

Statement of Policy and Procedure	
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# Glooscap First Nation

## Financial Administration Policy

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## 1. Definitions

<b>“Annual Integrated Planning Process”</b>	refers to the annual process whereby all planning and budgeting activities throughout every level of the organization are effectively linked, coordinated, and driven by Glooscap First Nation’s vision and strategic objectives.
<b>“Approved Travel Status”</b>	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. Glooscap First Nation office).
<b>“Arrears”</b>	refers to an unpaid, overdue debt, or an unfulfilled obligation.
<b>“Assets”</b>	include Tangible Capital Assets such as equipment, buildings and land that have been purchased or constructed by Glooscap First Nation.
<b>“Asset Recognition Criteria”</b>	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.
<b>“Best Value”</b>	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.
<b>“Capital Project”</b>	means the construction, Rehabilitation or replacement of Glooscap First Nation’s Tangible Capital Assets and any other major Capital Projects in which Glooscap First Nation or its related bodies are investors.
<b>“Capital Project Plan”</b>	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.
<b>“Cash”</b>	is currency, cheques, money orders, and equivalent financial instruments.
<b>“Cost”</b>	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.

**“Director of Finance”**

is responsible for the overall monitoring and reporting on the financial affairs of Glooscap First Nation, maintenance of all financial management policies and procedures, and implementation of Glooscap First Nation’s risk assessment process. They will provide key financial input for decision making to safeguard the Glooscap First Nation’s assets and manage its financial health. This is the same as the Senior Financial Officer as outlined in the Glooscap First Nation Financial Administration Law.

**“Deferred Maintenance”**

is maintenance that was not performed when it was scheduled, or that was delayed for a future period and may result in a decrease in service levels and can affect the life expectancy of the asset. It is noted in the asset register.

**“Encumbrance Accounting”**

refers to the process of setting money aside (to hold it) for a specific purpose. Money then, is essentially earmarked for certain future purposes and cannot be re-allocated for any other purpose than stated.

**“Fairness”**

refers to giving qualified firms and individuals an equal opportunity to compete for the contract work; and to evaluating tenders and proposals in accordance with accepted practices.

**“Fair Value”**

is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

**“Financial Institutions”**

means Glooscap First Nations Finance Authority, a bank, credit union or caise populaire.

**“Financial Reporting Risk”**

is the possibility of an undetected material misstatement in financial information due to the existence of ineffective Internal Control or fraud resulting from manipulation or alteration of accounting records, misrepresentation or intentional omissions of transactions, or intentional misapplication of accounting principles.

**“Financial Reports List”**

means the list of financial statements and reports that are to be prepared on a regular basis.

<b>“Fraud Risk”</b>	is the potential for an employee, agent or other person connected to the financial administration of Glooscap First Nation to use deception to dishonestly make a personal gain for oneself or a loss for another. This commonly includes activities such as theft, corruption, embezzlement, or bribery etc.
<b>“Fraudulent Financial Reporting”</b>	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.
<b>“Fraudulent Non-Financial Reporting”</b>	means the intentional act in non-financial reporting that is designed to deceive users of non-financial reports.
<b>“Indemnity”</b>	refers to the right of a person to recover the amount of a financial loss or a liability to a third party.
<b>“Internal Assessment”</b>	is a review of an activity/process by an independent First Nation employee (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.
<b>“Internal Control”</b>	is a process, effected by Glooscap First Nation’s Council, Finance, Audit and Risk Committee, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: <ul style="list-style-type: none"> <li>• effectiveness and efficiency of operations;</li> <li>• reliability of reporting; and</li> <li>• compliance with applicable laws and regulations.</li> </ul>
<b>“Invited Tender”</b>	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.
<b>“Life-Cycle Management Program”</b>	means the program of inspection, review and planning for the management of Glooscap First Nation’s Tangible Capital Assets as described in the Financial Administration Law and this policy.
<b>“Life-Cycle Planning”</b>	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.

<b>“Loan Guarantee”</b>	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.
<b>“Loan Receivable”</b>	is a financial asset of Glooscap First Nation (as the lender) represented by a promise by a borrower to repay a specific amount, at a specified time or times, or on demand, usually with interest.
<b>“Misappropriation of Assets”</b>	means the theft of first nation assets in circumstances where the theft may result in a material omission or misstatement in financial reports.
<b>“Net Book Value”</b>	of a tangible capital asset is its cost, less both accumulated amortization and the amount of any write-downs.
<b>“Open or Public Tender”</b>	is the process by which tenders are advertised publicly. Open tenders should allow any qualified potential bidders the opportunity to bid on a project.
<b>“Planning Documents”</b>	are the combination of a strategic (community development) plan, capital budget, multi-year financial plan, and annual budget.
<b>“Portfolio Rebalancing”</b>	refers to the realigning of the weightings of Glooscap First Nation’s portfolio of assets and involves periodically buying or selling assets in the portfolio to maintain the original desired level of asset allocation.
<b>“PSAS”</b>	refers to Public Sector Accounting Standards of the Canadian Public Sector Accounting Board, as amended or replaced from time to time.
<b>“Rehabilitation”</b>	includes alteration, extension and renovation but does not include routine maintenance.
<b>“Replacement”</b>	includes substitution, in whole or in part, with another of Glooscap First Nation’s Tangible Capital Assets.
<b>“Requisition”</b>	refers to a purchase order used by Glooscap First Nation when documenting expenditures.
<b>“Residual Value”</b>	is the estimated net realizable value of a tangible capital asset at the end of its Useful Life to Glooscap First Nation.
<b>“Restricted Investments”</b>	are investments made with funds the source of which is either government transfers, local revenues, or other revenues with restrictions on use.
<b>“RFP”</b>	stands for Request for Proposal, which is the process generally followed before awarding a major service contract. RFPs identify

the need and leave it up to the prospective contractors to make a proposal that is appropriate.

**“Risk”**

is defined as anything of variable uncertainty and significance that interferes with the achievement of a First Nation’s strategies and objectives. In insurance terms is the possibility of a loss or other adverse event that has the potential to interfere with an organization’s ability to fulfill its mandate, and for which an insurance claim may be submitted.<sup>1</sup>

**“Risk Tolerance”**

means the degree of uncertainty Glooscap First Nation is willing to accept in the achievement of its goals.

**“Sole Source”**

means a person or company from whom Glooscap First Nation may purchase goods and/or services.

**“Special Purpose Report”**

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

**“Tangible Capital Assets”**

are non-financial assets having physical substance that:

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

**“Tender Process”**

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

**“Terms of Reference”**

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

**“Unrestricted Investments”**

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

**“Useful Life”**

is the estimate of either the period over which a tangible capital asset is expected to be used by Glooscap First Nation, or the number of production or similar units that can be obtained from

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

the tangible capital asset by Glooscap First Nation. The life of a tangible capital asset may extend beyond the Useful Life of a tangible capital asset to Glooscap First Nation. The life of a tangible capital asset, other than land, is finite, and is normally the shortest of the physical, technological, commercial and legal life.

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

### **A. Policy**

It is Council's policy to establish an annual planning and budgeting process that is integrated with the operational and long-term strategy of Glooscap First Nation.

### **B. Purpose**

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

### **C. Scope**

This policy applies to Council and employees of Glooscap First Nation involved in the planning and budgeting process.

### **D. Responsibilities**

(1) Council is responsible for:

- a. Reviewing and approving the annual budget and ensuring that it was prepared in accordance with Glooscap First Nation's Financial Administration Law and other applicable First Nation laws, is based on plausible assumptions and provides for required programs and services.
- b. Reviewing and approving any circumstances that are expected to create a budget deficit including consideration of any recommendations from the Finance, Audit and Risk Committee on plans to eliminate the budget deficit in a future period.
- c. Reviewing and approving other planning documents including but not limited to a strategic (community development) plan, capital budget, and a multi-year financial plan.
- d. Reviewing and approving any changes or amendments to the annual budget or other planning documents.
- e. Establishing specific goals and service priorities to guide resource and allocation decisions during the budget planning sessions.
- f. Ensuring that a process is in place to address membership priorities in the Strategic Plan and other planning documents as appropriate.
- g. Ensuring that the membership of Glooscap First Nation 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 Glooscap First Nation's Financial Administration Law.
- h. Establishing general budget policies or guidelines such as requirements for balanced budget and use of cash reserves.

- (2) The Finance, Audit and Risk Committee is responsible for:
- a. Reviewing the draft annual budget and multi-year financial plan and recommending them to Council for approval.
  - b. Providing recommendations to Council respecting plans to eliminate any budget deficit in a future year.
  - c. Reviewing any draft amendments of the annual budget and recommending them to Council for approval.
  - d. Reviewing information, schedules and proposed budget for rehabilitation or replacement of Tangible Capital Assets and plans for new construction of Tangible Capital Assets.
- (3) The Director of Administration is responsible for:
- a. Arranging early budgeting planning sessions with Council and other key stakeholders essential in developing the budget.
  - b. Arranging and employing planning sessions for the development of other key planning documents.
  - c. Ensuring that the budgeting calendar is met.
  - d. Reviewing draft budgets in consultation with the Finance, Audit and Risk Committee.
  - e. Reviewing other draft planning documents in consultation with the Finance, Audit and Risk Committee.
  - f. Communicating the approved budget to management and line employees.
  - g. Conducting regular financial monitoring to compare actual income and expenses to those budgeted.
  - h. Maintaining a current register of all First Nation's Tangible Capital Assets and arrange for an annual inspection of them.
- (4) The Director of Finance is responsible for:
- a. Adhering to the budget development calendar and ensuring deadlines are met – subject to Glooscap First Nation's Financial Administration Law.
  - b. Establishing the format for draft budgets.
  - c. Participating in budget planning sessions with Council, the Finance, Audit and Risk Committee, Director of Administration and other key stakeholders.
  - d. Collaborating with department heads in setting draft expenses for their department.
  - e. Preparing the draft budget or consolidating and evaluating draft budgets from department heads for accuracy, reasonableness, applicable guidelines, and anticipated resources in accordance with Section [26] of the Financial Administration Law.

- f. Developing revenue forecasts based on reviews of fiscal transfer agreements and collaboration with other officers on own source revenues forecasts.
- g. Presenting draft annual budgets to the Director of Administration and to the Finance, Audit and Risk Committee on an annual basis.
- h. Implementing financial monitoring, including preparing and analyzing budgeted versus actual revenue and expense reports for the Finance, Audit and Risk Committee use and overseeing any Council approved corrective action (i.e. budget amendments), after the annual budget is approved.
- i. Make forecasts and prepare budgets for Tangible Capital Assets.
- j. Any other responsibilities as outlined in the Financial Administration Law.

## **E. Procedures**

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

- a. An annual planning session will be held in October of each year prior to the start of the fiscal year being planned for. The planning session will generally include:
  - i. Council members, members of the Finance, Audit and Risk Committee, the Director of Administration, the Director of Finance, and other representatives from department or functional areas of business;
  - ii. Establishment or communication of current year and next year operational goals and objectives based on priorities established by Council in consultation with membership;
  - iii. Presentation of budget development calendar;
  - iv. Establishment or update of key budgetary assumptions, budgetary constraints, and cost drivers for current year and the next year plan;
  - v. Establishment or update of a multi-year capital plan schedule to ensure the effective management of capital assets which identifies and prioritizes expected needs, costs, and expected sources of financing; and
  - vi. Establishment or update of strategies, goals and objectives for the strategic plan – the plan that details Glooscap First Nation’s longer-term priorities and the plan for resources needed to meet the objectives of the plan.

### **(2) Budget**

- a. Based on the annual integrated planning session, the initial operating budget estimates will be prepared and the next year capital budget estimates will be prepared or updated accordingly.
- b. Budget assumptions will be documented and updated throughout the budget preparation process with budget adjustments made as required.



- c. Capital budgeting estimates should include all capital improvement projects (purchase, construction, or renovation of physical facilities) and all capital equipment expenditures.
- d. Any projected deficit must be accompanied by a report that outlines the contributing factors and circumstances and the plan by which it will be eliminated in a future year.
- e. Human Resources will provide detailed financial information on staffing and benefits for each department.
- f. The draft budget will be presented for discussion at a Finance, Audit and Risk Committee meeting. The Committee may accept the estimates as presented or request amendments, within the context of the operating objectives and the strategic plan.
- g. Where a projected deficit exists, the Finance, Audit and Risk Committee will provide recommendations to Council on plans to eliminate the budget deficit in a future year.
- h. The final draft budget recommended for approval to Council by the Finance, Audit and Risk Committee will be approved by Council no later than March 31<sup>st</sup> of the fiscal year preceding the budget year.
- i. The draft budget must meet the requirements of Glooscap First Nation's Financial Administration Law and the integrated planning process must comply with the schedule for planning activities set out in that Law.

### (3) Strategic Plan

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

#### (4) Multi-Year Financial Plan

- a. Based on the annual integrated planning session, a multi-year financial plan that has a planning period of five years comprised of the current fiscal year and the four succeeding fiscal years will be prepared that will also include the following:
  - i. Revenue projections by major revenue type that demonstrate trends in existing revenue streams;
  - ii. In respect of projected revenues sets out separate amounts for income from taxes, fees and charges, transfers from Canada or a provincial or territorial government, grants and business operations and proceeds from borrowing;
  - iii. In respect of projected expenditures, sets out separate amounts for payments, including payments of principal and interest on debt, payments required for capital projects as defined in the Financial Administration Law, payments required to address any deficits and payments for all other purposes;
  - iv. Is based on projections of revenues, expenditures and transfers between accounts;
  - v. In respect of transfers between accounts, sets out the amounts from the tangible capital asset reserve account;
  - vi. Reserves/fund balances that estimate the available reserves available to help short-term fiscal shortfalls or unanticipated or planned expenditures;
  - vii. Shows all categories of restricted cash;
  - viii. Indicates whether in any of the five (5) years of the plan a deficit or surplus is expected from the projected revenues and expenditures that year; and
  - ix. A cover sheet that describes the broad assumptions and judgments used in the developments of the plan.
- b. The draft multi-year financial plan will be presented for discussion at a Finance, Audit and Risk Committee meeting. The Committee may accept the plan as presented or request amendments, within the context of the operating objectives and the strategic plan.
- c. The final multi-year financial plan recommended for approval to Council by the Finance, Audit and Risk Committee will be adopted as a formal planning document no later than March 31<sup>st</sup> of each fiscal year.

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

- a. An annual adjustment process in the budget calendar will be included to adjust the plans and budgets.
- b. The circumstances to make adjustments to budgets are limited to substantial change in the forecasted revenues or expenses of Glooscap First Nation or in the expenditure priorities of the Council; which may include the following:

- i. External factors that impact funding arrangements;
  - ii. Impacts related to capital project adjustments; and
  - iii. Unforeseen changes to budget assumptions.
- c. Proposed amendments to the strategic plan or multi-year plan will be brought forward to the next annual planning session.
- d. Significant time-sensitive adjustments should be brought to the Finance, Audit and Risk Committee for review and recommendation to Council.
- e. On or before June 15 of each year the Director of Finance must prepare and submit to the Finance, Audit and Risk Committee for review a draft amendment of the component of the annual budget respecting Glooscap First Nation's local revenue account.
- f. On or before June 30 of each year, the Finance, Audit and Risk Committee must review the draft amendment of the component of the annual budget respecting Glooscap First Nation's local revenue account.
- g. No later than July 15 of each year, the Council must approve the amendment of the component of the annual budget respecting Glooscap First Nation's local revenue account.

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

### (1) FMB's Financial Management System Standards

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

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

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

## **G. Appendices**

- (1) Appendix A – Glooscap First Nation Planning and Budgeting Schedule
- (2) Appendix B – Glooscap First Nation Deficit Reporting Template
- (3) Appendix C – Glooscap First Nation Multi-Year Plan Summary Sheet Template

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

#### **A. Policy**

Financial statements and reports will be prepared on a regular basis in accordance with Canadian Public Sector Accounting Standards. An annual operations report, including the audited annual financial statements, Special Purpose Reports and an assessment of progress towards financial and operational goals of Glooscap First Nation, will be published within 180 days of the fiscal year end and will be provided to First Nation members, council, and other organizations as required.

#### **B. Purpose**

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

#### **C. Scope**

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

#### **D. Responsibilities**

(1) Council is responsible for:

- a. Reviewing the financial statements and reports and the Finance, Audit and Risk Committee's corresponding recommendations.
- b. Deciding whether to approve the Financial Reports List, the financial statements and reports.
- c. Reviewing and approving the documented procedures for identification of risks.

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

- a. Determining the Financial Reports List contents and frequency of reporting it requires from Glooscap First Nation's management team.
- b. Reviewing the Financial Reports List, the monthly reports, quarterly and annual financial statements and reports and the Director of Administration's corresponding recommendations and making appropriate recommendations to Council.

(3) The Director of Administration is responsible for:

- a. Documenting procedures for the identification of risks.
- b. Preparing and updating the Financial Reports List.

- c. Reviewing the financial statements and reports and making appropriate recommendations to the Finance, Audit and Risk Committee.
- d. Identifying, assessing, monitoring and reporting via documentation on financial reporting risks to the Finance, Audit and Risk Committee.
- e. 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.
- f. Ensuring that financial reporting risk assessment and management practices have been performed in relation to quarterly and annual financial statements.
- g. Periodically reviewing these policies in consultation with the Director of Finance and other employee as appropriate and recommending any updates to the Finance, Audit and Risk Committee.

(4) The Director of Finance is responsible for:

- a. Preparing the financial statements and reports in accordance with PSAS and this policy and procedure.
- b. Assessing and managing Financial Reporting Risk and reporting risks to the Director of Administration.
- c. Developing and recommending procedures for identifying and mitigating financial reporting risks and fraud risks and ensuring approved procedures are followed.
- d. Glooscap First Nation has a loan from Glooscap First Nations Finance Authority (FNFA) that is secured by other revenues so must maintain a complete set of all records respecting other revenues of Glooscap First Nation, including all records referred to in section 5 of the *Local Revenue Management Implementation Regulation* as amended by the *Financing Secured by Other Revenues Regulations*.

(5) Managers are responsible for:

- a. Providing all requested information in relation to the preparation of financial statements and reports and the assessment and management of financial reporting risks.

## **E. Procedures**

(1) Financial Reports List

- a. Council and the Finance, Audit and Risk Committee, with the assistance of the Director of Administration, are responsible for preparing a list of all financial statements and reports that are to be prepared on a regular basis. (See Appendix BB)
- b. The Financial Reports List must include the required monthly information, as well as quarterly and annual financial statements. (See Appendix E and F)

- c. Monthly reports prepared by the Director of Finance will be tailored to the needs of Glooscap First Nation's management team for monitoring purposes in the form and content recommended by the Finance, Audit and Risk Committee and approved by Council.
- d. If Glooscap First Nation has borrowed money from the FNFA secured by other revenues, these other revenues must be accounted for and reported on separately.
- e. For each report or financial statement listed, the following information must also be identified:
  - i. A brief description or contents of the report;
  - ii. The person responsible for its preparation;
  - iii. When it is to be made available and its frequency; and
  - iv. The report's distribution list.
- f. The Finance, Audit and Risk 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.

## (2) Financial Statement Preparation

- a. The Director of Finance will prepare monthly information respecting the financial affairs of Glooscap First Nation and its quarterly and annual financial statements. Other financial reports that are listed in the approved Financial Reports List will be prepared by the person identified as responsible for its preparation.
- b. Each quarterly financial statement will include the following for Glooscap First Nation and all its related bodies:
  - i. A statement of revenue and expenditures containing a comparison to the approved annual budget;
  - ii. A statement of financial position;
  - iii. Financial institution account reconciliations;
  - iv. Financial information for the local revenue account as required by the Financial Administration Law [and the Local Revenue Policy];
  - v. If Glooscap First Nation has borrowed money from Glooscap First Nations Finance Authority secured by other revenues: Financial information respecting these other revenues. In the case of Glooscap First Nation a report on the gaming revenues from Band owned Video Lottery Terminals located at Glooscap Corner.
  - vi. [If a Land Code is in force: Breakdown of revenue by categories contained in Glooscap First Nation's land code;] and

- vii. Any other information requested by the Finance, Audit and Risk Committee or Council.
- c. Each annual financial statement will include the following for Glooscap First Nation:
  - i. The financial information and disclosures for Glooscap First Nation for the fiscal year prepared in accordance with PSAS;
  - ii. A Special Purpose Report setting out all payments made to honour guarantees and indemnities;
  - iii. A Special Purpose Report setting out the information required in Section 10 of the Financial Administration Law (Reporting of Remuneration and Expenses);
  - iv. A Special Purpose Report setting out all debts or obligations forgiven by Glooscap First Nation;
  - v. A Special Purpose Report setting out the information required in paragraph 64(3)(c) of the Financial Administration Law (Lending program to First Nation members);
  - vi. If Glooscap First Nation has a land code in force, a report setting out moneys of Glooscap First Nation derived from First Nation lands, categorized and shown separately from other revenues and that includes a sub-category respecting revenue from natural resources obtained from First Nation lands; and
  - vii. Any other report required under the Act or an agreement.
- d. Annual financial statements will be prepared according to a standard “financial closing and reporting process checklist”.
- e. Annual financial statements, the corresponding completed financial closing and reporting process checklist, and the highlights memo (if applicable), will be signed by the Director of Finance and presented to the Finance, Audit and Risk Committee along with his / her comment(s) and recommendation(s), no later than 60 days following the end of the fiscal year for which they were prepared.
- f. The Finance, Audit and Risk Committee will review the annual financial statements, the accompanying information, and the Director of Finance’s comment(s) and recommendation(s). Subsequently, the Finance, Audit and Risk Committee will forward the financial statements, accompanying information, and its comment(s) and recommendation(s) to Council no later than 90 days following the end of the fiscal year for which they were prepared.
- g. Council will review the annual financial statements, the accompanying information, and the recommendation(s) of the Finance, Audit and Risk Committee and the Director of Administration, and make a decision to approve or not approve the annual financial statements.

- h. In the event that the financial statements are not approved by Council, a documented rationale will be communicated to the responsible party(ies) for corrective action. The financial statements will be re-submitted for approval within the timeframe stated by Council.
- i. 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, Audit and Risk Committee’s recommendation(s), and the Director of Administration’s recommendation(s);
  - iii. Completed financial closing and reporting process checklist; and
  - iv. Completed highlights memo (if applicable).
- j. The financial reporting record file will be classified as confidential and secure, and maintained according to the Records and Information Management Policy and Procedure. Retention period will be seven years unless otherwise specified by council policy.

### (3) Financial Reporting Risks

- a. The Director of Finance will review the Financial Reporting List to ensure that all identified 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 Director of Administration 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; and
  - ii. Confirm in writing that they understand their responsibilities.
- c. The Director of Finance will develop a “financial closing and reporting process checklist” for use at the end of each accounting period, which will include procedures to mitigate Financial Reporting Risk. The financial closing process checklist will include the following minimum procedures:
  - i. Reconciliation / analysis of all statement of financial position accounts with approval by the Director of Finance. In those instances, where the Director of Finance prepared the reconciliation or analysis, then the Director of Administration will be required to approve the reconciliation or analysis. (or alternatively a member of the Finance, Audit and Risk Committee); This will be completed on a monthly basis; and
  - ii. Review of trade, loan and other receivable balances to identify late payments. Late payments followed up on and have been reviewed for collectability. Any necessary



adjustment to the allowance for doubtful accounts has been prepared. This will be completed on a quarterly basis;

- iii. Reconciliation of general ledger balances with sub-ledger balances (e.g. trade accounts receivable, trade accounts payable, contribution receivable, etc.) This will be completed on a quarterly basis;
- iv. Search for unrecorded liabilities and preparation of accrual journal entries completed on an annual basis, including:
  - a) Reconciliation of supplier statements;
  - b) Review of unmatched receiving information;
  - c) Review of unmatched purchase orders;
  - d) Review of numerical continuity of purchase orders;
  - e) Review of current contracts for supplies or services, including follow-up with supplier when necessary; and
  - f) Enquiries of departmental managers for any invoices, expense reports, commitments or any other knowledge of liabilities incurred at reporting date.
- v. Analysis of revenue and expense accounts for budgetary variances and for reasonability. Where necessary, an account analysis will be prepared. This will be completed on a quarterly basis;
- vi. Reconciliation of payroll expense to the payroll register and bank account balance. This will be completed on a monthly basis;
- vii. Preparation of non-recurring journal entries and journal entries not in the ordinary course of business, with supporting documentation. This will be completed on a monthly basis;
- viii. Approval of material non-recurring journal entries and journal entries that are not in the ordinary course of business by Finance, Audit and Risk Committee. This will be completed on a quarterly basis;
- ix. Recurring journal entries have been prepared, approved by the Director of Finance, and recorded. This will be completed on a quarterly basis;
- x. The financial statements have been reviewed for accuracy, additions, and cross-references. The financial statements agree with the general ledger. This will be completed on a quarterly basis;
- xi. The presentation of the financial statements has been reviewed. Necessary disclosures and reclassification entries have been prepared and have been approved by the Director of Finance. This will be completed on a quarterly basis; and

- xii. The Director of Finance is satisfied that the financial statements are accurate and presented in accordance with PSAS. This will be completed on a quarterly basis.
- d. The Director of Finance will prepare a highlights memo for each set of quarterly and/or annual financial statements prepared. The highlights memo will, at a minimum, report:
  - i. Financial Performance, specifically:
    - a) An assessment of the overall financial situation for Glooscap First Nation (i.e. surplus, deficit, adequate reserves, etc.);
    - b) A review of progress towards financial and operational goals set during the planning process;
    - c) Identification and explanation of material budgetary variances;
    - d) Current ratio and any ratios required to be maintained by contract (e.g. financial covenants contained in borrowing agreements);
    - e) Doubtful accounts receivable, with changes since last quarter summarized;
    - f) Payment status of statutory and contractual obligations. Specifically, a listing of all late payments with explanations; and
    - g) Remediation options where financial performance is not in accordance with plans.
  - ii. Exceptions to expected financial and system performance. Specifically:
    - a) Unanticipated problems preparing the financial statements and the resolution;
    - b) Unusual or unexpected accounting balances or transactions;
    - c) Accounting entries not in the ordinary course of business;
    - d) Explanation of transactions where measurement or accounting treatment was uncertain or where there were choices under PSAS;
    - e) Weaknesses in, and, suggestions to improve, the financial management system; and
    - f) Instances of financial administration law or system non-compliance, fraud and / or unauthorized activities.
  - iii. Forecast to end of year. Specifically:
    - a) Forecast of annual operations and budgetary performance, and annual cash flow and expected cash surplus or financing requirement;
    - b) Statement of assumptions used in the budget process and any changes in assumptions that affect the budget;
    - c) Identification of emerging financial performance risks and opportunities; and

- d) Remediation options where forecast financial performance is not in accordance with plans.
  - e. Changes to the accounting software (i.e. new system or major changes to the current system set-up) require authorization from the Director of Finance and consultation and communication with the Finance, Audit and Risk Committee and Council. Changes such as the addition/deletion/ modification of general ledger accounts, customer/member accounts, or vendor accounts require approval from the Director of Finance or designate.
- (4) Fiscal year
- a. The fiscal year for Glooscap First Nation will be the period beginning on April 1 and ending on March 31 of the following year.
- (5) Annual Report
- a. The Council must prepare and publish an annual report within the earlier of 180 days after the fiscal year end, or the timeline specified in the Financial Administration Law, that details the progress towards the financial and operational goals of Glooscap First Nation over the course of the fiscal year.
  - b. The annual report will contain, at a minimum, the following:
    - i. A description of the services provided by Glooscap First Nation and its operations;
    - ii. A review of Glooscap First Nation's achievement towards its values, goals and objectives;
    - iii. A progress report on any established financial objectives and performance measures of Glooscap First Nation; and
    - iv. The audited annual financial statements for the previous fiscal year including any Special Purpose Reports.
  - c. The annual report will be made available to all members of Glooscap First Nation [at the principal offices of Glooscap First Nation, on Glooscap First Nation website, etc.] as required by the Financial Administration Law, and provided to all Council members, Glooscap First Nations Financial Management Board, Glooscap First Nations Finance Authority, and other organizations as required no later than 180 days after the fiscal year end.
  - d. The Council must ensure that a remedy process is available to first nation members who have requested but have not been provided with the annual report of Glooscap First Nation within the required timeframe.

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

- (1) FMB's Financial Management System Standards
  - a. Standard 14.0 - Fiscal Year
  - b. Standard 19.6 - Financial Reporting Risks

- c. Standard 20.0 - Financial Reporting
- d. Standard 22.0 Annual Report
- (2) FMB's Financial Administration Law Standards
  - a. Standard 18.0 - Financial Reporting
  - b. Standard 20.0 - Annual Report

## **G. Appendices**

- (1) Appendix D – Glooscap First Nation Long Term and Annual Capital Plan
- (2) Appendix E - Glooscap First Nation Monthly Financial Reporting Template
- (3) Appendix F – Glooscap First Nation Quarterly Financial Reporting Template
- (4) Appendix G – Glooscap First Nation Financial Reporting Checklist
- (5) Appendix H – Glooscap First Nation Annual Report to the Membership Template

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

### **A. Policy**

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

### **B. Purpose**

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

### **C. Scope**

This policy and procedure applies to Council, the Director of Administration, Director of Finance, and any other First Nation employee who has been assigned financial institution account responsibilities.

### **D. Responsibilities**

- (1) Council is responsible for:
  - a. Approving the addition or the removal of authorized signatories for each financial institution account used by Glooscap First Nation.
  - b. Designating the financial institutions that Glooscap First Nation may conduct banking activities with.
  - c. Approving the establishment of an operating line of credit or overdraft account.
- (2) The Finance, Audit and Risk Committee is responsible for ensuring significant irregularities or unusual reconciling items are investigated.
- (3) The Senior Finance Officer, in cooperation with the Director of Administration is responsible for:
  - a. Representing Glooscap First Nation in dealing with Financial Institutions.
  - b. Approving financial service agreements with Financial Institutions.
  - c. Controlling the opening, maintenance and closing of any of Glooscap First Nations bank accounts.
  - d. Assigning banking duties and ensuring that adequate segregation of duties is maintained.
  - e. Ensuring physical safeguards are implemented over any handling of cash and blank cheques.
  - f. Ensuring all money received by Glooscap First Nation is deposited as soon as practicable into the appropriate accounts described.

- g. Reviewing and approving monthly bank reconciliations for each financial institution account.
  - h. Ensuring that a reconciliation is performed each month for every financial institution account.
  - i. Documenting and alerting the Finance, Audit and Risk Committee of any irregularities in the reconciliation process.
  - j. Monitoring and forecasting Glooscap First Nation's cash position.
  - k. Managing Glooscap First Nation's short-term liquidity and working capital including credit line facilities.
- (4) The accountant / finance employee / clerk(s) is /are responsible for:
- a. Recording revenue deposited in the accounting system.
  - b. Ensuring all anticipated recurring deposits have been received. The accountant will alert the Director of Finance when expected receipts have not been received.
- (5) The employees assigned banking duties by the Director of Finance are responsible for:
- a. Receiving cheques and cash.
  - b. Preparing cheques and cash for deposit to the appropriate financial institution account.
  - c. Reconciling petty cash accounts on a regular basis.
- (6) The employee designated by the Director of Finance to prepare financial institution account reconciliations is responsible for:
- a. Preparing a reconciliation for each of Glooscap First Nation's financial institution accounts.
  - b. Ensuring that supporting documentation and records are retained for each reconciliation.
  - c. Alerting the Director of Finance of any irregularities.

## **E. Procedures**

- (1) Financial Institution Account Management
- a. The Director of Finance maintains correspondence and official documents relating to the opening, maintenance, and closing of all financial institution accounts.
  - b. The Director of Finance is Glooscap First Nation'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 Glooscap First Nation operations and forecasts in order for the financial institutions to respond to Glooscap First Nation's financial service requirements.
  - c. The Director of Finance is the only individual authorized by Council to negotiate financial service agreements on behalf of Glooscap First Nation, with the understanding that final approval comes from Council.

- d. The Director of Finance will develop a clear description of the purpose of each financial institution account and provide it to all employees who are responsible for depositing funds or reconciling the accounts.
- e. The list of individuals with authorized signing authorities for each financial institution account will be maintained by the Director of Administration. This will include authorization limits. 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. Each employee will have a separate login and individual password.

## (2) Cash Receipts

- a. Cheques received by direct mail will be recorded in a receipt log and endorsed (stamped) as “for deposit only” by a designated person. The log will include the date, source amount and reason for payment.
- b. The person making the deposit at the financial institution provides the remittance / deposit book to the Finance Department person responsible for accounts receivable.
- c. The cheque receipts log will be delivered to the designated employee within the Finance Department responsible for accounts receivable. This person will reconcile the remittance / deposit slip and the cheque receipts log.
- d. Cash received will be recorded in a duplicate receipt book. One copy will be provided to the payee submitting the cash and the other will be forwarded to the Finance Department person responsible for accounts receivable.
- e. All cash received will be stored in Glooscap First Nation’s safe or locked cabinet until it can be deposited in a financial institution account. Access to the secure storage should be limited to the employee responsible for making deposits.
- f. Cash will be deposited once the total amount received reaches \$10,000.00 or on a weekly basis, whichever occurs first.
- g. A list of anticipated ongoing deposits will be maintained and reviewed on a monthly basis. Any expected deposits that have not been deposited in the financial institution account(s) will be reported by the accountant to the Director of Finance immediately.

### (3) Petty Cash

- a. A limited number of petty cash accounts as determined by the Director of Finance and based on business needs will be created to pay for small items when payment by cheque is not practical or possible; however, every effort will be made to pay by cheque or electronic transfer. Petty cash will be managed as follows:
  - i. The creation of a petty cash account must be approved by the Director of Finance;
  - ii. The total amount of the fund will not exceed \$200.00;
  - iii. The maximum transaction that can be paid using petty cash will not exceed \$50.00;
  - iv. The person responsible for the security of the fund will maintain an activity log, supporting documentation, and reconciliation;
  - v. Petty cash reconciliations will occur monthly;
  - vi. Petty cash funds and supporting documentation (vouchers, receipts) must be kept in a safe location (locked drawer or safe); and
  - vii. Accounts payable will replenish the petty cash fund only with complete documentation and a completed petty cash fund reconciliation.

### (4) Cheque Stock

- a. All blank cheque stock will be stored in a locked cabinet or safe with controlled or limited access.
- b. Cheque stock should be sequentially pre-numbered.
- c. No accounts payable 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 then print and sign cheques. At minimum, this process requires at least two individuals to ensure a minimum segregation of duties.
- e. Any signed blank cheques will be stored in a locked cabinet with access by only the Senior Finance Officer and the Director of Administration.
- f. Signature plates and signature stamps shall be stored in a locked cabinet or safe at all times other than when printing cheques.

### (5) Credit Lines

- a. The Senior Finance Officer will authorize the draw down on any line of credit or overdraft facilities with notice to Council.

### (6) Opening a Financial Institution Account

- a. A written request to open a new financial institution account must be reviewed and approved by the Director of Finance and must include the purpose of the account.



- b. Once the financial institution account has been approved, the Director of Finance or designate prepares an account inventory form, which includes the following elements:
  - i. Name of account;
  - ii. Instructions regarding purpose of account;
  - iii. Names of signatories and authority limits;
  - iv. Address where all statements and correspondence is to be sent; and
  - v. The contact person or department at the financial institution.
- c. The account establishment letter must be signed by any two of the following: The Director of Administration, the Senior Finance Officer 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 Director of Finance notifies the appropriate Finance Department personnel to activate the account in the general ledger.

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

- a. A written request to close a financial institution account must be reviewed and approved by the Director of Finance.
- 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 Glooscap First Nation.
- d. Once the financial institution account has been closed, the Director of Finance notifies the appropriate Finance Department personnel to deactivate the account in the general ledger.

#### (8) Account Reconciliation

- a. Each of Glooscap First Nation'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 six months will be investigated with the employee responsible for preparing cheques (i.e. Accounts Payable) to determine whether the cheques remain valid or if they should be stale-dated;
  - ii. In transit deposits will be investigated immediately if not cleared by the financial institution within one week; and
  - iii. Unusual, or unresolved entries that carry over for more than one month, will be reported to the Director of Finance.
- d. The employee preparing the reconciliation will sign it as evidence that the reconciliation is complete and that they have carried out their duties as described in this policy.

#### (9) Independent Review

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

#### (10) Irregularities

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

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

- (1) FMB's Financial Management System Standards

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

**G. Appendices**

- (1) Appendix I – Glooscap First Nation Financial Institutional Accounts Tracking Sheet

## **5. Procurement**

### **A. Policy**

The procurement of goods, services and assets will be conducted with sufficient due diligence to demonstrate transparency, fairness, quality, and value for money in meeting Glooscap First Nation's requirements.

### **B. Purpose**

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

### **C. Scope**

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

### **D. Responsibilities**

- (1) The Council is responsible for:
  - a. Approving policies and procedures that ensure effective control of procurement of goods, services and assets through documented policies and procedures.
- (2) The Director of Administration 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.
- (3) The Director of Finance is responsible for:
  - a. Developing, documenting and maintaining policies and procedures relating to the procurement process for goods, services, and assets.
  - b. Assisting in the selection, evaluation, and monitoring of contractors and suppliers when required or requested by the Director of Administration or Council.
  - c. Managing and monitoring expenditures and identifying and reporting on budget variances.
  - d. Ensuring that procurement employee receives appropriate guidance and assistance in the performance of their duties.

### **E. Procedures**

- (1) Procurement of Low Value Items, Goods and Services
  - a. Goods and services under the 'low' value threshold (under \$5,000.00) can be procured by the individuals noted in Appendix J (Glooscap First Nation Purchasing Approval Limits) for each threshold of value.

- b. The responsible employee noted in Appendix J will ensure that the goods or service selected is the best value for First Nation.
- c. The responsible employee noted in Appendix J will sign the invoice indicating that the goods or services have been received under the terms in the agreement between Glooscap First Nation and the vendor.

(2) Procurement of Moderate Value Goods and Services

- a. Moderate value threshold of \$5,000.00 to a limited of \$75,000.00 with signing authorities and approvals set in Appendix J.
- b. The responsible employee noted in Appendix J will perform a documented analysis of the costs and benefits of at least three options to procure the good or service.
- c. Where practical, informal quotes will be obtained through advertisements, direct solicitations to contractors/suppliers and other methods in an effort to compare prices and select the best option for Glooscap First Nation.
- d. When appropriate, Glooscap First Nation will promote the use of local content in the procurement of goods and services in accordance with Appendix K. (Local Content Considerations)

(3) Procurement of High Value Goods and Services

- a. Goods and services classified as high value according to Appendix J will be procured using a competitive tendering process.
- b. When appropriate, Glooscap First Nation will promote the use of local content in the procurement of goods and services in accordance with Appendix K.
- c. Under a competitive tendering process, Glooscap First Nation must use either an Invited Tender or an open tender to award a contract.
- d. For each tendering process an 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 Glooscap First Nation with the right to pick any proposal or none; and
  - 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 Glooscap First Nation.
- e. The Director of Administration and any required employee 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.
- f. To maintain consistency in the procurement process, a standard methodology will be used to evaluate each contractor/supplier (Appendix M – Contract/Supplier Evaluation Template). 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 Glooscap First Nation.
- g. Other requirements will be added to the methodology as deemed necessary by the Director of Administration.
- h. 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; and
  - iii. In an emergency situation where a delay in procuring the good or service would result in severe loss or damage to Glooscap First Nation.
- i. Any exceptions to the procurement process will be documented to demonstrate the rationale and approval of a non-standard procurement process.
- (4) Approval, Initiation and Monitoring
- a. Approval of procurement decisions should be documented on the relevant purchasing document (i.e. Requisition, purchase order, or contract, depending on the nature of the procurement activity).

- b. Once approved, the Director of Finance will ensure that an Encumbrance Accounting system is in place for each procurement activity over \$50,000.00 and for each contracted procurement so that money is set aside and used specifically for those goods or services.
- c. On a monthly basis, the Director of Finance will review the status of procurement encumbrances, noting and investigating any over budget commitments. Procurement activities over budget by 15% will be reported to the Director of Administration.
- d. At each Finance, Audit and Risk Committee the Director of Administration will report on the status of a capital project including a comparison of expenditures to date with the project budget and a detailed description of any identified legal, financial, technical, scheduling or other problems and the manner in which it has been or will be addressed.

(5) Documentation Requirements

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

(6) Monitoring of Contractors/Suppliers

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

(7) Encouraging New Contractors/Suppliers

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

**F. References and Related Authorities**

(1) FMB's Financial Management System Standards

- a. Standard 18.6 - Procurement
- b. Standard 18.7 - Procurement of suppliers

- c. Standard 24.5 - Contract and tendering requirements
- (2) FMB's Financial Administration Law Standards
  - a. Standard 8.3 - Policies, Procedures and Directions
  - b. Standard 16.2.1 - Expenditure Controls
  - c. Standard 22.5 - Contracts and tendering provisions

## **G. Appendices**

- (1) Appendix J – Glooscap First Nation Purchasing Approval Limits
- (2) Appendix K – Glooscap First Nation Local Content Considerations
- (3) Appendix L – Glooscap First Nation Request for Proposals Template
- (4) Appendix M – Glooscap First Nation Contractor/Supplier Evaluation Template
- (5) Appendix N – Glooscap First Nation Sole Source Reasoning Form



## 6. Expenditures

### A. Purpose

Expenditures paid to suppliers or reimbursed to Councillors and First Nation employees will be in support of valid First Nation activities, duly authorized, accurately recorded in the financial system and sufficiently supported through original documentation.

### B. Purpose

The purpose of the policy is to ensure that all expenditures from First Nation's funds are in support of valid First Nation programs and activities and that processing of payments are subject to proper approvals and budgetary controls.

### C. Scope

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

### D. Responsibilities

- (1) The individuals listed in the Delegation Table (Appendix B of the Glooscap First Nation Governance Policy) are responsible for:
  - a. Before approving an expenditure, ensuring that it is permitted under the current First Nation annual budget and as required in the Financial Administration Law.
  - b. Reviewing reimbursable expenditure claims to ensure that the requirements of this policy have been met before approving for payment.
  - c. Approving expenditures per the Governance Policy Section 3: Delegated/Assigned Responsibilities Policy.
- (2) The employees assigned responsibility for paying accounts will:
  - a. Ensure that all expenditures have the required approvals per this policy and the Delegated/Assigned Responsibilities Policy before processing for payment.
  - b. Ensure that all required documentation accompanies each payment and is retained in the financial records of Glooscap First Nation in accordance with the Glooscap First Nation Information Management and Privacy Policy.
- (3) Employees, committees and Council members are responsible for:
  - a. Ensuring that all reimbursable expenditures claimed are in accordance with this policy.
  - b. Preparing a reimbursable expenditure claim that includes all required documentation.
  - c. Seeking approval from the Director of Administration for items that are not addressed in this policy before proceeding.

(4) The Director of Administration 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 Financial Administration Law.
- b. Approving expenditures for emergency purpose that was not anticipated in the budget if the expenditure is not expressly prohibited by or under the Financial Administration Law or another First Nation law.

## **E. Procedures**

(1) General and Operational Expenditures

- a. All purchases of goods or services will be made in accordance with the Procurement Policy and procedures and the Governance Policy, Section 3: Delegated/Assigned Responsibilities.
- b. In emergency situations, the Director of Administration 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/Assigned Responsibilities policy and procedure. The rationale for the purchases must be documented by the Director of Administration (completion of Appendix N: Sole Source Reasoning Form is necessary) and the purchases must be reported immediately to the Finance, Audit and Risk Committee and to Council. If possible, the payment of the purchases should be in accordance with the Procurement Policy and procedures and the Delegated/Assigned Responsibilities Policy.
- c. Receiving documents will be reviewed and initialed by the individual receiving the goods that all goods on the document have in fact been received in satisfactory condition, and that any goods not received are clearly identified as such. The receiving documentation should be forwarded with the requisition for payment to the employee responsible for accounts payable.
- d. If goods are received without receiving documents, the employee receiving those goods is to create a receiving slip noting what goods were received, date of receipt, delivery agent, First Nation contact person (normally the person who initiated the expenditure), and the supplier. The receiving document will be initialed by the delivery agent and the employee receiving the goods, and then forwarded with the requisition for payment to the employee responsible for accounts payable.
- e. All requests for payments for performance of work or services or supply of good must be initiated through a requisition for payment that includes a statement certifying that:
  - i. The work or services have been performed or the goods supplied, any conditions in an agreement respecting the work, services or goods have been met and the price charged or amount to be paid is in accordance with an agreement or, if not specified by an agreement, is reasonable; or

- ii. If payment is to be made before completion of the work or services, delivery of the goods or satisfaction of any conditions in an agreement, the payment is in accordance with the agreement.
- f. All Requisitions for payment must identify 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.

## (2) Payroll

- a. Employee payroll will be paid on a bi-weekly basis.
- b. Hourly employees will record their time daily and submit timesheets on a bi-weekly basis to their immediate supervisor for review. Both the employee and supervisor will sign and date the time sheet to demonstrate its accuracy and approval for payment.
- c. Salaried employees will submit any adjustments for vacation, sick or other types of leave to the individual responsible for payroll with approval from their immediate supervisor.
- d. Based on the bi-weekly timesheets for hourly employees and any adjustments required from the salaried employees, a payroll authorization sheet will be created listing all payment amounts and deductions for the previous two-week period. The payroll authorization report will then be authorized (through signature and date) by the Director of Finance.
- e. Payroll reconciliations will be performed by an individual independent of the payroll process on a monthly basis. The reconciliation will compare the payroll authorization report, input instructions to the payroll service provider, financial institution account statement and the general ledger payroll accounts. Any irregularities will be reported to the Director of Administration.

## (3) Reimbursable Expenditures

- a. Employees will clearly demonstrate and document that all amounts they are claiming for reimbursement were directly related to authorized activities performed on behalf of Glooscap First Nation.
- b. Expenses reimbursed by hosts or other third-party funding arrangements must not be claimed. Declaration of such third-party reimbursements must be made in accordance with Glooscap First Nation's Conflict of Interest policy.
- c. Travel authorization: Prior to travel, employees will submit a request to their immediate supervisor stating the purpose, dates, and estimated costs for the proposed travel. The

immediate supervisor will review it to ensure the proposed travel is in support of official First Nation business and that there is sufficient budget available.

- d. An employee is deemed to be on official “travel status” for an approved trip for the period when an employee departs their residence or office until he or she returns to their residence or office.
- e. Travel expenditures eligible for reimbursement include:

Transport

- i. Commercial transport will be the preferred method of travel outside of the Maritime provinces. For each type of travel, the lowest price alternative will be purchased.
- ii. The standard class for rail or air travel will be economy or the equivalent.
- iii. The standard car rental vehicle class will be mid-size. Gas purchases and full vehicle insurance will be reimbursed for rental cars.
- iv. Business class travel will be permitted only in exceptional circumstances and must be authorized by the Director of Administration before booking. If travel is for the Director of Administration, the Chair of the Finance, Audit and Risk Committee must authorize business class travel. In each case, the pre-authorization will be attached to the reimbursable expense claim for payment.

Private Vehicles

- v. Private vehicle mileage will be reimbursed at a rate of \$0.50 per kilometer. All other non-business related vehicle costs are the responsibility of the individual.
- vi. 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. Glooscap First Nation will not be held responsible for any claims, accidents or damage to a private vehicle.
- vii. The lowest cost hotel option will be selected. The standard for accommodation is a single room, in a safe environment, conveniently located and comfortably equipped.

Per Diems and Incidentals

- viii. A maximum per diem amount of \$99.50 will be reimbursed for each day on Approved Travel Status on behalf of Glooscap First Nation to cover meal expenses and incidentals. Per diems may be claimed according to the following table:

Breakfast	\$18.00
Lunch	\$19.20
Dinner	\$45.00

Incidentals	\$17.30
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- ix. Meals will only be reimbursed for those incurred during Approved Travel Status. (i.e. if an individual begins travelling on behalf of Glooscap First Nation at 4pm, the individual is only eligible for the 'Dinner' meal allowance on that day)
- x. 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.
- xi. Incidentals can only be claimed for each night away on travel status. Part days on travel status will not be eligible for incidentals.
- xii. The purpose of the daily 'incidentals' amount is to cover general expenses during official travel. This amount covers items such as: dry cleaning, personal phone calls, and other personal expenses incurred while on travel status.
- xiii. Receipts are not required for meals when per diems are claimed or for items that fall under 'incidentals'.

Other Travel Expenses

- xiv. Other travel and business-related expenses that are directly attributable to travelling or business on Glooscap First Nation's behalf will be reimbursed, including internet access, business long-distance phone calls, parking, airport taxes, tolls, taxi fares, and public transit fares. Any other travel or business-related expense will only be reimbursed with the approval of the claimant's immediate supervisor (for the Director of Administration a member of Council will approve, for Council members, the Chair of the Finance, Audit and Risk Committee will approve).

(4) Meals and Entertainment (Hospitality)

- a. The only individuals that are entitled to a hospitality budget are the following: The Councillors, the Director of Administration, and individuals directly approved by Council through a motion and approval of Council.
- b. Pre-approval will be obtained for any meals/expenses that are over the limits listed in the Per Diem and Incidentals Section of this policy.
- c. For meals and entertainment expenses, the individual requesting reimbursement must clearly document the purpose of the meal/event, objectives, and individuals (name, position, organization) that are in attendance. Documentation will be included on a memo attached to the expense report.
- d. Hospitality funds are available for official First Nation 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. However, small tokens of a nominal value (Under \$50.00) may be given to key contacts; and
- iii. Alcohol must not be purchased using hospitality funds.
- e. Hospitality expenses must include original supporting documentation demonstrating the goods or service received (original itemized receipts or invoices) and proof of payment.

(5) Memberships

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

(6) Other

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

(7) Expenditure Reporting and Documentation

- a. For general and operational expenditures, the following should be submitted to the Finance Department for payment:
  - i. Original contract/agreement (if applicable);
  - ii. Original invoice;
  - iii. Purchase order (if applicable);
  - iv. Receiving documents / packing slips;
  - v. For payroll: payroll authorization form, timesheets, and salaried employee adjustments; and
  - vi. Requisition for payment that has signed approval according to the Delegated/Assigned Authorities Policy and the Financial Administration Law.
- b. Reimbursable expense claims must be complete, sufficiently supported, and recorded on the prescribed expense claim form. Before submitting expenses to the Finance Department for approval and payment, the employee will ensure that they have prepared a complete claim that includes:
  - i. The employee's signature and date signed, acknowledging that all amounts claimed are accurate and in support of First Nation official business;

- ii. Original receipts for all amounts claimed. Depending on the nature of the claim, these can include:
  - a) Invoices;
  - b) Itineraries for air/train travel;
  - c) Itemized restaurant bills (where per diems do not apply);
  - d) Support for any exchange rates used in the expense claim. Sufficient support includes receipts from exchange bureaus for money exchanged or credit card bills showing the exchange rate received. When neither is available, the Bank of Canada official rate shall be used;
  - e) Signed travel authorization from the employee's manager (for the Director of Administration a member of Council will approve, for Council members the Chair of the Finance, Audit and Risk Committee will approve);
  - f) If applicable, a signed pre-authorization supporting business class travel; and
  - g) Proof of payment for items claimed, which includes credit card or debit receipts.
- c. Credit card receipts alone are not sufficient, the original itemized receipt or invoice from the supplier must be included in every reimbursement or expense claim.
- d. For all expenditures, claims with the appropriate support as described in section (7) b. above must be submitted to the Finance Department within 30 days of the expense being incurred.

#### (8) Approval for Payment

- a. No money may be paid out of any account without a Requisition for payment.
- b. In addition to the steps below, the tax administrator must authorize payment out of a local revenue account.
- c. Invoices received must be immediately forwarded to the Finance Department with a requisition for payment who will then process them to:
  - i. Match with the purchase order and the receiving document;
  - ii. Ensure that all required documentation has been submitted to support payment;
  - iii. Verify mathematical accuracy;
  - iv. Ensure that any taxes are correctly calculated and processed if applicable for tax exemption claims;
  - v. Confirm that funds are available to pay the invoice; and
  - vi. Identify and note the authorized general ledger account coding.

- d. Invoices for goods or services that have not been ordered through a purchase order or contracting process, will be approved for payment by the manager of the employee (for the Director of Administration a member of Council will approve, for Council members the Chair of the Finance, Audit and Risk Committee will approve) who initiated the purchase.  
Approval for payment will
  - i. Be evidenced by a dated signature or initials on the invoice,
  - ii. Attest that the good or service has been received in accordance with the terms and conditions of the purchase, and that the invoiced amount is accurate mathematically and also for any taxes calculation, and
  - iii. Identify and note the authorized general ledger account coding.
- e. The individual that approves the expenditure cannot be the same individual who approves the requisition for payment.
- f. Reimbursable expense claims will be reviewed by the Finance Department 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.
- g. Any exceptions to the above will require authorization from the Director of Finance for payment.
- h. The Senior Finance Officer will enter invoices and reimbursable expense claims into the general ledger for payment only when they have been appropriately processed and approved according to this policy and procedure and the Financial Administration Law.
- i. 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.
- j. Claims that do not meet the requirements outlined in this policy will be denied reimbursement.

#### (9) Payments

- a. Accounts payable will be paid within thirty (30) days of the receipt of an invoice or reimbursable expense claim, with the exception of those invoices or expense claims which require management approval.
- b. Accounting will prepare cheques every Tuesday.



- c. The payments package will be provided to two authorized signatories, and will be accompanied by
  - i. A listing of all payments prepared noting the payee, amount, and payment date;
  - ii. Supporting documentation for each payment (e.g. cheque, transfer) including:
    - a) Approved invoices, expense claims, purchase orders, and receiving documents; and
    - b) Evidence that the Finance Department has completed the processing of the payment, including account coding.
- d. Payments will be initiated / distributed by the Finance Department immediately upon receipt of the signed payments from two authorized signatories.
- e. All documentation supporting payment will be retained in accordance with the Glooscap First Nation Records and Information Policy. (See Glooscap First Nation Information Management Policy) This will include purchase orders, invoices, contracts, packing slips, reimbursable expense claims with receipts, etc.
- f. Accounts Payable employees will notify the Director of Finance immediately of any instances of
  - i. Non-compliance with policy requirements that cannot be resolved; and
  - ii. Suspected fraud.

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

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

## **G. Appendices**

- (1) Appendix O – Glooscap First Nation Receiving Slip for Non-Documented Purchases
- (2) Appendix P – Glooscap First Nation Hospitality Reimbursement Form

## 7. Long-Term Debt

### A. Policy

All proposals for funding through long-term debt obligations will be submitted to the Finance, Audit and Risk Committee for review and recommendation and to Council for review and approval and will be supported by a financing proposal. Long-term debt obligations will be recorded, monitored, reconciled and reported to Council quarterly through the Finance, Audit and Risk Committee and any exceptions or issues identified and resolved.

### B. Purpose

The purpose of this policy is to establish an effective and accountable borrowing framework for Glooscap First Nation.

### C. Scope

This policy applies to the Director of Administration, Director of Finance, Tax Administrator, Finance, Audit and Risk Committee, Council, and those persons with the authority to recommend or approve long-term debt.

### D. Responsibilities

- (1) Council is responsible for:
  - a. Reviewing and approving any proposed long-term debt financing, including the terms and conditions, recommended by the Finance, Audit and Risk Committee.
- (2) The Finance, Audit and Risk Committee is responsible for:
  - a. Reviewing any long-term debt financing proposal report presented by the Director of Administration and Director of Finance and recommending a course of action to Council.
  - b. Monitoring borrowings, loans and payments in respect of each capital project.
- (3) The Director of Administration is responsible for:
  - a. Reviewing any long-term debt financing proposal report prepared by the Director of Finance and recommending a course of action to the Finance, Audit and Risk Committee.
- (4) The Director of Finance (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 Director of Administration 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.
  - c. Reporting and disclosing the long-term debt obligations in the financial statements in accordance with PSAS, the Financial Administration Law and any agreements under which the long-term debt obligations were incurred.

## E. Procedures

### (1) Determination of Need and Evaluation of Options

- a. The Director of Administration and Director of Finance will document the requirement for Glooscap First Nation to incur a long-term debt obligation by examining the strategic plans, multi-year financial plan, annual budget, current financial situation, and any planned activities requiring funding. Once the need and amount of funding required is determined, the Director of Finance will work with the Director of Administration to outline the various financing options available to Glooscap First Nation.
- b. The Director of Finance (and members of the finance team under the supervision of the Director of Finance as appropriate) will prepare a long-term debt financing proposal report which includes the following:
  - i. Need for financing and alternatives considered;
  - ii. Evaluation of available financing options;
  - iii. Recommended financing option;
  - iv. Proposed security for the financing option;
  - v. The purpose, use and application of funds;
  - vi. Description of re-payment plans based on cash flow analysis;
  - vii. Linkage to Glooscap First Nation integrated planning process, including the strategic plan, multi-year financial plan, annual budget, and cash flow statements;
  - viii. Identification of any provisions in the Financial Administration Law or in any other applicable law that limits debt which can be incurred by Glooscap First Nation or that imposes requirements or conditions which must be met before debt may be incurred; and
  - ix. Requirement for consultation with members of Glooscap First Nation before any capital project-related debt is incurred by Glooscap First Nation.
- c. The Director of Finance 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 Glooscap First Nation;
  - iii. Level of risk involved (i.e. covenant risks, refinancing, earnings dilution, interest rate risk, project completion risk);
  - iv. Glooscap First Nation's ability to service the long-term debt and repayment schedules;

- v. An analysis of the terms and conditions and how these would impact Glooscap First Nation; and
- vi. Any financial reporting implications.
- d. The Director of Administration will review and approve the content of the long-term debt financing proposal report prepared by the Director of Finance, including a recommended course of action to the Finance, Audit and Risk Committee.
- e. The Director of Administration may obtain concurrence from legal counsel on the long-term debt financing proposal.

## (2) Approval

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

## (3) Management and Monitoring of Debt Obligations

- a. The Council will manage and monitor the long-term debt obligation by:
  - i. Ensuring the multi-year financial plan of Glooscap First Nation 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 Glooscap First Nation; and
  - iii. Ensuring that any financial covenants contained in lending agreements are reported upon to the appropriate stakeholders in a timely manner.
- b. The Director of Finance will manage and monitor the long-term debt obligation by:
  - i. Ensuring that timely payments are made according to the terms and conditions/repayment schedule of the long-term debt obligation;
  - ii. Performing [monthly/quarterly] reconciliations between Glooscap First Nation's financial records and statements from the lender; and
  - iii. Calculating any financial covenants contained in lending agreements and evaluating whether compliance with the terms of the covenants have been met.

#### (4) Reporting

- a. The Director of Finance will ensure that the long-term debt obligation is reported to the Finance, Audit and Risk Committee on a quarterly basis in the financial statements in accordance with PSAS and any requirements of the Financial Administration Law. The report will include a summary for each long-term debt obligation including:
  - i. The gross amount outstanding;
  - ii. The amounts issued specifically by Glooscap First Nation 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.

#### (5) Records Management

- a. The Director of Finance 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; and
  - vii. Reconciliations of the long-term debt with lender records.

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

#### (1) FMB's Financial Management System Standards

- a. Standard 18.5 - Debt

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

- a. Standard 16.3 - Borrowing

## **G. Appendices**

(1) Appendix Q – Glooscap First Nation Long Term Debt Financing Proposal

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

### **A. Policy**

Glooscap First Nation 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, Audit and Risk Committee on a regular basis. Any loans receivable entered into between Glooscap First Nation and a First Nation member or an entity in which a member of Glooscap First Nation has an interest must be part of a loans receivable program approved by Council which is universally available to all members in a fair and transparent manner and in accordance with published terms and conditions which are accessible to all members.

### **B. Purpose**

The purpose of this policy is to provide Glooscap First Nation with an effective and transparent process for the approval, collection and documentation of loans receivable, loan guarantees and indemnities given by Glooscap First Nation as authorized in its Financial Administration Law.

### **C. Scope**

This policy and procedure applies to loans receivable, Loan Guarantees and/or indemnities entered into between Glooscap First Nation and:

- A Councillor;
- A Finance, Audit and Risk Committee member;
- An employee of Glooscap First Nation;
- A First Nation member or entity in which a First Nation member has an interest; and
- Any other third party whether an individual or business entity including government business enterprises.

### **D. Responsibilities**

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

- a. Approving and signing Loan Receivable Agreements for amounts up to \$5000.00.
- b. Approving and signing Loan Guarantee Agreements for amounts up to \$5000.00.
- c. Approving and signing Indemnity Agreements following a risk assessment in accordance with Appendix W of this policy. Following the completion of a risk assessment, Council will motion in a duly convened Council meeting where Council acknowledges and accepts any risks identified.
- d. Approving debt forgiveness for amounts exceeding \$500.00.
- e. 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 Glooscap First Nation has an

interest or any other party with respect to loans receivable, loan guarantees and indemnities.

- f. Reviewing the report of the Director of Finance and the Finance, Audit and Risk Committee for a lending program to members where such program is authorized in the Financial Administration Law and, where appropriate, approving such program.

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

- a. Reviewing a report made by the Director of Finance respecting a lending program to members and making any recommendations to Council.
- b. Monitoring the status of First Nation'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.

(3) The Director of Administration is responsible for:

- a. Approving employee payroll and employee expense advances up to \$1000.00.
- b. Ensuring the lending, loan guarantee and indemnity process is transparent by providing Glooscap First Nation 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) The Director of Finance is responsible for:

- a. Reporting to the Council, any risks associated with entering into a new program of loans to be made to members or entities in which members have an interest and the costs of administering such a program.
- b. 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, Audit and Risk Committee.
- 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, Audit and Risk Committee and accurately recorded and disclosed in the financial records and statements.
- f. Ensuring adequate supporting documentation is retained for all loan's receivable, Loan Guarantees and indemnities.
- g. On an annual basis, preparing a report for the Finance, Audit and Risk Committee setting out all payments made to honour Glooscap First Nation's Loan Guarantees and indemnities.
- h. On an annual basis, preparing a report for the Finance, Audit and Risk Committee setting out all loans or obligations forgiven by Glooscap First Nation.

## **E. Procedures**

### **(1) Requirements**

- a. Subject to the Financial Administration Law, any authorized loans receivable issued by Glooscap First Nation 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 benefit of Glooscap First Nation as a whole;
  - iv. The principle amount must not exceed \$5,000.00. All loans receivable will be approved 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 Glooscap First Nation.
  - v. There will be no interest charged.
  - vi. A binding legal written agreement will be made between Glooscap First Nation 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 Glooscap First Nation. 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 Glooscap First Nation or provided as loan collateral;
  - d) Interest (if applicable); and
  - 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 certain circumstances where the Council is satisfied that there is a low risk to Glooscap First Nation. These circumstances are considered by Council on a case by case basis:
  - i. The amount of the Loan Guarantee must not exceed \$5000.00. Loan Guarantees will be approved by Council upon consideration of the report of the Director of Finance. Approval will be enacted by signing the agreement with the individual 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 Glooscap First Nation;
  - ii. The report from the Director of Finance must identify any risks associated with giving the Loan Guarantee, evaluate the likelihood of having to honour and make payments under the guarantee, describe information collected and any judgments or estimates used to make this evaluation and assess the financial ability of Glooscap First Nation to honour the Loan Guarantee should it be required to do so;
  - iii. A binding legal agreement will be made between Glooscap First Nation 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 Glooscap First Nation. 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. Glooscap First Nation will obtain a copy of the legal [asset purchase / lease] [investment] agreement requiring the issuance of a Loan Guarantee and retain on file with the Loan Guarantee agreement;

- c. 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 Glooscap First Nation in accordance with the current expense policy. Amounts up to \$1000.00 require Director of Administration approval and amounts over \$1000.00 require approval of Council; and
- d. Standard agreement clauses for loans, Loan Guarantees, and indemnities (including interest provisions) will be reviewed and reported on by the Finance, Audit and Risk Committee and approved by Council as necessary and at least annually. Any deviations from the standard agreement clauses require Council approval and consultation with legal counsel.

(2) Leases

- a. Glooscap First Nation 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 Glooscap First Nation enters into a lease agreement, provided that the amounts payable under the lease are within the budget for the related program or department.
- c. Lease agreements respecting Glooscap First Nation must be made in accordance with the land code or applicable land management laws and policies.

(3) Accessibility

- a. Subject to the Financial Administration Law, all members must be able obtain a loan from Glooscap First Nation subject to any conditions outlined in this policy.
- b. The Director of Administration 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.

(4) Collection

- a. On a monthly basis, the Director of Finance 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 Glooscap First Nation. 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 Director of Finance will determine whether the loan should be considered impaired and written off or sent to an external collection's agency. The Director of Finance (or delegate) will inform the individual in writing and by phone that the payments in arrears have been transferred to an external agency for collection;
- iv. Any additional financing arrangements or amendments to existing loan agreements to improve the likelihood of repayment between Glooscap First Nation and an individual with payments in arrears will be determined by the Director of Finance and approved by the Director of Administration;
- v. Any individual who does not meet the repayment obligations under the loan will not receive any community provided funds (with the exception of social services and health funding) until the loan is paid in full. This includes funding to attend community meetings, gaming profit shares etc.; and
- vi. Any employee or Council member who have outstanding balances under this policy will have the funds deducted off their pay in amounts set out by the Senior Finance Officer and will not place an undue hardship on the employee or member of Council.

#### (5) Debt Forgiveness

- a. All reasonable steps should be taken to attempt to collect the outstanding balance. However, when it becomes evident that Glooscap First Nation will be unable to collect the outstanding balance, a report should be compiled by the Director of Finance and approved by the Director of Administration 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; and
  - iv. Rationale for debt forgiveness.
- b. For amounts up to and including \$1000.00, the Director of Administration has authority to approve a debt forgiveness based on the Director of Finance's report and recommendations. Amounts over \$1000.00 require review and recommendation by the Finance, Audit and Risk Committee and approval by Council.
- c. An official letter from Council will be sent to the individual in arrears outlining the history of the loan, attempts to collect and any measure the Council has deemed necessary to ensure that the individual does not put the financial integrity of the band at risk in the future, up to and including refusal to provide any loans in the future.

(6) Write-offs

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

(7) Monitoring and Reporting

- a. All loans, loan guarantees, and indemnities will be reported annually to the Finance, Audit and Risk Committee. 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; and
  - ix. Any expected payments required as a result of Glooscap First Nation having to fulfill or honour a guarantee or indemnity agreement based on the Director of Finance's knowledge of the contracts in place and changes in their underlying financial condition.

(8) Record Keeping

- a. All agreements and payment records associated with loans, loan guarantees and indemnities will be stored in Glooscap First Nation'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.

**F. References and Related Authorities**

(1) FMB's Financial Management System Standards

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

(2) FMB's Financial Administration Law Standards

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

**G. Appendices**

- (1) Appendix R – Glooscap First Nation Loan Application Form
- (2) Appendix S – Glooscap First Nation Loan Agreement Template
- (3) Appendix T – Glooscap First Nation Annual Report on Loans to Members

## 9. Investments

### A. Policy

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

### B. Purpose

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

### C. Scope

This policy and procedure applies to Council, the Finance, Audit and Risk Committee, the Director of Administration and the Director of Finance.

### D. Responsibilities

(1) Council is responsible for:

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

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

- a. Providing Council with recommendations in relation to the funds to be invested.
- b. Monitoring performance.
- c. Making recommendations of the redemption of invested funds.

(3) The Director of Administration 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, Audit and Risk Committee, Investment Manager, Director of Finance, and Investment Consultants as required.

- d. Providing the Finance, Audit and Risk Committee with recommendations in relation to preliminary risk assessment of funds, selection / de-selection of the investment manager(s) and custodian, funds to be invested, monitoring performance, rebalancing portfolios, and the redemption of invested funds.
- (4) The Director of Finance is responsible for:
- a. Analysis of proposals received from Investment Managers and Custodians.
  - b. Performing a preliminary risk assessment analysis against criteria to be met prior to investing decisions are made by Council.
  - c. Overseeing rebalancing of the investment portfolios asset mix according to Council instructions.
  - d. Executing transfers of funds to / from the investment account(s) according to Council instructions.
  - e. Preparing an accounting for additions, withdrawals and balances in the investment account.
  - f. Maintaining a record of the amount of, and market value of, the asset classes and units held within the investment portfolio.
  - g. Preparation of a quarterly investment monitoring report including investment performance and a summary of professional advisory fees attributed to the management of the portfolio.
  - h. Recommending transfers, rebalancing, monitoring actions, Investment Manager changes, and any other recommendations relevant to the successful management of the investments.

## **E. Procedures**

- (1) Selection of Investment Manager(s) and Custodian
- a. Council will select the Investment Manager(s) and Custodian. The Director of Finance may review and analyze the proposals, or Council may engage an independent consultant to facilitate the selection process of Investment Manager(s) and Custodian.
    - i. Investment Manager(s) proposals will be analyzed using a number of criteria including: experience, qualifications, investment management style, costs, past performance, volatility of returns, and any other criteria identified by Council; and
    - ii. Custodian proposals will be analyzed based on experience, security, service and fees.
  - b. A Custodian agreement and Investment Management agreement(s) will be entered into by Glooscap First Nation. Agreements must be consistent with this policy and procedure and must facilitate execution of the short- and long-term investment strategies. The agreements must be entered into before any funds are transferred into the investment account(s).



## (2) Termination of Investment Manager(s)

- a. Council may terminate an Investment Management agreement for:
  - i. Performance results;
  - ii. Changes in Glooscap First Nation or its investment strategy which would no longer require the services of an Investment Manager;
  - iii. Changes in Investment Manager personnel, firm or ownership structure, investment philosophy, style or approach which might adversely affect the potential return and / or risk level; and
  - iv. Failure to adhere to this policy and procedure.

## (3) Designation and Transfers of Investment Funds

- a. The Director of Finance will notify Council in writing when there is Glooscap First Nation funds available for transfer to the investment account(s). The written notification must identify the source(s) of the available funds (i.e. government transfer, local revenues, or unrestricted) and whether they are to be invested according to the short-term or long-term strategy.
- b. Council must approve the transfer of funds to and from the investment account(s) and authorize the creation of a new investment account if required.
- c. The Director of Finance 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 Director of Finance will communicate and oversee approved requests to redeem investments and transfer the proceeds to Glooscap First Nation.

## (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 Glooscap First Nations 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 Glooscap First Nations Finance Authority or by a local, municipal or regional government in Canada;
- iv. Commercial paper issued by a Canadian company that is rated in the highest category by at least two (2) recognized security-rating institutions;
- v. Any 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 Glooscap First Nation is a shareholder;
- viii. A trust in which Glooscap First Nation is a beneficiary;
- ix. A limited partnership in which Glooscap First Nation is a partner; and
- x. Subject to the Financial Administration Law, a member investment program as described in Section 64 of the Law.

(5) Monitoring of Investments

- a. The Director of Finance will reconcile the investment and custodian accounts to the general ledger and financial statements in a timely manner (generally quarterly).
- b. The Director of Finance will recalculate the investment management and custodian fees charged to ensure they are consistent with the underlying contracts.
- c. The Director of Finance will prepare a quarterly monitoring report and provide that report to the Director of Administration. The report will summarize:
  - i. The performance of the investments under management to relevant benchmark(s);
  - ii. The weighting of the investment portfolio and comparison to the target portfolio asset allocation;
  - iii. Any relevant media or news articles about the Investment Manager and / or Custodian;
  - iv. Any ownership and / or staffing changes within the Investment Manager organization;
  - v. Any instances of non-compliance with the FSMA, the Financial Administration Law, or this policy and procedure; and
  - vi. Recommendations in relation to rebalancing of the portfolio and / or de-selection of the Investment Manager, or any other recommendation(s).
- d. The Director of Administration will review the report, add his / her recommendation(s), and provide the report to the Finance, Audit and Risk Committee.

- e. The Finance, Audit and Risk Committee will review the quarterly monitoring report, add their recommendation(s), and provide the report to Council.
  - f. The Council will review the quarterly monitoring report and accompanying recommendations and make any necessary decisions.
  - g. The Investment Manager will be required, at times, to attend a Council meeting and discuss investment performance, and changes in strategy, approach or personnel.
- (6) Re-balancing of the Investment Portfolio
- a. The Director of Administration and Director of Finance will transmit any rebalancing instructions to the Custodian and Investment Manager only if first approved by the Council.

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

- (1) FMB's Financial Administration System Standards
  - a. Standard 19.3 – Investments
- (2) FMB's Financial Administration Law Standards
  - a. Standard 17.3 – Investments

## **G. Appendices**

None

## **10. Tangible Capital Assets**

### **A. Policy**

Tangible Capital Assets will be managed using a life-cycle approach that effectively plans, manages, accounts for and disposes of assets according to Glooscap First Nation's asset strategy and that ensures assets are accurately reflected in Glooscap First Nation's financial statements.

### **B. Purpose**

The purpose of this policy is to provide guidance on the planning, management, and accounting treatments for Tangible Capital Assets over the entire asset life cycle.

### **C. Scope**

This policy applies to the Council, Finance, Audit and Risk Committees, Director of Administration, Director of Finance, and senior management of Glooscap First Nation, as well as any employees directly involved in capital asset management.

### **D. Responsibilities**

(1) Council is responsible for:

- a. Approving Capital Project Plans and tangible capital asset reserve fund transactions.
- b. Approving the establishment of a tangible capital asset reserve fund.
- c. Approving the establishment of Asset Recognition Criteria.
- d. Assigning responsibility for the development of the Tangible Capital Assets Register.
- e. Approving the Tangible Capital Assets Register.
- f. Approving policies and procedures for capital projects to address the issues identified in the Financial Administration Law for the proper management of capital projects.
- g. Approving procedures for the safeguarding of tangible capital assets.
- h. Ensuring capital project budgeting requirements are implemented.

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

- a. Reviewing on or before January 30 the financial information provided on the Life-Cycle Management Program by the Director of Finance.
- b. Reviewing and recommending to Council the annual budget for tangible capital assets.
- c. Reviewing and recommending to Council procedures for the safeguarding of assets.
- d. Reviewing status reports on the capital asset reserve fund and if necessary, making a recommendation to Council relative to the funding contribution.

- e. Monitoring at each meeting the status of all capital projects including borrowings, loans and payments for each project, comparison of expenditures to date with the project budget, details of identified problems with the project and how they will be addressed, and steps taken for each capital project to comply with Council policies for management of capital projects.
  - f. Reviewing the Director of Administration's recommendations on Asset Recognition Criteria and making remaining Useful Life, etc.).
  - g. Ensuring First Nation members are informed and involved in tangible capital asset projects and borrowings for construction as required in the Financial Administration Law.
  - h. Serving as a point of contact to retain capital project consultants to assist the Finance, Audit and Risk Committee and Council.
  - i. Reviewing any scheduled capital project plans including supplemental information and their budgets and developing recommendations for Council.
- (3) The Director of Finance is responsible for:
- a. The accurate and timely recording and reporting of tangible capital assets in the financial statements in accordance with PSAS.
  - b. Monitoring the application of this policy and updating the policy on a regular basis.
  - c. Preparing on or before December 31 of each year the financial information related to routine maintenance and rehabilitation or replacement of tangible capital assets as required in the Financial Administration Law and this policy.
  - d. Preparing the maintenance and quarterly reporting to the Finance and Audit Committee, or more frequently if necessary, on the status of the capital asset reserve fund.
  - e. Developing and recommending procedures for the safeguarding of assets and ensuring approved procedures are followed.
  - f. Developing the budget for capital project plans and annual capital plan.
- (4) The Director of Administration is responsible for:
- a. Developing the Life-Cycle Management Program in accordance with the requirements of this policy and the Financial Administration Law and making recommendations to the Finance, Audit and Risk Committee and Council on matters concerning the management of Glooscap First Nation's tangible capital assets.
  - b. Maintaining the Tangible Capital Assets Register as required in this policy and the Financial Administration Law, including arranging for an annual inspection to obtain updated information of each capital asset (e.g. physical condition, remaining useful life, etc.).
  - c. Assets in the financial statements in accordance with PSAS.
  - d. Monitoring the application of this policy and updating the policy on a regular basis.

- e. Preparing on or before January 31 of each year the financial information related to routine maintenance and rehabilitation or replacement of tangible capital assets as required in the Financial Administration Law and this policy.
- f. Monitoring the tangible capital asset protection insurance program and making recommendations to the Finance, Audit and Risk Committee in adequate time before each annual renewal, or sooner if circumstances warrant.
- g. Preparing the maintenance and quarterly reporting to the Finance, Audit and Risk Committee, or more frequently if necessary, on the status of the capital asset reserve fund.
- h. Developing and recommending procedures for the safeguarding of assets and ensuring approved procedures are followed.
- i. Developing, in cooperation with the Director of Finance, the budget for capital project plans and annual capital plan.

(5) Employees involved in the Life-Cycle Management Program are responsible for:

- a. Maintaining tangible capital asset information and implementing asset security and safeguarding measures as provided through the application of these policies and safeguarding procedures approved by Council.
- b. Recording and reporting periodic changes in tangible capital assets to the Director of Administration.
- c. Ensuring tangible capital assets are accurately tracked and inventoried using the pre-numbered asset control tagging system.

## **E. Procedures**

(1) Tangible Capital Asset Register

- a. A detailed Tangible Capital Asset Register is to be established, maintained and kept current by the Director of Administration (or assigned employee). The asset register will facilitate the Life-Cycle Management Program with maintenance, rehabilitation, and replacement activities as well as providing an accurate inventory of Tangible Capital Assets.
- b. The register will include the information required in the Financial Administration Law and, at a minimum, the following information:
  - i. Location and intended purpose of the asset;
  - ii. Ownership and restrictions over ownership (e.g. pledges or collateral agreements);
  - iii. Date of acquisition;
  - iv. Previous inspection date;
  - v. Original expected life of the asset at the time of acquisition;

- vi. Most recent assessment of the condition of the asset and its expected remaining Useful Life<sup>2</sup>;
  - vii. Original cost to acquire or develop the asset;
  - viii. Any costs capitalised subsequent to the initial acquisition or development of the asset (e.g. additions, betterments);
  - ix. 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 Glooscap First Nation);
  - x. Insurance coverage details for the asset; and
  - xi. Any other information required by the Council.
- c. An electronic 'asset notification' record will be prepared by the Finance Department from the accounting records when an asset is acquired that captures the key information required for the Tangible Capital Asset Register as described above.
  - d. An asset tracking (i.e. serial) number will be assigned to each of Glooscap First Nations tangible capital assets which is to be recorded in the Tangible Capital Asset Register and communicated to the department manager for which the management of the asset is assigned.
  - e. Department managers will be provided with an annual copy of the Tangible Capital Asset Register listing the assets assigned to their respective departments. It is the responsibility of the department manager to regularly report any changes (e.g. additions, disposals, indicators of impairment, changes to estimated Useful Life, etc.) that are to be made to the register to the Finance Department.
  - f. The Finance Department will regularly reconcile the general ledger to the Tangible Capital Asset Register. (Please see Appendix U)

## (2) Amortization / Depreciation

- a. A suitable method for amortizing (or depreciating) each category of tangible capital assets should be selected to form part of Glooscap First Nation's accounting policies.
  - i. Different methods of amortizing a tangible capital asset result in different patterns of cost recognition. The objective is to provide a systematic and rational basis for allocating the cost of a tangible capital asset, less any Residual Value, over its Useful Life. A straight-line method reflects a constant charge for the service as a function of time. A variable charge method reflects service as a function of usage. Other methods may be appropriate in certain situations.

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<sup>2</sup> The expected remaining Useful Life of each asset must be re-assessed at a minimum annually. Any changes to this estimate must be accounted for prospectively as a change in estimate.

- b. The cost, less any Residual Value, of a tangible capital asset with a limited life should be amortized over its Useful Life in a rational and systematic manner appropriate to its nature and use by Glooscap First Nation. Amortization (or depreciation) expense should be calculated and recorded on a monthly basis.
  - i. The amortization of the costs of tangible capital Assets should be accounted for as expenses in the statement of operations;
  - ii. Land normally has an unlimited life and would not be amortized;
  - iii. Where Glooscap First Nation expects the Residual Value of a tangible capital asset to be significant, it would be factored into the calculation of amortization; and
  - iv. The Useful Life of a tangible capital asset depends on its expected use by Glooscap First Nation. Factors to be considered in estimating the Useful Life of a tangible capital asset include:
    - a) Expected future usage;
    - b) Effects of technological obsolescence;
    - c) Expected wear and tear from use or the passage of time;
    - d) The maintenance program;
    - e) Studies of similar items retired; and
    - f) The condition of existing comparable items.
- c. The amortization method and estimate of the Useful Life of the remaining unamortized portion of a tangible capital asset should be reviewed on a regular basis and revised when the appropriateness of a change can be clearly demonstrated.

### (3) Annual Inspection and Review

- a. On or before November 30, the Director of Administration will initiate an annual inspection of Glooscap First Nation's capital asset inventory. Employees in the property management department will be assigned by the Director of Administration to complete the inspection under his/her supervision. Where appropriate or necessary the Director of Administration may choose to engage the services of an external specialist to assist in the valuation of certain specialised assets (e.g. land, buildings, etc.).
- b. Any changes necessary to the Tangible Capital Asset Register will be documented by the employee noting the changes and communicated to the Director of Administration for review and approval. Once reviewed and approved by the Director of Administration, the changes will be input in the tangible capital asset register by the employee responsible for the register.



- c. The Director of Administration will report to the Finance, Audit and Risk Committee on the outcome of the annual inspection and review of assets, noting any significant developments or findings.
- d. In the event that there is evidence of damage to or a loss of an asset identified during the inspection process or at any other time of the year, the Director of Administration will investigate the matter and initiate the insurance claim process if applicable. The Tangible Capital Asset Register will be updated based on this new information.
- e. When conditions indicate that a tangible capital asset no longer contributes to Glooscap First Nation'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; and
  - ii. A write-down should not be reversed.

#### (4) Safeguarding Assets

- a. The Director of Finance will ensure that there is a tagging or marking identification system in place for all tangible capital assets subject to the risk of theft (e.g. equipment, vehicles, furniture, etc.). Markers should include the date of purchase and an asset identification (reference) number that identifies the asset to be property of Glooscap First Nation.
- b. Physical security arrangements over capital assets will be reviewed annually by the Director of Finance and the results of this review will be reported to and reviewed by the Finance, Audit and Risk Committee with any recommendations to Council.
- c. Insurance coverage for tangible capital assets will be obtained and remain in force unless an asset is to be self-insured based on a risk management assessment that balances any potential loss with the cost of insurance, replacement value of items, etc. Insurance will be obtained in accordance with the Insurance Policy.

#### (5) Maintenance of Assets

- a. Employees in the Housing and Infrastructure department will provide the Director of Administration with a quarterly update on the condition of tangible capital assets over \$25,000.00 and preventative maintenance reports (including machine and vehicle logs) showing maintenance completed compared to scheduled maintenance. Explanations for deficiencies noted will be obtained and, where appropriate, shared with the Finance, Audit and Risk Committee.
- b. A list of any tangible capital assets identified as no longer in use will be prepared and reported to the Director of Administration. Steps will be taken to decommission and appropriately dispose of the assets in accordance with any applicable laws or regulations.
- c. All warranty and related work including inspections will be undertaken in a timely manner.

- d. The Director of Administration 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.
- e. The Director of Administration, with the assistance of employee in the Housing and Infrastructure Department, will ensure that appropriate employee training on the use of the particular tangible capital asset will be provided to ensure safety.
- f. For tangible capital assets over \$25,000.00, 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; and
  - iv. A forecast of the maintenance, repairs, betterment, and replacement costs over the course of the remaining Useful Life of the asset.
- g. The Department managers will retain a copy of the condition assessment(s) and will provide an electronic copy to the Finance Department.
- h. The Director of Administration will ensure the Tangible Capital Asset Register and accounting records are updated, and, in conjunction with the Director of Finance, will make recommendations to the Finance, Audit and Risk Committee for changes to the annual capital plan based on the results of the condition assessments performed for the year.

(6) Life Cycle Management Program

- a. Based on the information in the Tangible Capital Asset Register and consultations with the Director of Administration and property management employees, the Director of Finance will prepare the annual capital plan by December 31 of each year.
- b. The annual capital plan will include short and long-term forecasts for asset rehabilitation and/or replacement. The plan will include the information that the Director of Finance is required to prepare in the Financial Administration Law and, at a minimum, the following details:
  - i. A description of each asset to be replaced or refurbished;
  - ii. The rationale for the replacement or refurbishment;
  - iii. Estimated cost, including contingencies, of each proposed acquisition or refurbishment project;
  - iv. Estimated timeframe and schedule for completion of each asset acquisition or proposed refurbishment project; and

- v. Ongoing maintenance requirements and costs and the impact on Glooscap First Nation's budget.
- c. The Finance, Audit and Risk Committee will review the annual capital plan, in conjunction with the Tangible Capital Assets Register. The objective of this review is to:
  - i. Identify any means to reduce costs of each capital project;
  - ii. Understand the effect that each proposed capital project (rehabilitation, replacement) on the annual operating costs and routine maintenance costs in future years;
  - iii. Determine whether any significant savings might be affected by coordinating the scheduling of capital projects, deferring any projects, or carrying out rehabilitation projects rather than replacement projects.
- d. The Finance, Audit and Risk Committee will review by the annual capital plan by the end of January each fiscal year and report to Council on its findings and recommendations by mid-February for review and consideration of the annual budget for the upcoming fiscal year.

#### (7) Capital Projects

- a. The Director of Administration, with input from the Director of Finance, will develop an annual capital plan for all capital projects that exceed \$25,000.00 in cumulative value. The plan will include a business case for the capital project, that will contain, at a minimum, the following:
  - i. The financial viability of the project (i.e. how it will be financed, what the expected return on investment will be, etc.);
  - ii. Project operating requirements (e.g. annual operating and maintenance costs, cash flow considerations, etc.);
  - iii. Evaluation of all other options considered; and
  - iv. A project risk assessment.
- b. The annual capital plan will be integrated with Glooscap First Nation's strategic plan in accordance with the Integrated Planning Policy.
- c. The Director of Administration 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 Director of Administration.
- d. The Director of Finance will coordinate project costing, budgeting, financing and approval for each capital project in accordance with Council policies and procedures for management of capital projects.

- e. To coordinate project management of each capital project, an ad hoc working committee - project planning and implementation - *may be* established as necessary with the Director of Administration and Director of Finance as members.
- f. The annual capital plan and recommendations from the working committee will be provided to the Finance, Audit and Risk Committee. Scope adjustments, modifications and other significant adjustments made to the projects will be identified and a rationale provided.
- g. The Finance, Audit and Risk Committee will review the annual capital plan prior to the end of January each year and forward their recommendation to Council for approval.
- h. The Council must take reasonable steps to ensure that capital projects for construction of buildings or other improvements are financed, planned and constructed in accordance with 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 Glooscap First Nation's lands are located. The Director of Administration will report to the Finance, Audit and Risk Committee on steps taken to ensure these results are met for every capital project.

#### (8) Construction Management

- a. The Director of Administration 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 Director of Finance 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 Director of Finance will report to every meeting of the Finance, Audit and Risk Committee on each Capital Project respecting
  - i. Year to date borrowings, loans and payments;
  - ii. The status of the project including:
    - a) A comparison of the expenditures to date against the project budget;
    - b) A detailed description of any identified problems with the project; and
    - c) The manner in which a problem identified has been or will be addressed.
  - 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.

(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 U based on their nature, characteristics and Useful Life, shall be recorded in the accounts of Glooscap First Nation in accordance with this policy.

(10) Acquisition of Tangible Capital Assets

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

(11) Tangible Capital Asset Reserve Fund

- a. The Council will establish a Tangible Capital Asset Reserve Fund to be applied for the purposes of construction, acquisition, maintenance, rehabilitation and replacement of Glooscap First Nation's tangible capital assets.
- b. The Director of Finance and the Finance Department 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.
- d. Council must ensure, with advice from the Finance, Audit and Risk Committee, that a Tangible Capital Asset Reserve Fund is maintained. Council will ensure that a minimum of 1% of the total value of all tangible capital assets will be placed in the fund each year and will be accounted for in the budgeting process.

- e. Contributions are to be budgeted and made to the Tangible Capital Asset Reserve Fund on an annual basis based on the above minimum balance requirement and those amounts required in the annual budget and annual capital plan.

(12) Disposal of Tangible Capital Assets

- a. Department managers will identify to the Director of Administration 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. Tangible capital assets will be disposed of publicly. An announcement will be posted for 10 calendar days at Band owned public venues. If an asset fails to sell, the Director of Administration may dispose of the asset by any legal means.
- c. All proceeds from the sale or disposal of Glooscap First Nation's tangible capital assets are to be deposited in the Tangible Capital Asset Reserve Fund.
- 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 Glooscap First Nation 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.

**F. References and Related Authorities**

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

**G. Appendices**

- (1) Appendix U – Glooscap First Nation Tangible Capital Assets Register
- (2) Appendix V – Glooscap First Nation TCA Presentation and Disclosure Requirements

## **11. Insurance Policy**

### **A. Policy**

Glooscap First Nation will obtain sufficient insurance coverage for its operations, employee and councillors as part of its overall risk management strategy.

### **B. Purpose**

The purpose of this policy is to provide guidance on the establishment and maintenance of an insurance program to ensure material risks are addressed for Glooscap First Nation and its councillors, officers, and employees.

### **C. Scope**

This policy and procedure applies to Council, the Finance, Audit and Risk Committee, the Director of Administration, the Director of Finance, and all other employees involved in insurance matters at Glooscap First Nation.

### **D. Responsibilities**

(1) Council is responsible for:

- a. Approval of the procurement and maintenance in force all insurance coverage that is appropriate and commensurate with the risks under the care or control of Glooscap First Nation based on the recommendation of the Finance, Audit and Risk Committee.
- b. If Council chooses, procuring and maintaining insurance for the benefit of a councillor or a First Nation Officer or their personal representatives against any liability arising from that person being or having been a Councillor or an Officer.

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

- a. Providing its insurance coverage recommendation to Council (The Finance, Audit and Risk Committee may retain external expertise to assist in its deliberations given the technical nature of insurance decisions).

(3) The Director of Administration 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, Audit and Risk Committee and Council that meets the needs of Glooscap First Nation.
- e. Monitoring insurance coverage expiration and payment dates to ensure coverage does not lapse.

- f. On an annual basis reviewing insurance coverage to ensure that it continues to meet the needs of Glooscap First Nation.

## **E. Procedures**

### **(1) Identify Significant Material Risks**

- a. The Director of Administration, with input from members of the management team, the Finance, Audit and Risk Committee and Council, will develop a list of potential significant material risks to Glooscap First Nation's financial assets, Tangible Capital Assets and the operations of Glooscap First Nation. This will include an examination of:
  - i. Potential sources of liability of Glooscap First Nation arising from its operations;
  - ii. Values and use of property and equipment;
  - iii. Values and use of assets under control of Glooscap First Nation;
  - iv. Potential sources of liability for individuals such as Councillors, Officers and employees of Glooscap First Nation; and
  - v. Other risk areas that could result in a loss to Glooscap First Nation and could be insured.

### **(2) Identify and Procure Insurance Products**

- a. Based on the risk analysis performed, the Director of Administration will identify the risks where insurance coverage is appropriate.
- b. In accordance with the Procurement Policy, the Director of Administration will review options from several different insurance providers, as provided by Glooscap First Nations insurance broker, and will make a recommendation to the Finance, Audit and Risk Committee on which to accept. The Director of Administration'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 Glooscap First Nation.

### **(3) Approval for Insurance Coverage**

- a. Council will review the proposed option presented by the Finance, Audit and Risk Committee and the Director of Administration and document their approval.
- b. Once approved by Council, procurement of the insurance coverage will follow Glooscap First Nation's Procurement and Expenditure Policies.



(4) Maintenance of Insurance Coverage

- a. The Director of Finance 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 Director of Administration will review insurance coverage on an annual basis to ensure that it continues to adequately address the risks and meet the needs of Glooscap First Nation.

**F. References and Related Authorities**

(1) FMB's Financial Management System Standards

- a. Standard 19.4 - Insurance

(2) FMB's Financial Administration Law Standards

- a. Standard 17.5 - Insurance

**G. Appendices**

None

## **12. Risk Management**

### **A. Policy**

Glooscap First Nation will identify, manage, and monitor risks related to the financial management system and the achievement of its goals.

### **B. Purpose**

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

### **C. Scope**

This policy and procedure applies to Council, the Finance, Audit and Risk Committee, the Director of Administration, the Director of Finance, and all other employees involved in risk management at Glooscap First Nation.

### **D. Responsibilities**

(1) Council is responsible for:

- a. Providing input to the annual risk assessment, including consideration of fraud risks.
- b. Reviewing and approving the annual Glooscap First Nation Risk Management Plan (Included in Appendix X) and Fraud Risk Registry and Assessment Tool (Appendix W).
- c. Subject to the Financial Administration Law, approving:
  - i. For-profit business activities, consolidated entities and ventures;
  - ii. The investment strategy and investment risk assessment;
  - iii. Loans, guarantees or indemnities;
  - iv. Insurance coverages; and
  - v. Emergency plan.

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

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

(3) The Director of Administration 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 (Appendix X) 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, Audit and Risk Committee.
- g. Preparing a documentation that assesses qualification of individuals engaged in control activities in Glooscap First Nation's financial management systems.
- h. Obtaining a written confirmation from the persons engaged in Glooscap First Nation's financial management system that they understand their responsibilities.

(4) The Director of Finance is responsible for:

- a. Ensuring all for-profit business activities are separately reported in the monthly, quarterly and annual financial statements and management reports.
- b. Developing and recommending procedures for identifying and mitigating risks for the annual Risk Management Plan.
- c. Developing and recommending procedures for identifying and mitigating Financial Reporting Risks and Fraud Risks.
- d. Reviewing and recommending approval for loan, guarantee or indemnity requests.
- e. Preparation of Glooscap First Nation investment strategy, insurance coverage and emergency plans.
- f. Monitoring the control activities and its impact on Glooscap First Nation and the Risk Management Plan.

## **E. Procedures**

(1) Annual Risk Management Plan

- a. On an annual basis as part of the integrated planning process, a risk assessment will be performed by the Director of Administration. Risks identified will include any risks that could impact Glooscap First Nation's achievement of its strategic goals or its operations in general.
- b. Risks will be recorded in Glooscap First Nation's Risk Management Plan. The management team will analyze the potential impact and likelihood of each risk identified and develop an appropriate risk mitigation plan.

- c. The Risk Management Plan must ensure that risks related to specific business activities, loans, guarantees, indemnities, investments, general operations and Financial Reporting Risks are separately addressed, managed and monitored.
- d. Responsibility for each risk and corresponding risk mitigation plan will be assigned to a Glooscap First Nation employee.
- e. The Risk Management Plan will be presented to the Finance, Audit and Risk Committee for review and recommendation to council for approval on an annual basis (during the integrated planning review).
- f. On a quarterly basis, the Director of Administration will review the Risk Management Plan with the risk owners to update or adjust as required the risks or mitigation plans. Any significant changes will be reported to and reviewed by the Finance, Audit and Risk Committee and reported to the Council.

## (2) Fraud Risk Assessment

- a. On an annual basis as part of the Integrated Planning Process, a Fraud Risk Assessment will be performed by the Director of Administration. (Refer to Appendix V and Appendix W)
- b. The Fraud Risk Assessment will include identification and assessment of following types of fraud in Glooscap First Nation:
  - i. Fraudulent financial reporting;
  - ii. Fraudulent non-financial reporting;
  - iii. Misappropriation of assets; and
  - iv. Corruption and illegal acts.
- c. The 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. The 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 or 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.

- e. Fraud Risk assessment will also identify the risk of fraud resulting from attitudes of and rationalizations by individuals justifying inappropriate actions.
- f. Fraud Risks Assessments 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 Glooscap First Nation lands are located;
  - v. The nature of technology and management's ability to manipulate information using that technology;
  - vi. Any unusual or complex transactions which are subject to significant management influence; and
  - vii. The vulnerability of Internal Controls to management override and potential schemes to circumvent existing control activities.
- g. On an annual basis, the Director of Administration will prepare a documentation that assesses the qualification of individuals engaged in fraud risk control activities in Glooscap First Nation's financial management system.
- h. On a periodic basis, the individuals involved in the fraud risk controls must confirm in writing that they understand their responsibilities.

### (3) For-Profit Business Activity Risk Management Considerations

- a. Prior to beginning any for-profit business activity, the Chief Executive Officer of the Economic Development Corporation will lead the preparation of an independent 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 Glooscap First Nation or expose Glooscap First Nation's financial assets, property or resources to significant risk).
- b. The risk assessment should address all risks related to the project and the resulting overall impacts on Glooscap First Nation.
- c. For each risk, a detailed mitigation plan with assigned responsibility will be developed.
- d. The complete business case and risk assessment will be presented to the Finance, Audit and Risk Committee for review and recommendation to the Board of Directors for approval of the activity via a motion. (Council are members of the Board of Directors)
- e. The Chief Executive Officer of the Economic Development Corporation, 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, Audit and Risk Committee for review and recommendation to Council.

- f. The Director of Administration or designate must report on the for-profit business activity separately reported in the monthly reports and quarterly, and annual financial statements.

#### (4) Loans, Guarantees and Indemnities

- a. For any loans, guarantees or indemnities, the Director of Finance must annually document his/her evaluation of the risks to Glooscap First Nation 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 Glooscap First Nation;
  - ii. Potential for negative impact on Glooscap First Nation's reputation;
  - iii. Extent of other similar situations / agreements Glooscap First Nation has entered into;
  - iv. Ability of Glooscap First Nation to honour the guarantee or Indemnity should it be required to do so; and
  - v. In the case of a program for lending to members of Glooscap First Nation, 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) Investment Risk Assessment

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

#### (6) Financial Reporting Risks

- a. Glooscap First Nation 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.

#### (7) Insurance and Emergency Plans

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

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

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

a. Standard 17.0 - Risk Management

**G. Appendices**

- (1) Appendix W– Glooscap First Nation Fraud Risk Assessment Tool and Reporting Template
- (2) Appendix X – Glooscap First Nation Risk Management Registry and Reporting Template

## **13. Emergencies**

### **A. Policy**

An emergency plan addressing the key risks facing Glooscap First Nation will be documented, updated on an annual basis and communicated to all affected persons.

### **B. Purpose**

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

### **C. Scope**

This policy applies to Glooscap First Nation council, committee members, employees and First Nation members.

### **D. Responsibilities**

- (1) Council is responsible for:
  - a. Approving the emergency response plan.
- (2) The Director of Administration 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 employees and members as part of its implementation along with any necessary training.
  - c. Updating the emergency response plan on an annual basis.
  - d. Presenting or delegating a presentation on the Emergency Response Plan to community members in a public meeting once a year.

### **E. Procedures**

- (1) Analyze the Current Situation
  - a. The Director of Administration and Senior Finance Officer, or delegate, will conduct a risk assessment to identify all risks that could have an impact on the operations and finances of Glooscap First Nation, including potential threats such as fires, natural disasters, and environmental risks.
  - b. For each of the risks identified, the Director of Administration should determine the likelihood of the threat occurring and the potential impact on Glooscap First Nation's operations.



## (2) Develop the Emergency Plan

- a. Based on the likelihood and impact, the Director of Administration or delegate, with input from outside expertise as required, 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 Glooscap First Nation'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

- iii. Are there backups in place for critical equipment (i.e. an extra item in storage)?
- iv. How quickly can repairs be made and by whom?
- v. Are there outside vendors that can be used to replace an unavailable piece of equipment?

### Information Technology

- vi. Can the computer network be accessed from offsite (e.g. virtual private network)?
- vii. Are there adequate numbers of laptops, cell/satellite phones, etc. to maintain communication remotely during an emergency?
- viii. Are critical systems and databases regularly backed up? Is the backup stored offsite?

### People

- ix. How will Glooscap First Nation communicate with employee/members during the emergency?
  - x. Do the critical finance and operations employee members have designated and trained back-ups?
  - xi. Is there an offsite location where limited but critical operations can continue during an emergency?
  - xii. Are there any potential health and safety issues associated with a particular risk? How would these be dealt with?
- c. Responsibilities for each component of the Emergency Response 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 Director of Administration 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.

(3) Implement the Plan

- a. The Director of Administration will develop a communication strategy to ensure all affected employees and Glooscap First Nation members have access to the emergency plan.
- b. All employees who have been assigned responsibilities within the Emergency Response Plan will be provided training to carry out their role in the event of an emergency.
- c. The Emergency Response Plan will be tested by the Director of Administration.
- d. Emergency Response Plan documentation will be maintained at all Glooscap First Nation's site locations and key employees will keep a copy at home. It should include all required information to enact the plan (i.e. Emergency contact & responsibilities lists, vendor lists, fire drill routes, etc.).

(4) Annual Review

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

**F. References and Related Authorities**

(1) FMB's Financial Management System Standards

- a. Standard 19.5 - Emergencies

**G. Appendices**

(1) Appendix Y – Glooscap First Nation Emergency Response Plan

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

### **A. Policy**

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

### **B. Purpose**

The purpose of this policy is to provide guidance on Glooscap First Nation's continual improvement of its financial management system.

### **C. Scope**

This policy applies to the Director of Finance, Finance, Audit and Risk Committee, and the Financial Management System Assessment Committee.

### **D. Responsibilities**

- (1) If Glooscap First Nation is a borrowing member, the Council is responsible for: ensuring that Glooscap First Nation takes measures as soon as practicable to rectify any gaps or areas of non-compliance between Glooscap First Nation's financial management systems and practices and Glooscap First Nations Financial Management Board Standards.
- (2) The Finance, Audit and Risk Committee is responsible for:
  - a. Designating members 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 Glooscap First Nation's financial management systems and practices and Glooscap First Nations Financial Management Board Standards and monitoring actions taken to bring Glooscap First Nation into compliance.
- (3) The Financial Management System Assessment Committee is responsible for:
  - a. Planning, scheduling, and conducting internal assessments.
  - b. Ensuring issues or concerns identified through the internal assessment process are resolved.
  - c. Holding an annual meeting to review the financial management system for the previous fiscal year.
  - d. Performing self-assessments of Glooscap First Nation's financial management systems and practices against Glooscap First Nation Financial Management Board's Standards and

monitoring to ensure that any gaps or areas of non-compliance are rectified as soon as possible.

- e. Reporting to Council, the Finance, Audit and Risk Committee, and the internal/external auditors on the results of their reviews.
- (4) The Director of Finance in cooperation with the Director of Administration, is responsible for:
- a. Scheduling the dates for required meetings of the Financial Management System Assessment Committee.
  - b. Ensuring issues and concerns regarding the financial management system are collected, tracked, managed, reported and resolved as required in this policy.
  - c. Participating in the Financial Management System Assessment Committee.

## **E. Procedures**

- (1) Financial Management System Assessment Committee
- a. The Financial Management System Assessment Committee (“the Assessment Committee”) will be composed of the Director of Finance, Director of Administration, and other finance and operations employee designated by the Finance, Audit and Risk Committee.
  - b. The Assessment Committee will meet at least once annually.
  - c. Annually on a date scheduled by the Finance, Audit and Risk 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; and
    - vi. Review of Glooscap First Nation’s corporate and personnel organization charts.
  - e. The Assessment Committee must prepare a report for distribution to the Finance, Audit and Risk 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; and

- ii. Recommendations for any changes to those laws, policies, procedures and directions that, in the opinion of the Committee, would be beneficial to the financial management system.

## (2) Internal Assessments

- a. 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; and
  - 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, Audit and Risk Committee. Approval will be documented in the Finance, Audit and Risk 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 Glooscap First Nation employee 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 Assessment Committee and the Finance, Audit and Risk Committee. The Assessment Committee will develop recommendations and solutions to address any short comings and provide them to the Finance, Audit and Risk Committee. Those recommendations will be provided to Council by the Finance, Audit and Risk Committee, once reviewed.

## (3) Continual Improvement Process

- a. The Director of Finance, or delegate, will be responsible for ensuring that any concerns or issues regarding the financial management system of Glooscap First Nation and brought to his/her attention are tracked, managed, and resolved on an ongoing basis.
- b. Based on the Director of Finance’s, or delegate’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 Director of Finance 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 Director of Finance will take the necessary steps to remediate and will report the findings and actions taken to the Director of Administration; and
  - iii. All items will be tracked and records maintained of all actions taken.
- c. On a yearly basis, a report of the concerns or issues raised, actions taken, and any remaining potential process improvement opportunities will be submitted to the Assessment Committee.

(4) Review of Financial Administration Law

- a. Annually, the Finance, Audit and Risk Committee will review the Financial Administration Law
  - i. To determine if it facilitates effective and sound financial administration of Glooscap First Nation; and
  - ii. To identify any amendments to this Law that may better serve this objective.
- b. The Finance, Audit and Risk Committee will report to the Council on the results of its review including any recommendations it makes for amendments to the Financial Administration Law.

(5) Membership Information or Involvement

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

(6) Requirements Specific to Borrowing Members

- a. The Assessment Committee will determine whether Glooscap First Nation is in compliance with Glooscap First Nations Financial Management Board Standards. This will be performed through a self-assessment that compares Glooscap First Nation's financial management systems and practices to Glooscap First Nations Financial Management Board's Standards.
- b. The self-assessment should include the following:
  - i. Identification of all significant activities and a schedule of critical dates for completion of these activities;
  - ii. Assignment of the responsibilities and authority for all significant activities; and

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

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

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

## **G. Appendices**

- (1) Appendix Z – Glooscap First Nation Financial Management Systems Assessment Committee Terms of Reference
- (2) Appendix AA – Glooscap First Nation Financial Management Systems Self-Assessment Template
- (3) Appendix BB – Glooscap First Nation Finance, Audit and Risk Committee Master Spreadsheet