii. only employees with signing authority will be provided with online banking access to perform transactions; and
   iii. transaction completion activities, such as electronic funds transfers, will be controlled in a similar manner as cheques. Two employees will be required to approve each transaction.

5.2. Cash Receipts

a. All monies received (cheques, cash, direct deposits, money orders and equivalent financial instruments) must be properly recorded in the financial system and reported in the financial statements with records maintained showing banking transactions.

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

c. All cheques and cash payments are recorded in the receipt log. Cheques received by direct mail are endorsed (stamped) as “for deposit only” and the account number is written on the back. The log includes, date, name of payor, amount of cheque and cheque number.

d. All cash received is stored in the safe or locked cabinet until it can be deposited. Access to the Finance Office is restricted to the Finance Staff and Band Manager.

e. A list of anticipated ongoing deposits will be maintained and reviewed monthly. Any expected deposits that have not been deposited in the financial institution account(s) will be reported by the finance staff to the Finance Officer immediately.

f. Cash will be deposited daily.

5.3. Cheques

a. Signing authorities will not sign blank cheques under any circumstances.

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

c. No accounts payable personnel or the person authorized to print out cheques, shall be authorized to sign cheques or approve money transfers.

d. No one person or employee will be allowed to enter invoices, select invoices for payment and print and sign cheques. At a minimum, this process requires at least two individuals to ensure a minimum segregation of duties.
5.4. Credit Lines
a. The Band Manager and/or Finance Officer will authorize the draw down on any line of credit or overdraft facilities.

5.5. Opening a Financial Institution Account
a. A written request to open a new financial institution account must be reviewed and approved by the Band Manager and must include the purpose of the account. All bank accounts shall have the written authorization of Stellat'en First Nation before they are opened.
b. Once the financial institution account has been approved, the Finance Officer prepares an account inventory form, which includes the following elements:
   i. Name of account;
   ii. Instructions regarding purpose of account;
   iii. Names of signatories and authority limits;
   iv. Address where all statements and correspondence is to be sent; and
   v. The contact person or department at the financial institution.
c. The account establishment letter must be signed by any two of the following: the Band Manager, and any Councillor with signing authority.
d. The financial institution accounts will be created such that all non-deposit transactions (such as cheques, electronic transfers, etc.) require two signatures for approval according to the Delegated and Assigned Responsibilities Policy.
e. Once the financial institution account is opened, the Finance Officer notifies the Finance Office personnel to activate the account in the general ledger.

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

5.7. Bank Signature Authorization

a. Pursuant to SFN Band Council, at least two authorized signatories are required to sign checks, drafts, or other withdrawals for all SFN’s various depository and custodial accounts, taking into consideration the need for adequate internal controls over SFN resources. The authorized signatories are either one of the Band Manager or the Education Coordinator and the Chief or a Councillor.

5.8. Account Reconciliation

a. Each of SFN’s financial institution accounts will be reconciled to the accounting system records on a monthly basis within 10 business days of the end of the month.

b. Reconciliation records will be retained. Documentation to support the amounts recorded on the reconciliation, such as accounting system general ledger reports, financial institution statements, outstanding cheque reports, etc., will be included in the reconciliation file.

c. The employee preparing the financial institution account reconciliation will monitor and investigate adjustments that carry over from month to month.

   i. Outstanding cheques will be monitored and any cheques outstanding for more than four months will be investigated with the employee responsible for preparing cheques (i.e. Bookkeeper) to determine whether the cheques remain valid or if they should be stale-dated.

   ii. In transit deposits, will be investigated immediately if not cleared by the financial institution within one week.

   iii. Unusual, or unresolved entries that carry over for more than one month, will be reported to the Finance Officer.

d. The employee preparing the reconciliation will sign it as evidence that the reconciliation is complete and that they have carried out their duties as described in this policy.

5.9. Independent Review

a. The Band Manager will review and approve each financial institution account’s monthly reconciliation for completeness, timeliness and accuracy. The Band Manager will review to ensure the following:

   i. The reconciliation balances;

   ii. All amounts recorded on the reconciliation are appropriately supported by documentation such as financial institution statements and financial system reports;
iii. Adjustments are reasonable, routine in nature (e.g. financial institution fees), supported by documentation, and are not carried over for multiple months on the reconciliation;

iv. Unusual adjustments are well explained, supported, and, if material in nature, are brought to the attention of the Finance and Audit Committee and/or Council.

b. The Band Manager will sign and date the reconciliation to indicate they have carried out their duties as described in this policy.

5.10. Irregularities

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

6. REFERENCES AND RELATED ACTIVITIES

6.1. FMB’s Financial Management System Standards

a. Standard 18.1 – Financial Institution Accounts

b. Standard 18.2 – Account Deposits

c. Standard 18.3 – Financial Institution Account Reconciliation

6.2. FMBs Financial Administration Law Standards

a. Standard 16.1 – Funds and Revenues

b. Standard 16.2 – Expenditures

7. ATTACHMENTS

7.1. Appendix C - Financial Institution Account Reconciliation Template
PROCUREMENT

1. POLICY
1.1. The procurement of goods, services and assets will be conducted with due diligence to demonstrate transparency, fairness, quality, and value for money in meeting SFN’s requirements.

2. PURPOSE
2.1. The purpose of this policy is to provide guidance to SFN on how purchases will be planned, managed, approved and paid.

3. SCOPE
3.1. This policy applies to Council, the Band Manager and any other First Nation employees involved in purchasing goods, services and assets on behalf of SFN.

4. RESPONSIBILITIES
4.1. Council is responsible for:
   a. Ensuring effective control of procurement of goods, services and assets through documented policies and procedures.

4.2. The Band Manager is responsible for:
   a. Ensuring the procurement process is fair, open, and demonstrates accountability to obtain the Best Value for time and money;
   b. Communicating the policies and procedures to all parties who are affected;
   c. Developing, documenting and maintaining policies and procedures relating to the procurement process for goods, services, and assets;
   d. Assisting in the selection, evaluation, and monitoring of contractors and suppliers.

4.3. The Finance Officer is responsible for:
   a. Managing and monitoring expenditures and identifying and reporting on budget variances;
   b. Ensuring that procurement staff receives appropriate guidance and assistance in the performance of their duties.

5. PROCEDURES
5.1. Allowable Procurement of Goods and Services
   a. It is the policy of the SFN to support the businesses and employment of First Nation Members. In keeping with this policy, SFN reserves the right to give preference to membership owned businesses in the awarding of contracts for goods and services.
   b. Goods and services may only be obtained and payments made to individuals if:
i. They support the mandate of SFN;

ii. Budgeted funds are available to support the purchase and/or payment;

iii. The expenditure is compliant with funding restrictions and SFN policies and procedures; and

iv. The expenditure is approved by an individual, with sufficient approval authority as described in the Delegation and Assigned Responsibilities Table.

c. An employee may only order goods and services once an approved purchase order requisition and purchase order has been obtained from an individual with sufficient expenditure approval authority for the impacted operational area or program as described in the Delegation and Assigned Responsibilities Table. The goods and services to be purchased and the maximum costs of the goods and services must be listed on the purchase order requisition prior to authorization.

d. The employee ordering the goods and services will ensure best value for SFN and may be required to perform a documented analysis of the costs and benefits of at least three (3) options to procure the good or service. Where practical, informal quotes will be obtained through advertisements, direct solicitations to contractors/suppliers and other methods to compare prices and select the best option for SFN.

e. Blank purchase orders shall not be issued and purchase orders shall not be used more than once.

f. Purchase orders must be sequentially pre-numbered.

g. Employees must never separate a purchase into smaller purchase order value to reduce the approvals required for the purchase.

h. Cheque requisitions are to be used to authorize one time payments such as reimbursements, licenses, permits, etc.

i. An employee may request the procurement of goods and services using a SFN corporate credit card through completion and submission of a Visa requisition to the Finance Officer. Approval for the procurement must be obtained from an individual with sufficient expenditure approval authority for the impacted operational area or program as described in the Delegation and Assigned Responsibilities Table. The goods and services to be purchased and the maximum costs of the goods and services must be listed on the Visa requisition prior to authorization.

5.2. Competitive Procurement

a. SFN will use a competitive bid process to procure goods or services when the purchase price is anticipated to exceed $100,000. Under a competitive tendering process, SFN must use either an invited tender or an open tender to award a contract.
b. For each tendering process, a RFP will be issued and will include the following components:
   i. Date by which proposals are due;
   ii. Background to the requirement (e.g., context, challenges);
   iii. Specific requirements of the proposal including any requirements set out in Council policy for the management of capital projects (e.g. course of construction insurance, performance guarantees and bonding);
   iv. Qualifications of the ideal supplier (e.g. track record, experience, integrated services);
   v. Criteria and weighting (if applicable) by which proposals will be assessed;
   vi. Planned contract award date;
   vii. Process for entertaining questions regarding the RFP and sharing responses with other potential suppliers;
   viii. Caveat providing SFN with the right to pick any proposal or none;
   ix. A checklist of other special terms and conditions (e.g., maximum price expected, delivery dates or constraints) that would be critical for an organization to build into their response to meet the needs of the First Nation.

c. The Band Manager, two (2) representatives from Council, and any required staff possessing relevant expertise will form a review panel and review the proposals received against the pre-determined selection criteria for the RFP. The review panel will provide Council with a recommended course of action.

d. To maintain consistency in the procurement process, a standard methodology will be used to evaluate each contractor/supplier (Appendix A). The methodology will include, at a minimum, an evaluation of:
   i. How the contractor/supplier meets the RFP or tender requirements and specifications;
   ii. The contractor/supplier’s qualifications;
   iii. The price quoted; and
   iv. Results and quality of all work the contractor/supplier has previously done for SFN.

e. Other requirements will be added to the methodology as deemed necessary by the Band Manager.

f. Normally an RFP process as described above will be followed to procure goods and services. Exceptions to this process (i.e. granting a sole source contract, non-competitive contract award) will be rare and limited to the following situations:
   i. If there were no bids received during the tender call or RFP process;
ii. When the good or service is available only through a sole source;

iii. In an emergency where a delay in procuring the good or service would result in severe loss or damage to SFN.

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

5.3. Documentation Requirements

a. All procurement documents (including but not limited to Requisitions, invoices, purchase orders, request for proposals or tender calls) will clearly indicate the details of the goods and services requested.

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

c. A file will be created for each RFP/Tendering process that contains the results of each supplier evaluation.

5.4. Monitoring of Contractors/Suppliers

a. On an ongoing basis, the Program /Department Manager and Band Manager will monitor the quality of the work and the working relationship with the contractor/supplier. Any issues noted will be documented and resolved.

b. Performance evaluation should be tailored to job size and complexity. A review of both the project quality and the service quality should be conducted using a standard set of criteria as determined at the beginning of the vendor relationship and specific project.

c. To ensure the encouragement of new suppliers, contracts will be reviewed on an annual basis (or other timeframe as deemed appropriate by the Band Manager for the nature and complexity of the goods/services in question) and a request for other contractors/suppliers initiated.

6. REFERENCES AND RELATED ACTIVITIES

6.1. FMB’s Financial Management System Standards

a. Standard 18.6 – Procurement

b. Standard 18.7 - Procurement of suppliers

c. Standard 24.5 - Contract and tendering requirements

6.2. FMBs Financial Administration Law Standards

a. Standard 14.0 – Financial Plans

b. Standard 15.0 – Budgets
7. ATTACHMENTS

7.1. Appendix D – Sample Purchase Order Requisition
7.2. Appendix E – Sample Purchase Order
7.3. Appendix F – Sample Cheque Requisition
7.4. Appendix G – Sample Visa Requisition
7.5. Appendix H – Sample Contractor / Supplier Evaluation Template
7.6. Appendix I – Local Content
EXPENDITURES

1. POLICY
   1.1. Expenditures paid to suppliers or reimbursed to Councillors and SFN employees will be in support of valid SFN activities, duly authorized, accurately recorded in the financial system and sufficiently supported through original documentation. Processing of payments is subject to proper approvals and budgetary controls.

2. PURPOSE
   2.1. The purpose of this policy is to ensure that all expenditures from SFN’s funds are in support of valid SFN programs and activities and that processing of payments are subject to proper approvals and budgetary controls.

3. SCOPE
   3.1. This policy and procedure applies to the Council, committees of Council, officers, employees of SFN and any other persons conducting activities in connection with the Financial Administration of SFN.

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

c. Seeking approval from the Band Manager or designate for items that are not addressed in this policy before proceeding.

4.4. **The Band Manager is responsible for:**

a. Providing pre-approvals for planned expenditures that have not been specifically addressed in this policy but that he/she deems to meet the intent of the policy and as are permitted in the FAL; and

b. Approving expenditures for emergency purpose that was not anticipated in the budget that were not anticipated in the budget, within his/her spending authority.

5. **PROCEDURES**

a. General and Operational Expenditures

b. All purchases of goods or services will be made as outlined in the Procurement Policy and the Delegated and Assigned Responsibilities policy and procedure.

c. In emergency situations, the Band Manager may approve the purchase of goods or services that were not anticipated in the budget and are not procured in accordance with the Procurement Policy and procedure and the Delegated and Assigned Responsibilities policy and procedure. The rationale for the purchases must be documented by the Band Manager and the purchases must be reported immediately to the Finance and Audit Committee and/or to Council. If possible, the payment of the purchases should be in accordance with the Procurement Policy and procedure and the Delegated and Assigned Responsibilities Policy and procedure.

d. 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 purchase order or requisition for payment to the employee responsible for accounts payable.

e. If goods are received without receiving documents, the employee receiving those goods is to document on the purchase order, requisition or invoice that goods were received and the date of receipt.

f. 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:

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

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

i. in accordance with the appropriation identified in the certified statement; or

ii. allowed without the authority of an appropriation under the Financial Administration Law.

5.2. Payroll

a. Employee payroll is administered on a bi-weekly basis on Fridays.

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

c. The Band Manager will review and approve all employee timesheets prior to the processing of payroll.

d. The Band Manager and the Chief (or Councillor) will review and approve the payroll summary report prior to payment of payroll by cheque and electronic funds transfer.

e. Employees must include adjustments for vacation, sick or other types of leave on their timesheets to the individual responsible for payroll.

5.3. Payroll Advances

a. Payroll advances must be approved by the Band Manager in cases where emergency situations deem it necessary.

b. Advances will be paid via cheque to the employee. Advances cannot exceed the net amount (after taxes and applicable deductions) of an employee’s average weekly earnings.

c. The employee will repay the advance to SFN via payroll deductions for a maximum period of six weeks starting in the next pay period after the advance was issued.

5.4. Reimbursable Expenditures

a. Employees may request an advance for valid out-of-pocket expenses that will be incurred within the current fiscal year and that will ultimately be reimbursed by SFN in accordance with the current expense policy. Band Manager approval is required for travel advances up to the estimate of trip expenses.

b. Employees are reimbursed for pre-approved expenses by completing a Cheque Requisition and attaching all original receipts. All claimed expenses will clearly
demonstrate and document that all amounts are directly related to authorized activities performed on behalf of SFN.

c. All expenses incurred and any advances received by an employee are the personal liability of the employee until he or she has complied with these policies.

d. Employees are reimbursed for pre-approved travel by completing a Travel Claim form. Travel must be pre-approved by the Program/Department Manager and the Band Manager.

e. For all expenditures, claims with the appropriate documentation must be submitted to the Finance Office within 30 days of the expense being incurred.

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

g. Employees may retain fees and honoraria received from speaking engagements in excess of actual expenses of travel to and from engagements. SFN does not require reimbursement of an honorarium provided that the employee has not charged SFN for any expenses connected with its receipt.

h. Expenditures eligible for reimbursement include:
   
i. Transport

Employees are expected to travel by the most direct route, using the most economical and reasonable mode of travel. If an employee travels on official business by an indirect route, reimbursement will be based on charges as would have been incurred by travelling the most direct route.

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

Car rentals may be used only when other ground transportation is not practicable or the cost of public transportation (or taxis) is greater than the auto rental charges. The standard car rental vehicle class will be economy or compact (government rate rental).

Gas purchases will be reimbursed for rental cars.

SFN will not reimburse or pay for the Collision Damage Waiver commonly offered by rental companies except for rentals in foreign countries. If Personal Accident Insurance is elected on rentals, it is at the traveler’s expense.

It is expected that employees will use the most economical and reasonable means of travel to and from the airport. When possible, employee should use shuttle/hotel bus service. If parking at the airport, parking will be reimbursed with original receipt.

Meals and snacks associated with air travel will be reimbursed with original receipts. Other in-flight expenses incurred such as liquor or earphones are not reimbursable.

The costs of one checked bag will be covered in the event that the airline does not include in the price of the airfare. Pre-approved excess baggage fees will be paid only if there is an excessive amount of material for the business purpose of the trip or if an extended trip. SFN will not cover
additional costs related to bringing belongs not directly related to the business purpose of the trip.

   ii. Private Vehicles

Private vehicle mileage will be reimbursed at a rate of $0.465 per kilometer. All other non-business related vehicle costs are the responsibility of the individual.

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

   iii. Per Diems and Incidentals

A maximum per diem amount of $76.95 will be reimbursed for each day on approved travel status on behalf of SFN to cover meal expenses and incidentals. Per diems may be claimed according to the following table:

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Breakfast</td>
<td>$12.75</td>
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<tr>
<td>Lunch</td>
<td>$12.15</td>
</tr>
<tr>
<td>Dinner</td>
<td>$34.75</td>
</tr>
<tr>
<td>Incidentals</td>
<td>$17.30</td>
</tr>
</tbody>
</table>

Meals will only be reimbursed for those incurred during approved travel status. (i.e. if an individual begins travelling on behalf of SFN at 4pm, the individual is only eligible for the ‘Dinner’ meal allowance on that day)

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

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

Private accommodations will be reimbursed at a rate of $55.00 per night.

The purpose of the daily ‘incidentals’ amount is to cover general expenses during official travel. This amount covers items such as: dry cleaning, tips, personal phone calls, non-alcoholic beverages and snacks and other personal expenses incurred while on travel status.

Receipts are not required for meals when per diems are claimed or for items that fall under the incidental category as noted above in statement.

5.5. Meals and Entertainment (Hospitality)

   a. Hospitality budgets will be set at the beginning of the fiscal year through the budget process. The only individuals that are entitled to a hospitality budget include the
following: Chief and Councillors, the Band Manager, and Program/Department Managers.

b. For meals and entertainment expenses, the individual requesting reimbursement must clearly document the purpose of the meal/event, objectives, and individuals (name, position, organization) that are in attendance. Documentation may be on the receipt(s) or in a memo attached to the expense report.

c. Hospitality funds are available for official SFN business only. Restrictions on hospitality fund usage include:

   i. Family members must not benefit from hospitality funding;
   ii. Gifts cannot be purchased using hospitality funds.
   iii. Alcohol must not be purchased using hospitality funds.

d. Hospitality expenses must include original supporting documentation demonstrating the goods or service received (original itemized receipts or invoices) and proof of payment.

e. Financial donations and checks/drafts/other financial instruments made out to Stellat’en First Nation shall be deposited in an account under the direct control of the Band Manager. Violation of this policy shall subject the parties involved to immediate termination if employed by SFN and to all legal remedies available.

5.6. SFN Corporate Credit Card

a. All purchases of goods or services must be made in accordance with the Procurement Policy.

b. Only select personnel will have access to an SFN issued Visa card.

c. On monthly basis, an employee of the Finance Office, that does not have access to a SFN issued Visa card, will reconcile credit card statements to receipts provided and inform the Band Manager and/or FAC or any discrepancies.

d. The Finance Officer is to use the SFN issued Visa card for purchases only if they are accompanied by a VISA requisition form. Visa requisition forms must be completed for all Visa expenses, which detail the item, cost, and reason for expense.

e. If payment for the purchase of a good or service is made by Visa, an original receipt must be provided for all charges. Credit card receipts alone are not sufficient, the original itemized receipt or invoice from the supplier must be included.

5.7. Memberships

a. Memberships in professional organizations that are required for an individual’s position or are meeting a demonstrated need of SFN will be reimbursed provided that the appropriate immediate supervisor has approved each membership.
b. For other expenditures not listed in this policy, pre-approval is necessary from the Band Manager before initiating the expenditure and submitting a reimbursement claim.

5.8. Other

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

5.9. Expenditure Report and Documentation

a. For general and operational expenditures, the following should be submitted to accounting for payment, if applicable:
   
i. Original contract/agreement
   
ii. Original invoice
   
iii. Purchase order requisition
   
iv. Purchase order
   
v. Receiving documents / packing slips
   
vi. For payroll: payroll authorization form, timesheets, and salaried employee adjustments
   
   vii. Requisition for payment that has signed approval according to the Delegated/Assign Authority Policy and the FAL.

b. Reimbursable expense claims must be complete, sufficiently supported, and recorded on the prescribed expense claim form. Before submitting expenses to the Finance Office for approval and payment, the employee will ensure that they have prepared a complete claim that includes:
   
i. The employee’s signature and date signed, acknowledging that all amounts claimed are accurate and in support of SFN official business;
   
ii. 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 shall be used.

- Signed travel authorization from the employee’s manager (for the Band Manager 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.

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

d. For all expenditures, claims with the appropriate support as described in section (12) b. above must be submitted to the Finance Office within 30 days of the expense being incurred.

5.10. Approval for Payment

a. Purchase orders can only be issued by the Band Manager, Operations and Maintenance Officer, and the Health Department. Payments for recurring expenses, such as utilities, can be processed with only a vendor invoice (i.e. a purchase order or requisition is not required).

b. Invoices will only be paid if accompanied by corresponding approved purchase order or cheque requisition and receiving documents.

c. The Tax Administrator must authorize payments out of a local revenue account.

d. Invoices received must be immediately forwarded to the Accounts Payable and Payroll Clerk with an approved purchase order or requisition for payment who will then process them to:
   i. Match with the purchase order and the receiving document,
   ii. Ensure that all required documentation has been submitted to support payment,
   iii. Verify mathematical accuracy,
   iv. Ensure that any taxes are correctly calculated and processed if applicable for tax exemption claims,
   v. Confirm that funds are available to pay the invoice, and
   vi. Identify and note the authorized general ledger account coding.

e. Reimbursable expense claims will be reviewed by the Accounts Payable and Payroll Clerk to ensure that:
   i. The expense claim is mathematically correct and that taxes are identified and accounted for correctly,
   ii. Authorized general ledger account coding instructions are identified,
iii. Expenses claimed are for authorized activities,

iv. The claimed expenses are eligible and comply with this policy and procedure, and

v. Adequate and sufficient supporting documentation is attached.

f. Any exceptions to the above will require authorization from the Band Manager for payment.

g. The Accounts Payable and Payroll Clerk will enter invoices and reimbursable expense claims into the general ledger for payment only when they have been appropriately processed and approved per this policy and procedure and the FAL.

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

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

5.11. Payments

a. Invoices will be paid within 30 days from the date of the invoice unless the account is in dispute.

b. Payment to individuals must be accompanied by documentation approving the transaction in accordance with the Delegated/Assigned Responsibilities Policy (e.g. cheque requisition, loan agreement, Council minutes, etc.).

c. The Finance Office will prepare cheques at least twice per month.

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

   i. Supporting documentation for each payment (e.g. cheque, transfer) including Approved invoices, expense claims, purchase orders, and receiving documents, and Evidence that the Finance Office has completed the processing of the payment, including account coding.

e. Payments will be initiated / distributed by the Accounts Payable and Payroll Clerk immediately upon receipt of the signed cheques from two authorized signatories.

f. The Accounts Payable and Payroll Clerk will notify the Band Manager immediately of any instances of

   i. Non-compliance with policy requirements that cannot be resolved, and

   ii. Suspected fraud.

6. REFERENCES AND RELATED ACTIVITIES

6.1. FMB’s Financial Management System Standards

a. Standard 8.1 - Council delegation procedures
b. Standard 8.2 - Assignment procedures

c. Standard 18.4 - Expenditures

d. Standard 18.8 - Reimbursable expenses

6.2. **FMBs Financial Administration Law Standards**

a. Standard 8.2 - Delegation

b. Standard 16.2 - Expenditures

7. **ATTACHMENTS**

7.1. Appendix J – Employee Time Sheet

7.2. Appendix K – Travel Expense Form
LONG-TERM DEBT

1. POLICY
1.1. This policy governs the decision-making process necessary to assume long-term debt and the compliance requirements associated with loan covenants. The Finance and Audit Committee and/or Council will review and approve all proposals for funding through long-term debt obligations. Long-term debt obligations will be recorded, monitored, reconciled and reported to Council quarterly and any exceptions or issues identified and resolved.

2. PURPOSE
2.1. The purpose of this policy is to establish an effective and accountable borrowing framework for SFN.

3. SCOPE
3.1. This policy applies to the Band Manager, the Finance Officer, Finance and Audit Committee, Council, and those persons with the authority to recommend or approve long-term debt.

4. RESPONSIBILITIES
4.1. Council is responsible for:
   a. Reviewing and approving any proposed long-term debt financing, including the terms and conditions, recommended by the Finance and Audit Committee and/or Band Manager.

4.2. The Finance and Audit Committee is responsible for:
   a. Monitoring borrowings, loans and payments in respect of each Capital Project.

4.3. The Band Manager is responsible for:
   a. Reviewing any long-term debt financing proposal report prepared by the Finance Officer and recommending a course of action to the Finance and Audit Committee and/or Council.

4.4. The Finance Officer (in conjunction with the Tax Administrator for local revenue account related debts) is responsible for:
   a. Preparing any long-term debt financing proposal report for each proposed financing and presenting it to the Band Manager for review and comment,
   b. Ongoing monitoring and management of all long-term debt obligations, including timely payments, maintaining sufficient documentation, and performing regular reconciliations of debt transactions, and
c. Reporting and disclosing the long-term debt obligations in the financial statements in accordance with PSAS, the Financial Administration Law and any agreements under which the long-term debt obligations were incurred.

5. PROCEDURES

5.1. Determination of Need and Evaluation of Options

a. Prior to assuming debt, research shall be conducted to determine need for debt, cash flow available for repayment, and terms of debt. The Band Manager and Finance Officer will document the requirement for SFN to incur a long-term debt obligation by examining the Comprehensive Community Plan, multi-year financial plan, annual budget, current financial situation, and any planned activities requiring funding. Once the need and amount of funding required is determined, the Finance Officer will work with the Band Manager to outline the various financing options available to SFN.

b. The Finance Officer will prepare a long-term debt financing proposal report which includes the following:
   i. Need for financing and alternatives considered;
   ii. Evaluation of available financing options;
   iii. Recommended financing option;
   iv. Proposed security for the financing option;
   v. The purpose, use and application of funds;
   vi. Description of re-payment plans based on cash flow analysis;
   vii. Linkage to SFN integrated planning process, including the strategic plan, multi-year financial plan, annual budget, and cash flow statements;
   viii. Identification of any provisions in the FAL or in any other applicable law that limits debt which can be incurred by SFN or that imposes requirements or conditions which must be met before debt may be incurred;
   ix. Requirement for consultation with members of SFN before any capital project-related debt is incurred by SFN.

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

e. The Band Manager will obtain concurrence from legal counsel on the long-term debt financing proposal.

5.2. Approval

a. The Band Manager and Finance Officer will present the long-term debt financing proposal report to the Finance and Audit Committee for their review.

b. The Finance and Audit Committee will review the report and make a recommendation to Council on whether to incur the long-term debt and which option it recommends.

c. Council will review the long-term debt financing proposal report and accompanying recommendations. Subject to the Financial Administration Law, Council will vote on whether to approve the requirement for entering into a long-term debt obligation. If the requirement to incur debt is approved, Council must also approve, through a Council Resolution, the terms and conditions of the long-term debt financing option that will be used.

d. Council shall approve all contracts associated with the assumption of the debt. All long-term debts must be approved by Council Resolution. The Chief and Council will sign debt agreements.

5.3. Management and Monitoring of Debt Obligations

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

b. The Finance Officer will manage and monitor the long-term debt obligation by:
   i. Ensuring that timely payments are made according to the terms and conditions/repayment schedule of the long-term debt obligation;
   ii. Performing quarterly reconciliations between SFN’s financial records and statements from the lender; and
   iii. Calculating any financial covenants contained in lending agreements and evaluating whether compliance with the terms of the covenants have been met.
c. The Finance Office is responsible for compiling any compliance certificate requirements and submitting them to the lender as required by the debt certificate. Also, they must submit timely financial statements to the lender as required.

5.4. Reporting

a. The Band Manager or Finance Officer will deliver a report to each meeting of the Finance and Audit Committee summarizing for each long-term debt obligation:
   i. the gross amount outstanding;
   ii. the amounts issued specifically by SFN on behalf of government business enterprises;
   iii. the net amount reported on the consolidated statement of financial position;
   iv. the gross interest paid or payable for the period related to the debt described in (a);
   v. the interest revenue for the period received or receivable from government business enterprises on debt issued specifically by the government on behalf of government business enterprises; and
   vi. the net amount of interest expense reported on the consolidated statement of operations.

b. The Finance Officer will ensure that the long-term debt obligation is reported to the Finance and Audit Committee and/or Council on a quarterly basis in the financial statements in accordance with PSAS and any requirements of the FAL.

c. The general ledger must reflect accurately the note and associated interest.
   i. When the money is received for the note payable, an entry is made to the general ledger to reflect the liability. As interest is paid the amount is recorded as an expense. As principal is repaid it is reflected in the general ledger as a reduction of the liability.
   ii. The Finance Office will make monthly calculations of interest and record the accrued interest to the general ledger based on imputed interest rate and the days since the last interest payment was made.

5.5. Records Management

a. The Finance Officer will ensure that records pertaining to each long-term debt obligation are created, maintained and retained in accordance with the Records Management Policy. For each long-term debt obligation, the following will be documented:
   i. The loan agreement and any ancillary agreements;
   ii. The long-term debt financing proposal report on which council based its decision;
iii. Documented council approval and required membership information or involvement;

iv. An interest and principal repayment schedule (if applicable) that includes the dates of all payments required under the loan agreement or plan for extinguishing the debt;

v. The cost of borrowing including interest payments and service or other charges;

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

vii. Reconciliations of the long-term debt with lender records.

b. The Finance Office will maintain copies of the debt agreement and all covenants associated with it as well as the resolution approving the debt. If assets as collateral secure the debt, Finance will keep an asset listing of those secured assets. In addition, they are responsible for maintaining repayment schedules including cash flow associated with principal and interest repayment. Maintenance of files regarding compliance certificates is required.

6. REFERENCES AND RELATED AUTHORITIES

6.1. FMB’s Financial Management System Standards
   a. Standard 18.5 - Debt

6.2. FMB’s Financial Administration Law Standards
   a. Standard 16.3 - Borrowing

7. ATTACHMENTS

7.1. None
LOANS RECEIVABLE, GUARANTEES, AND INDEMNITIES

1. POLICY

1.1. SFN will ensure that any loans receivable, loan guarantees and indemnities given will be made in accordance with written agreements which include standard clauses, are appropriately approved, are monitored for compliance with agreement terms regularly, and are reported to the Finance and Audit Committee and/or Council on a regular basis. Any loans receivable entered into between SFN and a First Nation member or an entity in which a member of SFN has an interest, must be part of a loans receivable program approved by Council which is universally available to all members in a fair and transparent manner and in accordance with published terms and conditions which are accessible to all members.

2. PURPOSE

2.1. The purpose of this policy is to provide SFN with an effective and transparent process for the approval, collection and documentation of loans receivable, loan guarantees and indemnities given by SFN as authorized in its FAL.

3. SCOPE

3.1. This policy and procedure applies to loans receivable, loan guarantees and/or indemnities entered into between SFN and a First Nation member or entity in which a First Nation member has an interest or with any other party as authorized in its FAL.

4. RESPONSIBILITIES

4.1. Subject to the FAL, Council is responsible for:
   a. Approving and signing:
      i. loan receivable agreements
      ii. loan guarantee agreements
      iii. indemnity agreements
   b. Approving debt forgiveness;
   c. Approving the standard template, clauses, and interest rates (if applicable) to be applied to all First Nation members, any entity in which a member of SFN has an interest or any other party with respect to loans receivable, loan guarantees and indemnities;
d. Reviewing the report of the Band Manager and/or the Finance and Audit Committee for a lending program to members where such program is authorized in the FAL and, where appropriate, approving such program.

4.2. **The Finance and Audit Committee is responsible for:**

a. Reviewing a report made by the Band Manager or designate respecting a lending program to members and making any recommendations to Council;

b. Monitoring the status of SFN’s loans receivable, loan guarantees and indemnities and reporting to the Council;

c. Monitoring the administration of any Council approved program of lending to members and any amendments thereof.

4.3. **The Band Manager is responsible for:**

a. Approving employee payroll and employee expense advances;

b. Ensuring the lending, loan guarantee and indemnity process is transparent by providing SFN members access to the requirements, standard terms and conditions;

c. Ensuring the publication of the terms and conditions of any Council approved program of lending to members, providing access to the published program by all members and administering the program;

d. Approving the loan forgiveness report.

4.4. **The Finance Officer is responsible for:**

a. Reporting to the Council, any risks associated with entering a new program of loans to be made to members or entities in which members have an interest and the costs of administering such a program.

b. Preparing loan, loan guarantee and Indemnity agreements using the standard clauses approved by Council.

c. On a monthly basis, monitoring the status of loan repayments, overseeing the loan receivable collection procedures, evaluating the likelihood of collectability and risk of loss, approving any necessary loan valuation allowances to reflect loans receivable at the lower of cost and net recoverable value and reporting the results of this monitoring to the Finance and Audit Committee and/or Council.

d. On a monthly basis, preparing the loan valuation allowance, write-off and forgiveness report.

e. Ensuring that loan receivable allowances and loan receivable write-offs and loan forgiveness are reported to the Finance and Audit Committee and/or Council and accurately recorded and disclosed in the financial records and statements.

f. Ensuring adequate supporting documentation is retained for all loans receivable, loan guarantees and indemnities.
g. On an annual basis, preparing a report for the Finance and Audit Committee and/or Council setting out all payments made to honour SFN’s loan guarantees and indemnities.

h. On an annual basis, preparing a report for the Finance and Audit Committee and/or Council setting out all loans or obligations forgiven by SFN.

5. PROCEDURES

5.1. Requirements

a. Subject to the FAL, any authorized loans receivable issued by SFN are subject to the following conditions:

i. Loans available to members must be set out in a program approved by the Council which has published terms and conditions and is universally available to all members;

ii. Loan receivables and all payments received from those loans must be set out in an annual report that includes details about:
   a) the amounts loaned;
   b) the purposes of the loans;
   c) subject to applicable privacy law, the names of those receiving a loan; and
   d) repayments of principal and interest on the loans.

iii. The loan must be used for the purpose determined by SFN;

iv. Loans receivables agreements will be prepared by the Finance Officer for approval by Council. Approval will be enacted by signing the agreement with the individual requesting the loan and will only be granted if the risk of non-payment is at an acceptable level for SFN;

v. Interest, if charged, will be applied consistently to all loans;

vi. A binding legal written agreement will be made between SFN and individual requesting the loan. The agreement will contain standard clauses that are consistently applied to every individual that applies for and secures a loan from SFN. The following items, at a minimum, will be present in the agreement:
   a) The name of the individual;
   b) Amount of the loan;
   c) Nature and amount of any security over the loan pledged in favour of the First Nation or provided as loan collateral;
   d) Interest (if applicable);
   e) Repayment schedule.
vii. Approval will be enacted by signing the agreement with the individual requesting the loan.

b. Loan guarantees will only be granted in exceptional circumstances and must conform to the following guidelines:
   
i. The maximum amount of the loan guarantee will be determined by Council. The loan guarantee can only be used to guarantee the value of a home and will only be considered in cases where an accredited Canadian financial institution has approved the loan. Loan guarantees will be approved by Council upon consideration of the report of the Finance Officer. Approval will be enacted by signing the agreement with the individual requesting the loan guarantee and will only be granted if the risk of non-payment or non-fulfillment of an obligation is at an acceptable level for SFN.

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

iii. A binding legal agreement will be made between SFN and individual requesting the Loan Guarantee. The agreement will contain standard clauses that are consistently applied to every individual that applies for and secures a Loan Guarantee from SFN. The following items, at a minimum, will be present in the agreement:
   
a) Name of the individual;
   
b) Amount of the Loan Guarantee;
   
c) Duration of the Loan Guarantee agreement;
   
d) Amount, maturity and repayment terms of the underlying loan or obligation; and
   
e) Purpose and use of the underlying loan (e.g. details of the asset being acquired or leased or investment being made).

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

v. SFN will obtain a copy of the legal agreement requiring the issuance of a loan guarantee and retain on file with the loan guarantee agreement.

c. In exceptional circumstances, only, indemnities will be granted in the following circumstances:
   
i. SFN must not give an indemnity unless it is:
      
a) Authorized to do so under section 105 of the FAL;
b) Necessary and incidental to and included in another agreement to which SFN is a party; or

c) In relation to a security granted by SFN that is authorized under the FAL or another First Nation law.

ii. SFN will obtain a copy of the agreement under Loan Guarantee and retain on file with the Loan Guarantee agreement.

d. Employees may request a payroll advance from SFN. Only two payroll advances will be allowed per year, once the previous year’s advance has been settled. Payroll advances will be approved by the Band Manager.

e. Employees may request an advance for valid out-of-pocket expenses that will be incurred within the current fiscal year and that will ultimately be reimbursed by SFN in accordance with the current expense policy. Band Manager approval is required for amount up to $1,000 and amounts over $1,000 require approval of Council.

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

5.2. Leases

a. SFN must comply with the terms and conditions of any lease agreements it enters into.

b. The Council, or the person with delegated authority, should ensure that SFN enters into a lease agreement, provided that the amounts payable under the lease are within the budget for the related program or department.

c. Lease agreements respecting SFN must be made in accordance with the land code or applicable land management laws and policies.

5.3. Accessibility

a. Subject to the FAL, all members must be able obtain a loan from SFN subject to any conditions outlined in this policy.

b. The Band Manager will ensure that the requirements to obtain a loan, loan guarantee or indemnity, as well as the standard terms and conditions of these agreements are accessible to all First Nations members. This information will be available to all members who request a copy from the local office either in person, by phone or by email.
5.4. Collection

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

   i. For loan payments that are between 30 and 60 days overdue, the individual holding the loan will be contacted in writing requesting that all overdue payments be made as soon as possible and no later than a specified date;

   ii. For loan payments that are more than 60 days overdue, late payment interest will be charged on the outstanding loan balance in accordance with the loan agreement between the individual and SFN. The individual will be contacted in writing and by phone and informed that interest will accumulate until all overdue payments have been received. Contact by writing and by phone will be made on a monthly basis thereafter if payment has not been received;

   iii. For loan payments that are more than 120 days overdue, the Band Manager or designate will determine whether the loan should be considered impaired and written off or sent to an external collections agency. The Band Manager or designate will inform the individual in writing and by phone that the payments in Arrears have been transferred to an external agency for collection;

   iv. Any additional financing arrangements or amendments to existing loan agreements to improve the likelihood of repayment between SFN and an individual with payments in arrears will be determined by the Band Manager.

5.5. Debt Forgiveness

a. All reasonable steps should be taken to attempt to collect the outstanding balance. However, when it becomes evident that SFN will be unable to collect the outstanding balance, a report should be compiled by the Band Manager or designate detailing the following:

   i. Individual and amount in arrears;

   ii. Principal and interest outstanding on the loan;

   iii. Length of time in arrears and measures taken to collect on payments in arrears;

   iv. Rationale for debt forgiveness.

b. For amounts up to and including $1,000, the Band Manager has authority to approve a debt forgiveness. Amounts over $1,000 require review and recommendation by the Finance and Audit Committee and approval by Council.

5.6. Write-offs

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

5.7. Monitoring and Reporting

a. All loans, loan guarantees, and indemnities will be reported annually to the Finance and Audit Committee and/or Council. The annual report will contain the following information for each loan, loan guarantee, and indemnity:

i. Subject to applicable privacy law, name of the individual;

ii. Purpose of the loan, loan guarantee or indemnity;

iii. Amount of the original loan, loan guarantee or indemnity;

iv. Repayments of principal on loans;

v. Interest earned and collected on loans;

vi. Actual payments made, if any, against loan guarantees;

vii. Actual payments made to compensate for damages, if any, against indemnities;

viii. List of payments in arrears by individual, subject to applicable privacy law;

ix. Any expected payments required as a result of SFN having to fulfill or honour a guarantee or indemnity agreement based on the Finance Officer’s knowledge of the contracts in place and changes in their underlying financial condition.

5.8. Record Keeping

a. All agreements and payment records associated with loans, loan guarantees and indemnities will be stored in SFN’s financial records in accordance with the Records and Information Policy.

b. Records of debt forgiveness will be retained in the event that in future, through changed circumstances, some or all of the debt may be repaid.

6. REFERENCES AND RELATED AUTHORITIES

6.1. FMB’s Financial Management System Standards

a. Standard 19.2.1 - Compliance with FAL

b. Standard 19.2.2 - Additional policies

c. Standard 19.2.3 - Policy content

d. Standard 19.2.4 - Records procedure

6.2. FMB’s Financial Administration Law Standards

a. Standard 17.2 - Guarantees and indemnities

b. Standard 17.4 - Lending
6.3. ATTACHMENTS

6.4. None
INVESTMENTS

1. POLICY
1.1. Council will manage and administer SFN’s investment in a manner to preserve capital and generate sufficient income and growth to meet SFN’s operational or strategic objectives.

2. PURPOSE
2.1. The purpose of this policy is to provide a framework for management of SFN’s investments to achieve short and long term operational and strategic objectives within an acceptable level of risk.

3. SCOPE
3.1. This policy and procedure applies to Council, the Finance and Audit Committee, the Band Manager, and Finance Officer.

4. RESPONSIBILITIES
4.1. Council is responsible for:
   a. Determining SFN’s short and long-term investment objectives;
   b. Determining allowable uses of available funds;
   c. Approving preliminary risk assessment of funds;
   d. Selecting / de-selecting investment manager(s) and custodian(s);
   e. Approving the creation of an investment account;
   f. Approving funds to be invested; and
   g. Approving the redemption of invested funds.

4.2. The Finance and Audit Committee is responsible for:
   a. Providing Council with recommendations in relation to the funds to be invested;
   b. Monitoring performance; and
   c. Redeeming invested funds.

4.3. The Band Manager is responsible for:
   a. Monitoring the performance of all parties to whom duties have been delegated;
   b. Reporting any significant changes to the investment portfolio to Council;
   c. Liaising with the Finance and Audit Committee and/or Council, Investment Manager, and Investment Consultants as required;
d. Providing the Finance and Audit Committee and/or Council with recommendations in relation to preliminary risk assessment of funds, funds to be invested, monitoring performance, rebalancing portfolios, and the redemption of invested funds;

e. Selecting / de-selecting investment manager(s) and custodian.

f. Analyzing proposals received from investment managers and custodians;

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

h. Overseeing rebalancing of the investment portfolios asset mix according to Council instructions;

i. Executing transfers of funds to / from the investment account(s) according to Council instructions;

j. Preparing an accounting for additions, withdrawals and balances in the investment account;

k. Maintaining a record of the amount of, and market value of, the asset classes and units held within the investment portfolio;

l. Preparing a quarterly investment monitoring report including investment performance and a summary of professional advisory fees attributed to the management of the portfolio; and

m. Recommending transfers, rebalancing, monitoring actions, Investment Manager changes, and any other recommendations relevant to the successful management of the investments.

5. PROCEDURES

5.1. Selection of Investment Manager and Custodian

a. The Band Manager will review and analyze proposals from Investment Manager(s) and Custodians and make recommendations to the Finance and Audit Committee and/or Council on selection. The Band Manager may engage an independent consultant to facilitate the selection process.

b. The Band Manager will analyze proposals from Investment Manager(s) and Custodians using a number of criteria including:

   i. Investment Manager(s) - experience, qualifications, investment management style, costs, past performance, volatility of returns, and any other criteria identified by Council.

   ii. Custodian - experience, security, service and fees.

c. A Custodian agreement and Investment Management agreement(s) will be entered into by SFN. Agreements must be consistent with this policy and procedure, and must facilitate execution of the short and long-term investment strategies. The
agreements must be entered into before any funds are transferred into the investment account(s).

5.2. Termination of Investment Manager(s)
   a. Council and/or the Band Manager may terminate an Investment Management agreement for:
   b. performance results;
   c. changes in SFN or its investment strategy which would no longer require the services of an Investment Manager;
   d. changes in Investment Manager personnel, firm or ownership structure, investment philosophy, style or approach which might adversely affect the potential return and / or risk level; and / or
   e. failure to adhere to this policy and procedure.

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

5.4. Permitted Investments
   a. Restricted funds may only be invested in:
      i. securities issued or guaranteed by Canada or a province;
      ii. securities of a local, municipal, or regional government in Canada;
      iii. investments guaranteed by a bank, trust company or credit union;
      iv. deposits in a bank or trust company in Canada or non-equity or membership shares in a credit union; or
      v. securities issued by SFNs Finance Authority.
   b. Unrestricted funds may be invested in:
i. securities issued or guaranteed by Canada, a province or the United States of America;

ii. fixed deposits, notes, certificates and other short-term paper of, or guaranteed by a financial institution including swaps in United States of America currency;

iii. securities issued by SFNs Finance Authority or by a local, municipal or regional government in Canada;

iv. commercial paper issued by a Canadian company that is rated in the highest category by at least two (2) recognized security-rating institutions;

v. any class of investments permitted under an Act of any province relating to trustees;

vi. any other investments or class of investments prescribed by a regulation under the Act;

vii. a company that is incorporated under the laws of Canada or of a province or territory and in which SFN is a shareholder;

viii. a trust in which SFN is a beneficiary;

ix. a limited partnership in which SFN is a partner; and

x. subject to the Financial Administration Law, a member investment program as described in section 64 of the Law.

5.5. Monitoring of Investments

a. The Finance Officer will reconcile the investment and custodian accounts to the general ledger and financial statements in a timely manner (either monthly or quarterly).

b. The Finance Officer will recalculate the investment management and custodian fees charged to ensure they are consistent with the underlying contracts.

c. The Investment Manager will provide quarterly reports that will be reviewed by the Band Manager and Finance and Audit Committee for comments and recommendations. The report will then be presented to Council.

d. Council will review the quarterly reports and accompanying recommendations and make any necessary decisions.

e. The Investment Manager may be required to attend a Council meeting and discuss investment performance, and changes in strategy, approach or personnel.

6. Re-balancing of the Investment Portfolio

6.1. The Band Manager will transmit any rebalancing instructions to the Custodian and Investment Manager only if first approved by the Council.
7. REFERENCES AND RELATED AUTHORITIES

7.1. FMB’s Financial Administration System Standards
   a. Standard 19.3 – Investments

7.2. FMB’s Financial Administration Law Standards
   a. Standard 17.3 – Investments

8. ATTACHMENTS

8.1. None
TANGIBLE CAPITAL ASSETS

1. **POLICY**

1.1. Council will manage its tangible capital assets using a life-cycle approach that effectively plans, manages, accounts for and disposes of assets per SFN’s asset strategy and that ensures assets are accurately reflected in SFN’s financial statements.

2. **PURPOSE**

2.1. The purpose of this policy is to provide guidance on the planning, management, and accounting treatments for tangible capital assets over the entire asset life cycle.

3. **SCOPE**

3.1. This policy and procedure applies to Council, Finance and Audit Committee, Band Manager, as well as any employees directly involved in capital asset management.

4. **RESPONSIBILITIES**

4.1. **Council is responsible for:**
   
   a. Approving capital project plans and tangible capital asset reserve fund transactions;
   
   b. Establishing a tangible capital asset reserve fund;
   
   c. Establishing asset recognition criteria;
   
   d. Approving the tangible capital assets register;
   
   e. Approving policies and procedures for capital projects to address the issues identified in the FAL for the proper management of capital projects;
   
   f. Approving procedures for the safeguarding of tangible capital assets;
   
   g. Ensuring capital project budgeting requirements are implemented.

4.2. **The Finance and Audit Committee is responsible for:**

   a. Reviewing on or before January 31 the financial information provided on the Life-Cycle Management Program by the Band Manager or designate;
   
   b. Reviewing and recommending to Council the annual budget for tangible capital assets;
   
   c. Reviewing any scheduled capital project plans including supplemental information and their budgets and developing recommendations for Council.
4.3. **The Band Manager is responsible for:**

a. Developing the Life-Cycle Management Program in accordance with the requirements of this policy and the FAL and making recommendations to the Finance and Audit Committee and/or Council on matters concerning the management of SFN’s tangible capital assets;

b. Arranging for an annual inspection to obtain updated information of each capital asset (e.g. physical condition, remaining Useful Life, etc.);

c. Ensuring SFN members are informed and involved in tangible capital asset projects and borrowings for construction as required in the FAL;

d. Serving as a point of contact to retain capital project consultants to assist the Finance and Audit Committee and Council.

4.4. **The Finance Officer is responsible for:**

a. Maintaining the tangible capital assets register as required in this policy and the FAL;

b. The accurate and timely recording and reporting of tangible capital assets in the financial statements in accordance with PSAS;

c. Monitoring the application of this policy and updating the policy on a regular basis;

d. Preparing, on or before December 31 of each year, the financial information related to routine maintenance and rehabilitation or replacement of tangible capital assets as required in the FAL and this policy;

e. Monitoring the tangible capital asset protection insurance program and making recommendations to the Band Manager in adequate time before each annual renewal, or sooner if circumstances warrant;

f. Preparing the maintenance and quarterly reporting to the Finance and Audit Committee and/or Council, or more frequently if necessary on the status of the capital asset reserve fund;

g. Developing and recommending procedures for the safeguarding of assets and ensuring approved procedures are followed;

h. Developing the budget for capital project plans and annual capital plan.

4.5. **Employees involved in the Life-Cycle Management Program are responsible for:**

a. Maintaining tangible capital asset information and implementing asset security and safeguarding measures as provided through the application of these policies and safeguarding procedures approved by Council;

b. Recording and reporting periodic changes in tangible capital assets to the Band Manager;

c. Ensuring tangible capital assets are accurately tracked and inventoried.
5. **PROCEDURES**

5.1. **Tangible Capital Asset Register**

a. A detailed tangible capital asset register is to be established, maintained and kept current by the Band Manager or designate. The asset register will facilitate the Life-Cycle Management Program with maintenance, rehabilitation, and replacement activities as well as providing an accurate inventory of tangible capital assets.

b. The register will include the information required in the FAL and, at a minimum, the following information:

   i. Location and intended purpose of the asset;

   ii. Ownership and restrictions over ownership (e.g. pledges or collateral agreements);

   iii. Date of acquisition;

   iv. Previous inspection date;

   v. Original expected life of the asset at the time of acquisition;

   vi. Most recent assessment of the condition of the asset and its expected remaining Useful Life;

   vii. Original cost to acquire or develop the asset;

   viii. Any costs capitalized subsequent to the initial acquisition or development of the asset (e.g. additions, betterments);

   ix. Any amounts de-recognized as a result of the sale or disposal of the asset;

   x. Any proceeds received as a result of the sale of the asset;

   xi. The amount of depreciation expense calculated for the current period;

   xii. The total accumulated depreciation expense as at the end of the current period;

   xiii. Any increase to accumulated depreciation made during the current period to reflect an impairment in the carrying value of the asset;

   xiv. The total cost, accumulated depreciation and carrying value (i.e. Net Book Value) of the asset as at the end of the current period;

   xv. Estimated Residual Value of the asset (i.e. the estimated net realizable value of the tangible capital asset at the end of its Useful Life to SFN);

   xvi. Insurance coverage details for the asset;

   xvii. Any other information required by the Council.

c. Program/Department Managers will be provided with an annual copy of the tangible capital asset register listing the assets assigned to their respective departments. It is the responsibility of the Program/Department Manager to regularly report any
changes (e.g. additions, disposals, indicators of impairment, changes to estimated Useful Life, etc.) that are to be made to the register to the Finance Office.

d. The Finance Officer will regularly reconcile the general ledger to the tangible capital asset register.

5.2. Amortization / Depreciation

a. SFN will amortize the cost, less any residual value, of its tangible capital assets over their useful life.

b. The amortization of the costs of tangible capital assets will be accounted for as expenses in the statement of operations.

c. As land normally has an unlimited life, its cost will not be amortized.

d. Factors that will be considered in determining the useful life of an assets include the following:
   i. expected future usage;
   ii. effects of technological obsolescence;
   iii. expected wear and tear from use or the passage of time;
   iv. the maintenance program;
   v. studies of similar items retired; and
   vi. the condition of existing comparable items.

5.3. Annual Inspection and Review

a. On or before November 30, the Band Manager will initiate an annual inspection of SFN’s capital asset inventory. Employees in the Operation and Maintenance Department will be assigned by the Band Manager to complete the inspection under his/her supervision.

b. Where appropriate or necessary the Band Manager may choose to engage the services of an external specialist to assist in the valuation of certain specialized assets (e.g. land, buildings, etc.).

c. Any changes necessary to the tangible capital asset register will be documented by the employee noting the changes, and communicated to the Band Manager for review and approval. Once reviewed and approved by the Band Manager, the changes will be input in the tangible capital asset register by the employee responsible for the register.

d. The Band Manager or designate will report to the Finance and Audit committee and/or Council on the outcome of the annual inspection and review of assets, noting any significant developments or findings.

e. 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 Band Manager will
investigate the matter and initiate the insurance claim process if applicable. The tangible capital asset register will be updated based on this new information.

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

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

ii. A write-down should not be reversed.

5.4. **Safeguarding**

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

5.5. **Maintenance of Assets**

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

b. The Band Manager will recommend that any critical tangible capital assets of an unsafe nature, based on the annual review, are given a priority for replacement (or rehabilitation) in future planning.

c. The Band Manager will ensure that appropriate staff training on the use of the tangible capital asset will be provided to ensure safety.

d. For Tangible Capital Assets over $25,000, periodic maintenance assessments will be performed. Assessments should include:

i. Any deferred maintenance;

ii. A description of the performance and condition of the asset;

iii. An overall rating based on the following scale: Excellent, Good, Fair, Poor, or Failing;

iv. A forecast of the maintenance, repairs, betterment, and replacement costs over the course of the remaining useful life of the asset.

e. Program/Department Managers will retain a copy of the condition assessment(s) and will provide an electronic copy to Finance.

f. The Band Manager will ensure the tangible capital asset register and accounting records are updated, and will make recommendations to the Finance and Audit Committee and/or Council for changes to the annual capital plan based on the results of the condition assessments performed for the year.
5.6. **Life Cycle Management Program**

a. Based on the information in the tangible capital asset register and consultations with the Band Manager and employees, the Band Manager or designate will prepare the annual capital plan by January 15 of each year.

b. The annual capital plan will include short and long term forecasts for asset rehabilitation and/or replacement. The plan will include the information that is required to prepare in the FAL and, at a minimum, the following details:
   
   i. A description of each asset to be replaced or refurbished;
   
   ii. The rationale for the replacement or refurbishment;
   
   iii. Estimated cost, including contingencies, of each proposed acquisition or refurbishment project;
   
   iv. Estimated timeframe and schedule for completion of each asset acquisition or proposed refurbishment project;
   
   v. Ongoing maintenance requirements and costs and the impact on SFN’s budget.

c. The Finance and Audit Committee and/or Council will review the annual capital plan, in conjunction with the tangible capital assets register. The objective of this review is to:

   i. Identify any means to reduce costs of each capital project;
   
   ii. Understand the effect that each proposed capital project (rehabilitation, replacement) on the annual operating costs and routine maintenance costs in future years;
   
   iii. Determine whether any significant savings might be affected by coordinating the scheduling of capital projects, deferring any projects, or carrying out rehabilitation projects rather than replacement projects.

d. The Finance and Audit Committee and/or Council will review the annual capital plan by January 15 and report to Council on its findings and recommendations by January 31 for review and consideration of the annual budget for the upcoming fiscal year.

5.7. **Capital Projects**

a. The Band Manager, with input from the Finance Officer, will develop an annual capital plan for all capital projects that exceed $20,000 in cumulative value. The plan will include a business case for the capital project, that will contain, at a minimum, the following:

   i. The financial viability of the project (i.e. how it will be financed, what the expected return on investment will be, etc.);
ii. Project operating requirements (e.g. annual operating and maintenance costs, cash flow considerations, etc.);

iii. Evaluation of all other options considered;

iv. A project risk assessment.

b. The Band Manager will coordinate project planning, design, engineering, tendering, bid selection, and environmental requirements for each capital project in accordance with Council policies and procedures for management of capital projects. Capital project consultants, including engineers, may be engaged to carry out these obligations at the discretion of the Band Manager.

c. The Finance Officer will coordinate project costing, budgeting, financing and approval for each capital project in accordance with Council policies and procedures for management of capital projects.

d. To coordinate project management of each capital project, an ad hoc working committee - project planning and implementation - may be established as necessary with the Band Manager and Finance Officer as a member.

e. The annual capital plan and recommendations from the working committee will be provided to the Finance and Audit Committee and/or Council. Scope adjustments, modifications and other significant adjustments made to the projects will be identified and a rationale provided.

f. The Finance and Audit committee will review the annual capital plan on or before January 31 and forward their recommendation to Council for approval.

g. The Council must take reasonable steps to ensure that Capital Projects for construction of buildings or other improvements are financed, planned and constructed in accordance with procedures and to standards that generally apply to the financing, planning and construction of public builds and other improvements of organized communities in the region in which the majority of SFN's lands are located. The Band Manager will report to the Finance and Audit Committee and/or Council on steps taken to ensure these results are met for every Capital Project.

5.8. Construction Management

a. The Band Manager will procure appropriate course of construction insurance for each capital project in accordance with the Insurance Policy and will require contractors to have project performance guarantees or bonding for each project or as otherwise permitted or required in the Council policies and procedures for management of capital projects.

b. Depending upon the size of the project, an independent project manager may be retained to provide contract management and control.

c. The Finance Officer will process contractor progress payments, manage construction holdbacks and payment as required in the Council policy and
procedure on management of capital projects and will organize audit procedures in conjunction with the annual audit.

d. The Finance Officer will report to every meeting of the Finance and Audit Committee and/or Council on each capital project respecting:

i. Year to date borrowings, loans and payments;

ii. The status of the project including

   a) A comparison of the expenditures to date against the project budget,

   b) A detailed description of any identified problems with the project, and

   c) The manner in which a problem identified has been or will be addressed, and

iii. Steps taken to ensure compliance with Council policies and procedures for management of capital projects.

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

5.9. Life Cycle Policy Directives

a. All assets that meet the definition of a tangible capital asset, meet the Council approved asset recognition criteria, fall within the categories outlined in Appendix A based on their nature, characteristics and useful life, shall be recorded in the accounts of SFN in accordance with this policy.

5.10. Acquisition of Tangible Capital Assets

a. Program/Department Managers will identify to the Band Manager assets to be acquired as part of the annual budget and annual capital plan. It is recognized however that unforeseen asset acquisitions will occasionally be necessary.

b. The acquisitions of tangible capital assets are subject to the Delegated and Assigned Responsibilities Policy and the Procurement Policy.

c. Subject to the Delegated and Assigned Responsibilities Policy, all purchases or leases of capital assets are to be made in accordance with the annual budget, annual capital plan, and Council resolution.

d. Any significant variance between budgeted and actual cost of the tangible capital asset is to be reported to the Band Manager and the Finance and Audit Committee and/or Council.

e. Following acquisition and delivery of a tangible capital asset, Finance will ensure the asset is reflected in the accounting records and the financial statements of SFN.

5.11. Tangible Capital Asset Reserve Fund
a. Council will establish a tangible capital asset reserve fund to be applied for the purposes of construction, acquisition, maintenance, rehabilitation and replacement of SFN’s tangible capital assets.

b. The Finance Officer will manage the tangible capital asset reserve fund.

c. All withdrawals from the tangible capital asset reserve fund must be approved via a Band Council Resolution at a duly convened Council meeting and in accordance with the annual budget and approved annual capital plan.

5.12. Disposal of Tangible Capital Assets

a. Program/Department Managers will identify to the Band Manager the asset to be disposed of, and the method of disposal, as part of the annual budget and capital plan. It is recognized however that unforeseen asset disposals will occasionally be necessary.

b. The fair market value must be determined for all disposals as a prior condition of approval. The Band Manager shall have the authority to determine the fair market value for all disposals. The Band Manager will consult with external specialists in establishing the fair market value, where appropriate.

c. All disposals of SFN’s tangible capital assets with a fair market value in excess of $5,000 must be approved via a Band Council Resolution at a duly convened Council meeting prior to disposal of said assets, on the recommendation of the Band Manager and the Finance and Audit Committee.

d. The difference between the net proceeds on disposal of a tangible capital asset and the net book value of the asset should be accounted for as a revenue or expense in the statement of operations.

e. Any item determined to be of no value or unsafe must be disposed of as waste in an appropriate manner that meets all regulatory or statutory requirements.

f. Members of SFN shall have an equal opportunity to purchase surplus assets through a competitive disposal process.

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

5.13. REFERENCES AND RELATED AUTHORITIES

a. FMB’s Financial Management System Standards
   i. Standard 24.0 - Tangible Capital Assets Including Capital Projects

b. FMB’s Financial Administration Law Standards
   i. Standard 22.0 - Tangible Capital Assets Including Capital Projects
6. ATTACHMENTS

6.1. Appendix L – Tangible Asset Categories

6.2. Appendix M – Presentation and Disclosure Requirements


**INSURANCE POLICY**

1. **POLICY**
   1.1. SFN will obtain sufficient insurance coverage for its operations, staff and Councillors as part of its overall risk management strategy and when required by legislation or regulation that applies to SFN operations.

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

3. **SCOPE**
   3.1. This policy and procedure applies to Council, the Band Manager, the Finance Officer and all other employees involved in insurance matters at SFN.

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

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

4.3. **The Band Manager is responsible for:**
   a. Leading and managing the risk identification and assessment process;
   b. Selecting an insurance broker;
   c. Evaluating options from insurance providers, as provided by the insurance broker, to address the risks that require insurance coverage;
   d. Recommending a preferred option to the Finance and Audit Committee and council that meets the needs of SFN;
e. Monitoring insurance coverage expiration and payment dates to ensure coverage does not lapse; and
f. On an annual basis reviewing insurance coverage to ensure that it continues to meet the needs of SFN.

5. PROCEDURES

5.1. Identify Significant Material Risks

a. The Band Manager, 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 SFN’s financial assets, tangible capital assets and the operations of SFN. This will include an examination of:
   i. Potential sources of liability of SFN arising from its operations;
   ii. Values and use of Property and equipment;
   iii. Values and use of Assets under control of SFN;
   iv. Potential sources of Liability for individuals such as Councillors, officers and staff members of SFN; and
   v. Other risk areas that could result in a loss to SFN and could be insured.

5.2. Identify and Procure Insurance Products

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

b. In accordance with the Procurement Policy, the Band Manager will review options from several different insurance providers, as provided by SFNs insurance broker, and will make a recommendation to the Finance and Audit Committee and/or Council on which to accept. The Band Manager’s determination of a recommended option will take into consideration the following:
   i. Cost of the coverage;
   ii. Attributes and features of the proposed coverage including what is and is not covered and any gaps or exclusions; and
   iii. Independent advice on the reputation and strength of proposed insurance providers.

c. Where appropriate, legal advice will be sought as required to ensure that the terms and conditions of coverage sought are appropriate for SFN.

5.3. Approval for Insurance Coverage

a. Council will review the proposed option presented by the Finance and Audit Committee and/or the Band Manager and document their approval.
b. Once approved by Council, procurement of the insurance coverage will follow SFN’s Procurement and Expenditure Policies.

5.4. Maintenance of insurance coverage

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

b. The Band Manager or designate will review insurance coverage on an annual basis to ensure that it continues to adequately address the risks and meet the needs of SFN.

6. REFERENCES AND RELATED AUTHORITIES

6.1. FMB’s Financial Management System Standards

   a. Standard 19.4 - Insurance

6.2. FMB’s Financial Administration Law Standards

   a. Standard 17.5 - Insurance

7. ATTACHMENTS

7.1. None
RISK MANAGEMENT

1. POLICY
1.1. SFN will identify, manage, and monitor risks related to the financial management system and the achievement of its goals.

2. PURPOSE
2.1. The purpose of this policy is to provide guidance on risk management as part of the integrated planning process and ongoing governance activities of SFN, including risk assessments, mitigation plans, and specific business activities that are separately evaluated, managed and monitored.

3. SCOPE
3.1. This policy and procedure applies to Council, the Finance and Audit Committee, the Band Manager, the Finance Officer, and all other employees involved in risk management at SFN.

4. RESPONSIBILITIES
4.1. Council is responsible for:
   a. Providing input to the annual risk assessment, including consideration of fraud risks;
   b. Reviewing and approving the annual First Nation Risk Management Plan (Appendix A) and Fraud Risk Assessment (Appendix B);
   c. Subject to the FAL, approving:
      i. For-profit business activities, consolidated entities and ventures;
      ii. The investment strategy and investment risk assessment;
      iii. Loans, guarantees or indemnities;
      iv. Insurance coverages; and
      v. Emergency plan

4.2. The Finance and Audit Committee is responsible for:
   a. Providing input to the annual risk assessment including consideration of fraud risks;
   b. Reviewing the risks management plan and fraud risk assessment on a regular basis to ensure risks are adequately identified and monitored.

4.3. The Band Manager is responsible for:
a. Managing the annual risk assessment process and preparing the Risk Management Plan;
b. Managing the annual fraud risk assessment process and preparing the Fraud Risk Assessment;
c. Identifying and assessing risks associated with specific material business activities, loans, guarantees, indemnities, investments, general operations, financial reporting and fraud risks;
d. Preparing risks associated with proposed for-profit business activity, steps taken to limit the risks, approvals required to undertake for-profit activity and monitoring of any approved for-profit activity.
e. Reviewing and updating the Risk Management Plan and Fraud Risk assessment on a regular basis;
f. Immediately reporting any significant changes to the Risk Management Plan and Fraud Risk Assessment to the Finance and Audit Committee and/or Council;
g. Preparing a documentation that assesses qualification of individuals engaged in control activities in SFN’s financial management systems;
h. Obtaining a written confirmation from the persons engaged in SFN’s financial management system that they understand their responsibilities; and
i. Preparation of SFN investment strategy, insurance coverage and emergency plans.

4.4. The Finance Officer is responsible for:

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

5. PROCEDURES

5.1. Annual Risk Management Plan

a. On an annual basis, a risk assessment will be performed by the Band Manager. Risks identified will include any risks that could impact SFN’s achievement of its strategic goals or its operations in general.
b. Risks will be recorded in SFN’s Risk Management Plan. The management team will analyze the potential impact and likelihood of each risk identified and develop an appropriate risk mitigation plan.

c. The risk management plan must ensure that risks related to specific business activities, loans, guarantees, indemnities, investments, general operations and Financial Reporting Risks are separately addressed, managed and monitored.

d. Responsibility for each risk and corresponding risk mitigation plan will be assigned to a First Nation staff member.

e. The Risk Management Plan will be presented to the Finance and Audit Committee and recommendation to Council for approval on an annual basis (during the strategic planning review).

5.2. Fraud Risk Assessment

a. On an annual basis as part of the strategic planning process, a Fraud Risk assessment will be performed by the Band Manager. (Refer to documents in Appendix A and B).

b. Fraud Risk assessment will include identification and assessment of following types of fraud in SFN:
   i. Fraudulent financial reporting;
   ii. Fraudulent non-financial reporting;
   iii. Misappropriation of assets; and
   iv. Corruption and illegal acts.

c. Fraud Risk assessment will include identification of risks arising from the following:
   i. Incentives and rewards associated with achievement of objectives; and
   ii. Pressures associated with achievement of objectives.

d. Fraud Risk assessment will also include identification of opportunities for fraud created by the following:
   i. Ineffective design and monitoring control activities as it relates to the following:
      a) Unauthorized acquisition, use of disposal of first nation assets;
      b) Poor management oversight;
      c) Management override of Internal Control; and
      d) Ineffective technology systems;
   ii. Willful violation of laws that could have a material direct or indirect impact on financial reporting.
Fraud Risk assessment will also identify the risk of fraud resulting from attitudes of and rationalizations by individuals justifying inappropriate actions.

Fraud Risks assessment will include various ways that fraudulent reporting can occur taking into account the following:

i. Management bias;

ii. The degree of estimates and judgements used in financial reporting;

iii. Possible fraud schemes and scenarios in first nation communities;

iv. The geographic region where first nation lands are located;

v. The nature of technology and management’s ability to manipulate information using that technology;

vi. Any unusual or complex transactions which are subject to significant management influence; and

vii. The vulnerability of internal controls to management override and potential schemes to circumvent existing control activities.

On an annual basis, the Band Manager will prepare a documentation that assesses the qualification of individuals engaged in Fraud Risk control activities in SFN’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.

5.3. For-Profit Business Activity Risk Management Considerations

Prior to beginning any for-profit business activity, the Band Manager 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 SFN or expose SFN’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 SFN.

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 Band Manager or designate, will be responsible for ongoing monitoring of the for-profit business activity. Deviations from the approved business plan will be presented to the Finance and Audit Committee for review and recommendation to Council.
f. The Band Manager or designate must report on the for-profit business activity separately reported in the monthly reports and quarterly, and annual financial statements.

5.4. Loans, Guarantees and Indemnities

a. For any loans, guarantees or indemnities, the Band Manager or designate must annually document his or her evaluation of the risks to SFN of extending credit to the requesting individual/group. Risks which should be considered include, but are not limited to, the following:
   i. Ability of the individual or group to repay SFN;
   ii. Potential for negative impact on SFN’s reputation;
   iii. Extent of other similar situations / agreements SFN has entered into;
   iv. Ability of SFN to honour the guarantee or Indemnity should it be required to do so;
   v. In the case of a program for lending to members of SFN, the risks associated with the program and the costs of administering the program.

b. Approval and management of loans, guarantees and indemnities is detailed in the Loans, Guarantees and Indemnities Policy.

5.5. Investment Risk Assessment

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

5.6. Financial Reporting Risks

a. SFN will follow the documented procedures in the Financial Reporting and Operations Policy to identify and mitigate the risk of a material misstatement in the quarterly and annual financial statements.

5.7. Insurance and Emergency Plans

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

6. REFERENCES AND RELATED AUTHORITIES

6.1. FMB’s Financial Management System Standards

a. Standard 19.0 – Risk Management

6.2. FMB’s Financial Administration Law Standards

a. Standard 17.0 – Risk Management

6.3. ATTACHMENTS

6.4. Appendix N – Risk Management Plan
6.5. Appendix O – Fraud Risk Assessment
6.6. Appendix P – Fraud Risk Assessment Guidelines
EMERGENCIES

1. POLICY
1.1. Stellat’en will document, annually update and communicate to all affected persons, an emergency plan addressing the key risks facing SFN.

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

3. SCOPE
3.1. This policy and procedure applies to Council committee members, staff and First Nation members.

4. RESPONSIBILITIES
4.1. Council is responsible for:
   a. Approving the emergency response plan.

4.2. The Band Manager is responsible for:
   a. Ensuring that an emergency response plan is prepared and approved;
   b. Ensuring that the emergency response plan is communicated to the affected First Nation staff and members as part of its implementation along with any necessary training;
   c. Updating the emergency response plan on an annual basis.

4.3. The emergency planning committee members are responsible for:
   a. Preparing the emergency plan.

5. PROCEDURES
5.1. Analyze the Current Situation
   a. The Band Manager will create an emergency planning committee which will consist of the Band Manager and other key staff across all areas of SFN as deemed appropriate. External groups, such as representatives from the local fire or police services, will be invited to participate as required.
   b. The emergency planning committee will conduct a risk assessment to identify all risks that could have an impact on the operations and finances of SFN, including potential threats such as fires, natural disasters, and environmental risks.
c. For each of the risks identified, the emergency planning committee should determine the likelihood of the threat occurring and the potential impact on SFN’s operations.

5.2. Develop the Emergency Plan

a. Based on the likelihood and impact, the Band Manager, with input from outside expertise as required, and the emergency planning committee will determine which risks will be addressed in the business continuity plan. The plan should identify critical systems or operations and how these will be managed in the event of an emergency to minimize effects on SFN’s overall operations and finances.

b. Areas which should be examined and examples of issues to address for each risk include the following:

Buildings and sites
i. How will operations continue if the site is inaccessible or destroyed?

ii. What safety precautions need to be taken in the event of damage to the building?

Critical equipment
i. Are there backups in place for critical equipment (i.e. an extra item in storage)?

ii. How quickly can repairs be made and by whom?

iii. Are there outside vendors that can be used to replace an unavailable piece of equipment?

Information Technology
iv. Can the computer network be accessed from offsite (e.g. virtual private network)?

v. Are there adequate numbers of laptops, cell/satellite phones, etc. to maintain communication remotely during an emergency?

vi. Are critical systems and databases regularly backed up? Is the backup stored offsite?

People
vii. How will SFN communicate with staff/members during the emergency?

viii. Do the critical finance and operations staff members have designated and trained back-ups?

ix. Is there an offsite location where limited but critical operations can continue during an emergency?

x. Are there any potential health and safety issues associated with a risk? How would these be dealt with?
c. Responsibilities for each component of the emergency plan will be clearly identified and communicated with the assigned individuals. Alternates for key individuals will be identified and provided with information on their duties.

d. The emergency planning committee will develop an emergency notification procedure to explain how to enact the plan should an emergency occur.

e. Documented approval of the plan will be obtained from council.

5.3. **Implement the plan**

a. The Band Manager will develop a communication strategy to ensure all affected staff and First Nation members have access to the emergency plan.

b. All staff who have been assigned responsibilities within the emergency plan will be provided training to carry out their role in the event of an emergency.

c. The emergency plan will be tested by the emergency planning committee. Testing could include mock disaster exercises, communication and off site computing tests, fire drills, etc.

d. Emergency plan documentation will be maintained at all First Nation’s site locations and key staff members will keep a copy at home. It should include all required information to enact the plan (i.e. Emergency contact & responsibilities lists, vendor lists, fire drill routes, etc.).

5.4. **Annual review**

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

b. Significant changes to the plan will be approved by Council.

6. **REFERENCES AND RELATED AUTHORITIES**

6.1. **FMB’s Financial Management System Standards**

a. Standard 19.5 – Emergencies

7. **ATTACHMENTS**

7.1. **Appendix Q – Examples of Risks to Consider**

7.2. **Appendix R – Sample Risk Template**

7.3. **Appendix S – Emergency Plan Template**
FINANCIAL MANAGEMENT SYSTEM IMPROVEMENT

1. POLICY

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

2. PURPOSE

2.1. The purpose of this policy is to provide guidance on SFN’s continual improvement of its financial management system.

3. SCOPE

3.1. This policy and procedure applies to the Finance and Audit Committee, Band Manager, Finance Officer, and the Financial Management System Assessment Committee.

4. RESPONSIBILITIES

4.1. If SFN is a borrowing member, the Council is responsible for ensuring that SFN takes measures as soon as practicable to rectify any gaps or areas of non-compliance between SFN’s financial management systems and practices and SFNs Financial Management Board Standards.

4.2. The Finance and Audit Committee is responsible for:

   a. Scheduling the dates for required meetings of the Financial Management System Assessment Committee;
   b. Reviewing reports from the Financial Management System Assessment Committee;
   c. Reporting to Council as soon as practicable any gaps or areas of non-compliance between SFN’s financial management systems and practices and SFNs Financial Management Board Standards and monitoring actions taken to bring SFN into compliance.

4.3. The Financial Management System Assessment Committee is responsible for:

   a. Planning, scheduling, and conducting internal assessments;
   b. Ensuring issues or concerns identified through the internal assessment process are resolved;
   c. Holding an annual meeting to review the financial management system for the previous fiscal year;
d. Performing self-assessments of SFN’s financial management systems and practices against SFN Financial Management Board’s Standards and monitoring to ensure that any gaps or areas of non-compliance are rectified as soon as possible;

e. Reporting to council, the Finance and Audit Committee, and the internal/external auditors on the results of their reviews.

4.4. The Finance Officer is responsible for:

a. Ensuring issues and concerns regarding the financial management system are collected, tracked, managed, reported and resolved as required in this policy;


5. PROCEDURES

5.1. Financial Management System Assessment Committee

a. The Financial Management System Assessment Committee (“the Assessment Committee”) will be composed of the Finance Officer and other finance and operations staff.

b. The Assessment Committee will meet at least once annually.

c. Annually, on a date scheduled by the Finance and Audit Committee, the Assessment Committee will review the financial management system for the period of the previous four quarters and up to the date of the meeting.

d. The Assessment Committee agenda items will include, but are not limited to, the following:
   i. Review of the system’s processes and procedures;
   ii. Review of applicable laws for compliance;
   iii. Review of external and internal assessment results;
   iv. Review of identified process improvement opportunities including their resolution;
   v. Review of all committees’ Terms of Reference;
   vi. Review of SFN’s corporate and personnel organization charts.

e. The Assessment Committee must prepare a report for distribution to the Finance and Audit Committee and internal/external auditors that includes the following:
   i. A statement of whether the financial management system has, during the review period, been operated in compliance with all applicable laws, policies, procedures and directions;
   ii. Recommendations for any changes to those laws, policies, procedures and directions that, in the opinion of the Committee, would be beneficial to the financial management system.
5.2. **Internal Assessments**

a. At the beginning of each fiscal year, the Assessment Committee will prepare an assessment plan which identifies critical or significant activities which should undergo an internal assessment in the current year. The criteria for identifying these issues are as follows:

i. Risk – likelihood and potential impact if the process/controls in a specific area are not functioning properly;

ii. Activities with previously identified problems – Any areas that have been identified in past internal assessments with recurring issues will be considered for review in the current year.

b. The assessment plan will contain a schedule and timeframe for completion of each Internal Assessment identified.

c. The assessment plan proposed by the Assessment Committee will be approved by the Finance and Audit Committee. Approval will be documented in the Finance and Audit Committee minutes.

d. The individual performing the internal assessment ("the Assessor") will be independent of the operations or activities being assessed. This individual will be assigned by the Assessment Committee and can be a First Nation staff member so long as the individual is independent of the operation or activity under review.

e. A documented report will be prepared by the Assessor for each internal assessment performed. The report will contain the Assessor’s findings and resolutions of any concerns identified in the findings.

f. Reports will be issued to the Finance Officer, to individuals responsible for the area/activities assessed, the Assessment Committee and the Finance and Audit Committee.

5.3. **Continual Improvement Process**

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

b. Based on the Finance Officer’s analysis of the concern or issue, the following steps will be taken:

i. For items that relate to improvements in efficiency and/or effectiveness, the Finance Officer will consider the cost versus benefit of implementing the changes and act accordingly;

ii. For any other issues, such as minor instances of non-compliance with policy, the Finance Officer will take the necessary steps to remediate and will report the findings and actions to the Band Manager.
iii. All items will be tracked and records maintained of all actions taken.

c. On a yearly basis, a report of the concerns or issues raised, actions taken, and any remaining potential process improvement opportunities will be submitted to the Assessment Committee.

5.4. **Review of Financial Administration Law**

a. Annually, the Finance and Audit Committee will review the Financial Administration Law

   i. To determine if it facilitates effective and sound financial administration of SFN, and

   ii. To identify any amendments to this Law that may better serve this objective.

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

5.5. **Membership Information or Involvement**

a. If recommendations from the Finance and Audit Committee require amendments to the Financial Administration Law, Council will ensure that First Nation members are provided the information or involved in consideration of any proposed amendments to the Law as required in the Financial Administration Law.

5.6. **Requirements Specific to Borrowing Members**

a. The Assessment Committee will determine whether SFN complies with SFNs Financial Management Board Standards. This will be performed through a self-assessment that compares SFN’s financial management systems and practices to SFNs Financial Management Board’s Standards.

b. The self-assessment should include the following:

   i. Identification of all significant activities and a schedule of critical dates for completion of these activities;

   ii. Assignment of the responsibilities and authority for all significant activities;

   iii. A description of all records to be maintained including records of response to any non-compliance.

c. Any gaps or areas of non-compliance between SFN’s financial management systems and practices and SFNs Financial Management Board Standards will be corrected as soon as possible.

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

6. REFERENCES AND RELATED AUTHORITIES

6.1. The FMB’s Financial Management System Standards
   a. Standard 25.0 - Board Standards
   b. Standard 28.0 - Financial Management System Improvement

6.2. The FMB’s Financial Administration Law Standards
   a. Standard 28.0 - FAL Review
   b. Standard 23.0 - Board Standards

7. ATTACHMENTS

7.1. None
REPORTING BREACHES OF FINANCIAL IRREGULARITIES

1. POLICY

1.1. All Councillors, Officers and employees of SFN and all contractors and agents engaged in financial administration activities have the responsibility to report instances of misconduct to the Band Manager, Chairperson of the Finance and Audit Committee and/or a member of Council. The identity of individuals who report misconduct will be protected from disclosure to the extent practicable in the circumstances, individuals who report in good faith will be protected from reprisals, persons against whom an allegation of misconduct is made will be treated fairly and allegations of misconduct will be fully investigated as efficiently as possible and resolved as appropriate.

2. PURPOSE

2.1. The purpose of this policy is to ensure SFN has a procedure to report, investigate, and act upon allegations of wrongdoing within the financial management system and to provide protection to persons who come forward with these reports in good faith.

3. SCOPE

3.1. This policy applies to Council, Officers, employees, contractors, agents and members of SFN.

4. RESPONSIBILITIES

4.1. Council is responsible for:

a. Ensuring that this policy is communicated to all affected and interested persons;

b. Ensuring that the identity of the person who makes a report of misconduct in good faith is kept confidential to the extent practical in all circumstances and not subject to reprisals for making the report;

c. Approving policies and procedures required in the Financial Administration Law in respect of such matters; and

d. Supporting and fostering an ethical environment.

4.2. The Finance and Audit Committee is responsible for:

a. Reviewing any reports provided to it respecting inquiries into the circumstances of the reported misconduct, conducting any further inquiry it considers necessary and providing a report to the Council, along with any recommendations;
b. Taking all reasonable steps to ensure that the identity of the person who makes a report of misconduct is kept confidential to the extent practical in all circumstances;

c. Taking necessary steps to ensure to ensure that persons who have reported instances of wrongdoing remain protected against any reprisals including but not limited to discrimination, retaliation, threats, harassment or loss of employment or employment opportunities; and

d. Making recommendations to the Council on how to address and remediate reported instances of wrongdoing.

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

a. Receiving reports of misconduct, making an appropriate and expeditious inquiry into the matter and reporting to the Finance and Audit Committee as soon as practicable;

b. Taking all reasonable steps to ensure that the identity of the person who makes a report of misconduct is kept confidential to the extent practical in all circumstances;

c. Taking necessary steps to ensure to ensure that persons who have reported instances of wrongdoing remain protected against any reprisals including but not limited to discrimination, retaliation, threats, harassment or loss of employment or employment opportunities; and

d. Reporting to Council any contravention or suspected contravention of the prohibition against reprisals.

4.4. **The Band Manager is responsible for:**

a. Communicating the Reporting of Breaches and Financial Irregularities Policy to all affected and interested persons;

b. Investigating reported misconduct concerning members of the Finance and Audit Committee

c. Ensuring all employees, consultants and contractors have signed the Acknowledgement and Agreement Regarding the Reporting of Breaches and Financial Irregularities to acknowledge that they have read, understood, and will abide by the policy;

d. Providing a confidential reporting procedure(s) to report violations;

e. Receiving reports of misconduct, making an appropriate and expeditious inquiry into the matter and reporting to the Finance and Audit Committee as soon as practicable;

f. Taking all reasonable steps to ensure that the identity of the person who makes a report of misconduct is kept confidential to the extent practical in all circumstances;

g. Taking necessary steps to ensure to ensure that persons who have reported instances of wrongdoing remain protected against any reprisals including but not limited to
discrimination, retaliation, threats, harassment or loss of employment or employment opportunities;

h. Reporting to Council any contravention or suspected contravention of the prohibition against reprisals.

i. Securing related records; and

j. Fostering an open and supportive ethical environment.

5. PROCEDURES

5.1. Fostering an Open and Ethical Working Environment

a. The Band Manager will communicate this policy to all employees.

b. Everyone employed or contracted with, or acting as an agent for SFN in respect of the financial administration of SFN will be required to sign the agreement in Appendix A to indicate that they have read, understood and accepted its contents before employment or appointment begins.

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

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

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

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

5.2. Methods to Report Suspected Wrongdoing

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

b. The Band Manager will ensure that these procedures will be included in the contracts of contractors and the appointment of agents and committee members.

c. Both the Band Manager and the Chair of the Finance and Audit Committee are authorized to receive and inquire into reports of misconduct or wrongdoing.

d. The Band Manager and the Chair of the Finance and Audit Committee will report their respective findings of an inquiry into a report of misconduct or wrongdoing that they receive.
e. The Finance and Audit Committee is authorized to inquire further into any findings reported to it by the Band Manager and the Chair of the Finance and Audit Committee.

f. Any report received by a SFN Officers, employees, contractors or agents from any source inside or outside SFN should be immediately forwarded to the Band Manager or Chair of the Finance and Audit Committee Chairperson. Councillors should report directly to the Chair of the Finance and Audit Committee.

g. Instances of wrongdoing can be reported directly to the Chair of the Finance and Audit Committee in the following ways:

h. In writing to the attention of the Chair of the Finance and Audit Committee:

   Mr./Mrs.: Archie Patrick
   Street: PO Box 2092
   City: Fraser Lake, BC
   Postal Code: V0J 1S0

i. Via email: fiananceandauditcommittee@stellatenfirstnation.ca;

j. Via telephone to the Chairperson of the Finance and Audit Committee:

   Telephone: 250-699-1042

k. Anonymously in writing to the Chairperson of the Finance and Audit Committee.

l. Instances of wrongdoing can be reported directly to the Band Manager in the following ways:

   i. In writing to the attention of the Band Manager:

      Mr./Mrs.: Sandra Naharnoff
      Street: PO Box 760
      City: Fraser Lake, BC
      Postal Code: V0J 1S0

   ii. Via email: bandmanager@stellatenfirstnation.ca;

   iii. Via telephone to the Band Manager at 250-699-8747.

   iv. Anonymously in writing to the Band Manager.

5.3. **Inquiring into Reporting Wrongdoing**

a. Promptly upon receipt of a report, the Band Manager or Chair of the Finance and Audit Committee will:
i. Ensure that the identity of the person(s) making the report is kept confidential to the extent possible and that individuals who report in good faith are protected from reprisals;

ii. Include the report on a confidential written file, summarizing in reasonable detail:
   a) The nature of the report (including specific allegations made and the names of the persons involved);
   b) The date of receipt of the report;
   c) The status of any inquiry;
   d) The report made to the Finance and Audit Committee;
   e) Any final resolution of the reported wrongdoing.

iii. Decide upon the appropriate action to be taken when conducting the inquiry and start the inquiry as soon as possible. The inquiry should seek to confirm or refute the facts presented;

iv. When the alleged incident is of significant risk (to the operations, reputation, etc. of SFN), related to potential criminal acts by individuals, or of high financial value to SFN, the Band Manager or the Chair of the Finance and Audit Committee may retain external expertise to conduct the inquiry;

v. Within a period of eight weeks from the date the report has been received, inform the party who reported the alleged irregularity of the status of the inquiry and steps that have been taken or will be taken following the results of the inquiry;

vi. If the inquiry cannot be completed with the eight-week time frame, inform in writing the person who reported the alleged irregularity and indicate a new time frame for the conclusion of the inquiry;

vii. Report on the progress of current inquiries at each Finance and Audit Committee meeting; and

viii. Upon completion of the inquiry, report to the Finance and Audit Committee on the conduct of the inquiry and the result of the inquiry and recommend actions to be taken.

b. Upon receipt of the report from the Chair of the Finance and Audit Committee or the Band Manager, the Finance and Audit Committee will determine if it will conduct any further inquiry into the matter but in any event, will make a report to the Council of the circumstances reporting to the Committee including the Committee’s recommendations if any.

c. The Finance and Audit Committee will actively monitor inquiries to ensure they are conducted in accordance with this policy.
d. If the reported wrongdoing concerns a member of the Finance and Audit Committee, the Council will inquire into the matter or retain external expertise to conduct the inquiry.

5.4. **Responding to Wrongdoing and Initiating Remedial Actions**

a. After considering the final report of the results of an inquiry, the Finance and Audit Committee will recommend a course of action to Council which will decide to resolve the issue as soon as practicable.

b. Resolution actions will be commensurate with the severity of the wrongdoing incurred, and can include reprimands, leave without pay, termination, revocation of appointment or other remediation as determined by the Council and subject to the provisions of the Human Resource Policy.

c. The investigator will contact the police if the investigator reasonably identifies activities of a criminal nature.

d. Recovery of SFN funds, either expended or forfeited, because of the wrongdoing as described in the Financial Administration Law will be tracked and collected from the responsible individual(s).

6. **REFERENCES AND AUTHORITIES**

6.1. **The FMB’s Financial Management System Standards**

a. Standard 27.1 - Reporting policies

b. Standard 27.2 - Reporting procedures

c. Standard 27.3 – Enforcement policy/procedure

6.2. **The FMB’s Financial Administration Law Standards**

a. Standard 27.1 - Reporting misconduct

b. Standard 27.2 - Obligation to report

c. Standard 27.3 - Protection for whistleblowers

d. Standard 27.4 - Procedural requirements

7. **ATTACHMENTS**

7.1. Appendix T – Acknowledgement and Agreement Regarding the Reporting of Breaches and Financial Irregularities
## Appendix A – Sample Planning and Budgeting Schedule Template

<table>
<thead>
<tr>
<th>Task</th>
<th>Individual(s) Responsible</th>
<th>Deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan and hold annual planning kickoff meeting to present major budget policies and multi-year financial plan direction and guidelines.</td>
<td>Band Manager, Finance Officer, Finance and Audit Committee and/or Council</td>
<td>November 15</td>
</tr>
<tr>
<td>Inspect and review of all Tangible Capital Assets to establish or update information.</td>
<td>Band Manager</td>
<td>November 30</td>
</tr>
<tr>
<td>Each Department prepares a thorough analysis and projection of all expenses for the budget year</td>
<td>Program / Department Managers; Finance Officer</td>
<td>December 1</td>
</tr>
<tr>
<td>Consolidate all draft budgets including capital budget into one master budget.</td>
<td>Finance Officer</td>
<td>December 15</td>
</tr>
<tr>
<td>Multi-year plan developed or updated.</td>
<td>Finance Officer; Band Manager</td>
<td>December 15</td>
</tr>
<tr>
<td>Schedule of annual routine maintenance, other than Rehabilitation, for Tangible Capital Assets. Five (5), ten (10) and thirty (30) year forecasts for the estimated cost for Rehabilitation or replacement of the Tangible Capital Assets. The proposed budget for Rehabilitation and replacement of Tangible Capital Assets for the next fiscal year.</td>
<td>Finance Officer</td>
<td>January 15</td>
</tr>
<tr>
<td>Senior management reviews draft budgets and multi-year plan and discusses (iterative process) with Band Manager or designate.</td>
<td>Band Manager; Finance Officer; Tax Administrator</td>
<td>January 15</td>
</tr>
<tr>
<td>Present budget and multi-year plan to Finance &amp; Audit Committee for review, discussion, and modification.</td>
<td>Finance Officer, Band Manager, Finance &amp; Audit Committee.</td>
<td>January 31</td>
</tr>
<tr>
<td>TASK</td>
<td>INDIVIDUAL(S) RESPONSIBLE</td>
<td>DEADLINE</td>
</tr>
<tr>
<td>---------------------------------------------------------------------</td>
<td>--------------------------------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>Incorporate Finance &amp; Audit Committee changes to any of Planning Documents</td>
<td>Finance Officer, Band Manager, Finance &amp; Audit Committee.</td>
<td>February 15</td>
</tr>
<tr>
<td>Inform the membership or involve the membership in consideration of the annual budget and the multi-year financial plan as required in the Financial Administration Law or Council policy including giving notice to the membership of the Council meeting when the budget and multi-year financial plan are presented for approval.</td>
<td>Band Manager, Finance Officer</td>
<td>March 1</td>
</tr>
<tr>
<td>Council receives budget and multi-year plan and recommendation from the Finance and Audit Committee. Council approves budget and multi-year plan based on recommendation from the Finance and Audit Committee.</td>
<td>Finance and Audit Committee; Council</td>
<td>March 31</td>
</tr>
<tr>
<td>Distribute approved budget and multi-year plan to Program/Department Managers and any other appropriate staff.</td>
<td>Finance Officer</td>
<td>April 15</td>
</tr>
<tr>
<td>Prepare and submit to the Finance and Audit Committee for review a draft amendment of the component of the annual budget respecting the local revenue account.</td>
<td>Finance Officer</td>
<td>June 15</td>
</tr>
<tr>
<td>Finance and Audit Committee reviews the draft amendment of the component of the annual budget respecting local revenue account and recommend an amendment to the annual budget to the Council for approval.</td>
<td>Finance and Audit Committee</td>
<td>June 30</td>
</tr>
<tr>
<td>Council approves amendment of the component of the annual budget respecting the local revenue account.</td>
<td>Council</td>
<td>July 15</td>
</tr>
</tbody>
</table>
APPENDIX B – STANDARD FINANCIAL REPORTS

Chief and Council with the assistance of the Band Manager are responsible for preparing a list of all financial statements and reports that are to be prepared on a regular basis. Monthly reports prepared by the Finance Officer are tailored to the needs of the management team for monitoring purposes and as approved by Chief and Council.

Contracts and Grants

**Budget vs Actual Report.** The Finance Officer will prepare a monthly Budget vs Actual Report for each contract/grant program. The report will be provided to the applicable Program / Department Manager with a copy provided to the Band Manager and Chief and Council. The reports show monthly and yearly cumulative expenditures for each contract/grant program by line item compared to budgeted amounts and the resulting variances. The Band Manager and Program/Department Managers use this report to monitor and adjust expenditures as required.

**Consolidated Program Report.** The Finance Officer prepares a monthly consolidated program report for each contract/grant program and submits to Chief and Council. This report shows monthly and annual cumulative expenditures by line item compared to budgeted amounts and resulting variances.

**INAC Reporting.** INAC sends a calendar for reporting in the annual program guide each year. Each Program/Department Manager is responsible for meeting INAC reporting requirements.

General Fund Programs

**Budget vs Actual Report.** The Finance Officer will prepare a monthly Budget vs Actual Report for each general fund program. The report will be provided to the applicable Program/Department Manager with a copy provided to the Band Manager and Chief and Council. The report shows monthly and yearly cumulative revenues and expenditures for each general fund program by line item compared to budgeted amounts and the resulting variances. The Band Manager and Program/Department Managers use this report to monitor and adjust expenditures as required.

**Cash Flow Report.** The Finance Officer will prepare a monthly Cash Flow Report that shows the sources and uses of cash and submit it to the Band Manager.

Enterprises

**Income Statement.** Enterprises must submit an Income Statement to the Finance Office no later than the 20th of each month for the previous month.

**Cash Flow Report.** Enterprises shall submit a Cash Flow Report to the Finance Office no later than the 15th of each month for the previous month.

**Bank reconciliations** are prepared by the Finance Officer by the 15th of each month for the previous month.
APPENDIX C - FINANCIAL INSTITUTION ACCOUNT RECONCILIATION TEMPLATE

Stellat’en First Nation
Financial Institution Account Reconciliation

Month: xxxx, 20xx
Financial Institution name: ABC Bank
Financial Institution account name: xxxx, xxxxx
Financial Institution account #: 000-0000-000
GL #: 12345

Ending bank balance $ xxxx.xx
ADD: Deposits in transit $xx.xx xx.xx
LESS: Outstanding

<table>
<thead>
<tr>
<th>Cheque No.</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>###</td>
<td>xxx.xx</td>
</tr>
<tr>
<td>###</td>
<td>xx.xx</td>
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<tr>
<td>###</td>
<td>xxx.xx</td>
</tr>
</tbody>
</table>

Total outstanding xxx.xx (xxx.xx)

Adjusted bank balance $xxxx.xx

Ending general ledger $ xxxx.xx
ADD/LESS: Unrecorded transactions Recorded? (√)

Monthly bank fee (x.xx)

Adjusted GL balance $xxxx.xx

Difference: x.xx

Prepared by: ____________________________  Title: _______________  Date: _________

Approved by: ____________________________  Title: _____________________  Date: _________
APPENDIX D – SAMPLE PURCHASE ORDER REQUISITION

**STELLAT’EN FIRST NATION**
Purchase Order Requisition

| Business Name: |  |
| Requested By: |  |
| Date Requested: |  |
| Date Required: |  |

<table>
<thead>
<tr>
<th>PROGRAM/EXPLANATION</th>
<th>ACCT-DEPT.</th>
<th>AMOUNT</th>
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<tbody>
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</tbody>
</table>

GST

PST  1260-50

TOTAL EXPENDITURES: $

**AUTHORIZATION**

Program Staff Signature

Date:

Administrator

Purchase Order No.

Chief/Council

Reimbursed by:
APPENDIX E – SAMPLE PURCHASE ORDER

STELLAT’EN FIRST NATION

TO: ____________________________
Att’n: ________________________
F.O.B. ________________________
Terms: ________________________
VIA: __________________________
Date Required: ________________

PLEASE SUPPLY THE FOLLOWING GOODS SUBJECT TO THE CONDITIONS SPECIFIED BELOW:

<table>
<thead>
<tr>
<th>ITEM</th>
<th>QUANTITY</th>
<th>DESCRIPTION</th>
<th>PRICE</th>
</tr>
</thead>
</table>

TERMS AND CONDITIONS OF THIS ORDER
1. OR ITEMS NO GOODS WITHE A PURCHASE ORDER SIGNED BY AUTHORIZED PERSONAL.
2. ACKNOWLEDGE RECEIPT BY THIS ORDER SPECIFYING PRICES AND A SHIPMENT DATE.
3. REFUSE NO SUBSTITUTIONS OR CHANGES WITHOUT AUTHORITY FOR UN.
4. WE RESERVE THE RIGHT TO CANCEL THIS ORDER IF SHIPMENT IS NOT MADE AS PROMISED.
5. THIS ORDER MUST NOT BE CHANGED AT HIGHER PRICES THAN QUOTED.

SIGNATURE ____________________________

[Signature]

0400-50_POL_2017_07_02_V.1_FIN
APPENDIX F – SAMPLE CHEQUE REQUISITION

STELLAT’EN FIRST NATION
Box 760, Fraser Lake, B.C. V0J 1S0
Phone (250) 699-8747 • Fax (250) 699-6430
www.stellaten.com

Cheque Requisition 9130

<table>
<thead>
<tr>
<th>Name</th>
<th></th>
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<tbody>
<tr>
<td>Address</td>
<td></td>
</tr>
<tr>
<td>Dates</td>
<td></td>
</tr>
<tr>
<td>Requested by</td>
<td></td>
</tr>
<tr>
<td>Date Required</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Program/Explanation</th>
<th>Code</th>
<th>Amount</th>
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</table>

Total Expenditures

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<tr>
<th>AUTHORIZATION</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Chief's Authorization</td>
<td></td>
</tr>
<tr>
<td>Department</td>
<td></td>
</tr>
<tr>
<td>Cheque Number</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Council Authorization</th>
<th>Date</th>
<th>Reimbursed by:</th>
</tr>
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<tbody>
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<table>
<thead>
<tr>
<th>Administrator</th>
<th>Program Staff Signature</th>
</tr>
</thead>
<tbody>
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<td></td>
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</tbody>
</table>
APPENDIX G – SAMPLE VISA REQUISITION

STELLAT’EN FIRST NATION

Visa Requisition

Name: ____________________________

Requested By: _____________________

Date Requested: ___________________

Date Charged on the Visa: __________

<table>
<thead>
<tr>
<th>PROGRAM/EXPLANATION</th>
<th>CODE</th>
<th>AMOUNT</th>
</tr>
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<tbody>
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</table>

TOTAL EXPENDITURES CHARGED: $ _______

AUTHORIZATION

Program Staff (Print) ____________________________ Program Staff (Signature) ____________________________

Administrator/Chief/ Council (Print) ____________________________ Administrator/Chief/ Council (Signature) ____________________________

Date ____________________________ Reimbursed by ____________________________

***ALL RECEIPTS MUST BE SUBMITTED TO FINANCE OFFICE***
# APPENDIX H – SAMPLE CONTRACTOR / SUPPLIER EVALUATION TEMPLATE

## Supplier Evaluation

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Details / Comments</th>
<th>Value</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. RFP or other requirements (list here)</td>
<td>Describe any areas of concern or where requirements were not met…</td>
<td>##</td>
<td>##</td>
</tr>
<tr>
<td>2. Qualifications and experience</td>
<td>Do they have the appropriate qualifications and experience to perform the work?</td>
<td>##</td>
<td>##</td>
</tr>
<tr>
<td>3. Terms and conditions</td>
<td>Are their terms and conditions acceptable to SFN?</td>
<td>##</td>
<td>##</td>
</tr>
<tr>
<td>4. Has the organization worked previously with SFN? Provide details and an evaluation of the work.</td>
<td>Evaluate SFN’s previous experience with this supplier</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>xxxxx</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>xxxxx</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>xxxxx</td>
<td></td>
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<td>8.</td>
<td>xxxxx</td>
<td></td>
<td></td>
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<tr>
<td>9.</td>
<td>xxxxx</td>
<td></td>
<td></td>
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<tr>
<td>10.</td>
<td>xxxxx</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>Price</td>
<td>Evaluation of the price, results of previous criteria.</td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>Other considerations?</td>
<td>Anything not covered above that should be included in evaluation the supplier i.e. inclusion of local content</td>
<td></td>
</tr>
</tbody>
</table>

---

Organization name:

Service / goods to be provided:

RFP / Tender reference #: 

Value of contract:
<table>
<thead>
<tr>
<th>Evaluation</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall comments / recommendation:</td>
<td>%</td>
</tr>
</tbody>
</table>

**Attachments:**

- Contractor/Supplier response to RFP/Tendering
- Results of any previous contractor/supplier evaluations
- Other supporting information as required
APPENDIX I – LOCAL CONTENT

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

Pre-tender Considerations for Local Content

Before developing the tender documents, SFN should establish:

- The extent of labour and trades available locally
- Quantities and firm prices of locally available materials
- Local equipment available and firm rental rates
- Training requirements and trade apprenticeships

Once the contract has been awarded, special clauses reflecting the agreed upon local content requirements will be incorporated in the contract with the successful vendor.
## APPENDIX J – EMPLOYEE TIME SHEET

**STELLAT'EN FIRST NATION TIMESHEET**

**EMPLOYEE NAME:**

**DEPARTMENT:**

**PAY PERIOD:**

**Please ensure that your hours are recorded accurately as they will be entered by payroll by what is shown on this timesheet.**

|   | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | TOTAL |
|---|---|---|---|---|---|---|---|---|---|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|---|
| REGULAR |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| OVERTIME |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| SICK |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| VACATION |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| BANKED HRS USED |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| TOT HRS |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| BANKED HRS |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |

**EXPLANATION**

---

**EMPLOYEE SIGNATURE:**

**AUTHORIZED FOR PAYMENT:**

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110
APPENDIX K – TRAVEL EXPENSE FORM

STELLAT’EN FIRST NATION
Box 760, Fraser Lake, B.C. V0J 1S0
Phone 250-699-8747 • Fax 250-699-6430
www.stellaten.com

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Name and Position</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purpose and Location</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accommodations</td>
<td>x</td>
<td></td>
<td>$</td>
</tr>
<tr>
<td>Private Accommodations</td>
<td>x</td>
<td>$ 55.00</td>
<td>$</td>
</tr>
<tr>
<td>Incidentally</td>
<td>x</td>
<td>$ 17.30</td>
<td>$</td>
</tr>
<tr>
<td>Private Incidentally</td>
<td>x</td>
<td>$ 17.30</td>
<td>$</td>
</tr>
<tr>
<td>Breakfast</td>
<td>x</td>
<td>$ 12.75</td>
<td>$</td>
</tr>
<tr>
<td>Lunch</td>
<td>x</td>
<td>$ 12.15</td>
<td>$</td>
</tr>
<tr>
<td>Dinner</td>
<td>x</td>
<td>$ 34.75</td>
<td>$</td>
</tr>
<tr>
<td>Private Vehicle (KM)</td>
<td>x</td>
<td>$ 0.465</td>
<td>$</td>
</tr>
<tr>
<td>Airpoter</td>
<td>x</td>
<td></td>
<td>$</td>
</tr>
<tr>
<td>Car Rental</td>
<td>x</td>
<td></td>
<td>$</td>
</tr>
<tr>
<td>Car Parking</td>
<td>x</td>
<td></td>
<td>$</td>
</tr>
<tr>
<td>Other</td>
<td>x</td>
<td></td>
<td>$</td>
</tr>
<tr>
<td>TOTAL EXPENSES</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

AUTHORIZATION
I certify that the amounts in this claim were incurred for the purpose stated. Travel claims and receipts must be given to the administrator after consultation.

Claimant's Signature

Council Approved

Administrator

Account

Council Approved

Reimbursed by:

Date

Cheque Number

111
# APPENDIX L – TANGIBLE ASSET CATEGORIES

<table>
<thead>
<tr>
<th>Capital Asset Category</th>
<th>Examples of Capital Assets</th>
</tr>
</thead>
</table>
| Land                   | • land acquired for parks and recreation and recreation, conservation purposes, building sites and other programs  
                         | • land purchased for construction of road surface, drainage areas and allowances or future expansions |
| Land improvements      | • fencing and gates, parking lots, paths and trails, landscaping, swimming pools and playgrounds  
                         | • Site preparation in advance of commercial or residential development |
| Buildings              | • buildings with fireproofed structural steel frames with reinforced concrete or masonry floors and roofs  
                         | • buildings with reinforced concrete frames and concrete or masonry floors and roofs  
                         | • buildings with masonry or concrete exterior walls, and wood or steel roof and floor structures, except for concrete slabs on grade  
<pre><code>                     | • operational storage facilities, sheds, small buildings, salt sheds, asphalt tanks, inventory storage buildings and pump houses |
</code></pre>
<p>| Building improvements  | • major repairs or upgrades that increase the value or Useful Life of the building or which reduce future operating costs such as structural changes, installation or upgrade of heating and cooling systems, plumbing, electrical, telephone systems |
| Leasehold and occupancy improvements | • improvements that increase the functionality of leased or similar accommodations (refer to the assets listed under the &quot;building improvements&quot; category) |</p>
<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating equipment</td>
<td>- equipment specific to maintenance, shop and sanitation, laboratories, medical, dental, safety, appliances, scientific research, hospitals, education and communication such as forklifts, welding machines, utility trailers, security systems, snowploughs, radios, freezers, refrigerators, washers, meters, defibulators</td>
</tr>
<tr>
<td>Heavy equipment</td>
<td>- power and construction equipment such as graders, tractors, cranes, drill rigs, caterpillars, and trucks one tonne and over</td>
</tr>
<tr>
<td>Vehicles</td>
<td>- used primarily for transportation purposes such as automobiles, trucks under one tonne, vans, boats, all-terrain vehicles, snowmobiles, motorcycles, and ambulances</td>
</tr>
<tr>
<td>Marine vessels - vessels and towers</td>
<td>- construction and replacement of vessels and towers</td>
</tr>
<tr>
<td>Computer software</td>
<td>- off the shelf software and related upgrades, software licenses after removing any maintenance or similar charges</td>
</tr>
<tr>
<td>Computer hardware</td>
<td>- servers, voice logging equipment, scanners, printers, hard drives, external hard drives, and plotters</td>
</tr>
<tr>
<td>Office furniture and equipment</td>
<td>- desks, tables, chairs, filing cabinets, fax machines, photocopiers, videoconferencing stations, projectors, and digital cameras</td>
</tr>
<tr>
<td>Assets under construction</td>
<td>- roads, buildings or other Tangible Capital Assets that are under construction and have not yet been placed into service</td>
</tr>
<tr>
<td>Roads/Streets</td>
<td>- roads or streets</td>
</tr>
<tr>
<td></td>
<td>- light systems (traffic, pedestrian), signals for railways, new signage initiative, traffic calming (e.g. rumble strips, speed bumps)</td>
</tr>
<tr>
<td>Water and sewer infrastructure</td>
<td>- dams, drainage facilities, docks, sewer systems, sewage lagoons, marinas, reservoirs, pumping facilities, tanks and associated infrastructure</td>
</tr>
<tr>
<td>Other infrastructure</td>
<td>- landfills, tanker bases, helipad, dump stations</td>
</tr>
</tbody>
</table>
APPENDIX M – PRESENTATION AND DISCLOSURE REQUIREMENTS

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

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

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

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

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

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

<table>
<thead>
<tr>
<th>#</th>
<th>Identified Risks</th>
<th>Potential Impact</th>
<th>Likelihood</th>
<th>Significance</th>
<th>Mitigation / action plan</th>
<th>Individual responsible</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Provide a description of the risk and date identified</td>
<td>Provide estimates of the impact of the risk – quantitative/qualitative as appropriate</td>
<td>An estimation of the likelihood, from remote, reasonably possible, and probable.</td>
<td>Significance of the potential impact identified as immaterial, significant, and material.</td>
<td>Specific steps to either reduce or eliminate the impact/likelihood of the risk</td>
<td>Name of who will implement and monitor the action plan</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Risk Category (i.e. For-profit business, loans, indemnities, investments, insurance and emergency)**

1

2

3
**APPENDIX O – FRAUD RISK ASSESSMENT**

<table>
<thead>
<tr>
<th>Identified Fraud Risks and Schemes¹</th>
<th>Likelihood²</th>
<th>Significance³</th>
<th>People/Department⁴</th>
<th>Existing Anti-Fraud Controls⁵</th>
<th>Assessment of Anti-Fraud controls⁶</th>
<th>Fraud Risk Response⁷</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conflict of Interest – Contracts improperly awarded</td>
<td>Remote</td>
<td>Material</td>
<td>Accounting</td>
<td>Council reviews and approves awarded contracts prior to payment.</td>
<td>Evidenced by council meeting minutes.</td>
<td>Risk of council override exists.</td>
</tr>
<tr>
<td>Recording of rent receipts in incorrect periods</td>
<td>Remote</td>
<td>Insignificant</td>
<td>Accounting</td>
<td>Year-end reconciliation of the rent revenue and receivables</td>
<td>Risk of override still exists</td>
<td>No further action, receipts are minimal.</td>
</tr>
<tr>
<td>Unauthorized payroll adjustments</td>
<td>Reasonably Possible</td>
<td>Material</td>
<td>Payroll</td>
<td>Finance Manager approves periodic payroll registers and reviews one-time payment queries</td>
<td>Adequately mitigated by control</td>
<td>N/A</td>
</tr>
</tbody>
</table>

1. Identified Fraud Risks and Schemes: This column should include a full list of the potential Fraud Risks and schemes that may face SFN. This should be formed by discussions with employees, officers and councilors and brainstorming sessions.

2. Likelihood of Occurrence: To design an efficient Fraud Risk management program, it is important to assess the likelihood of the identified Fraud Risks so that SFN establishes proper anti-fraud controls for the risks that are deemed most likely. For purposes of the assessment, it should be adequate to evaluate the likelihood of risks as remote, reasonably possible, and probable.

3. Significance to SFN: Quantitative and qualitative factors should be considered when assessing the significance of Fraud Risks to SFN. For example, certain Fraud Risks may only pose an immaterial direct financial risk to SFN, but could greatly impact its reputation, and therefore, would be deemed to be a more significant risk. For purposes of the assessment, it should be adequate to evaluate the significance of risks as immaterial, significant, and material.
4. People and/or Department Subject to the Risk: As Fraud Risks are identified and assessed, it is important to evaluate which people inside and outside SFN are subject to the risk. This knowledge will assist in tailoring its Fraud Risk response, including establishing appropriate segregation of duties, proper review and approval chains of authority, and proactive anti-fraud procedures.

5. Existing Anti-Fraud Internal Controls: Map pre-existing controls to the relevant Fraud Risks identified. Note that this occurs after Fraud Risks are identified and assessed for likelihood and significance. By progressing in this order, this framework intends for SFN to assess identified Fraud Risks on an inherent basis, without consideration of Internal Controls.

6. Assessment of Mitigating Controls: SFN should evaluate whether the identified controls are operating and mitigating Fraud Risks as intended.

7. Fraud Risk Response: Residual risks should be evaluated by the organization and Fraud Risk responses should to address such remaining risk. The Fraud Risk response could be implementing additional controls.
APPENDIX P – FRAUD RISK ASSESSMENT GUIDELINES

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

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

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

Performing Fraud Risk Assessments

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

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

Risk Assessment Team

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

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

The Finance and Audit Committee should have an active role in the oversight of process, understand identified Fraud Risks, and evaluate SFN’s implementation of antifraud measures. The Finance and Audit Committee, together with Band Manager and the risk assessment team, should also consider the potential risk of management’s override of controls or other inappropriate influence over the financial reporting process.

Questions to Consider

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

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

• Does the chief and council have a proper tone at the top? Does the management assess the tone of the leadership of SFN to determine if the culture encourages ethical behaviour, consultation and open communication? This assessment can be made through anonymous surveys (i.e. Third-party whistleblower service providers), inquiries, interviews or by external auditors during their annual financial statement audit engagements.

• Does SFN have whistleblower policy with adequate procedures to handle anonymous complaints and accept confidential submission of concerns about questionable accounting, control and financial and non-financial matters?

• Does the management design and implement preventative and detective controls? Preventative controls are designed to stop fraud from occurring and detective controls are designed to identify the fraud if it occurs.

• Are Fraud Risk assessments updated periodically to include considerations of changes in operations, new information systems, changes in roles and responsibilities and revisions to identified Fraud Risks within SFN?

• Is information on ethics and management and council’s commitment to antifraud programs and controls effectively communicated throughout SFN to all employees?

• Has management linked identified existing Fraud Risks to existing Internal Control and documented mitigating existing or new antifraud control activities related to the Fraud Risks?

Creating a Strong Control Environment

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

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

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

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

**Designing and Implementing Antifraud Control Activities**

After Fraud Risk assessments are performed, Band Manager should address each identified Fraud Risk by determining whether control activities exist and mitigate the risks. Control activities are policies and procedures designed to address risks and help ensure the achievement of SFN’s objectives.

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

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

**Sharing Information and Communication**

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

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

**Monitoring Activities**

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

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

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

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

<table>
<thead>
<tr>
<th>Risk</th>
<th>Description / Operations affected</th>
<th>Impact</th>
<th>Likelihood</th>
<th>Overall risk level (average of impact/likelihood)</th>
<th>Plan required?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fire at the office</td>
<td>(1) Building could be inaccessible for a long period</td>
<td>5</td>
<td>1</td>
<td>3</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>(2) Financial records may be destroyed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(3) IT systems damaged / destroyed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(4) Threat to health and safety of staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(5) High</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX S – EMERGENCY PLAN TEMPLATE

Stellat’en First Nation
EMERGENCY PLAN
2016

Last updated: [xx, Month, Year]
Approved by Council: [xx, Month, Year]
APPENDIX T –ACKNOWLEDGEMENT AND AGREEMENT REGARDING THE REPORTING OF BREACHES AND FINANCIAL IRREGULARITIES

This is to acknowledge that I have received and read a copy of the SFN’s Reporting of Breaches and Financial Irregularities Policy. I understand that the integrity of the financial information and other information of SFN is vital.

I further understand that SFN is committed to a work environment free of discrimination, retaliation, threats or harassment for employees and contractors who has raised concerns regarding financial misconduct or wrongdoing and that SFN specifically prohibits reprisals against any person who makes a good faith report regarding such concerns. Accordingly, I specifically agree that to the extent I have concerns of financial misconduct or wrongdoing that I reasonably believe to be in violation of the SFN’s laws or policies, I will immediately report such conduct in accordance with the SFN’s Reporting of Breaches and Financial Irregularities Policy.

I confirm that I have read this policy and understand the expectations of me contained herein.

_______________________________________   Employee’s/Contractor’s Signature

___ ______________________________________  Employee’s/Contractor’s Name [printed]