



FINANCIAL POLICY

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Review & Amendment: This Policy will be reviewed and can be amended from time to time by Chief and Council.

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Enabling Legislative Clause

It is recognized that no legislation is currently in place on which to enable this policy document. Until such time as legislation is identified, the following clause shall be deemed the binding legislation and established by the inherent right of the Wahnapiatae First Nation to create its own laws of governance and accountability.

“This Financial and Procedural Policy shall be in compliance with the Values and Principles endorsed by Wahnapiatae First Nation.”

It is intended to set operational binding guidelines respecting leadership roles and management, administration and accountability of the Wahnapiatae First Nation and to make related enhancements or amendments to other policies of the First Nation.

Preamble and declaration

Declaration of Values and Principles

The Wahnapiatae First Nation have decided to review and amend their current Financial Policy to better reflect the operational requirement for today's business and to foster efficient and effective open government.

This philosophy of the First Nation has been consistent in values and principles with equality service and governance for membership and improved quality of life of First Nation Members as constant corner stones of their goals and aspirations.

To achieve this, the Council is committed to the continued reviews and improvements to the public service organization and its service quality.

Purpose

The purpose of this financial and procedural policy is to provide guidance, assistance, and accountability to the users of the accounting systems. The users include the elected Council, the Executive Director, Department Directors, program Managers, other employees, committees, the Wahnapiatae First Nation Membership, and other mandated authorities of the Wahnapiatae First Nation Council.

It is to promote efficiency of operations, to ensure consistency in the preparation and processing of financial information and to ensure timelines of the provision of information to Council and operating personnel.

Protection of Financial Resources

Policy

The Chief & Council of Wahnapiitae First Nation has a duty to protect the financial resources of the First Nation to ensure its viability; financial resources of the First Nation include all band owned entities.

Procedure

The Chief & Council will attend to protection of the First Nation's financial resources through:

1. The development and application of criteria for evaluating budgets.
2. The development, application, and regular review of policies regarding the management of:
 - a. Income and expenditures.
 - b. Assets and liabilities.
 - c. Reserves.
 - d. Potential risks (e.g., loss of staff, loss of funding, theft, liability, etc.).
 - e. Insurance coverage.
 - f. Contracted services.
3. The Finance Director to provide presentation, at least quarterly, of written reports regarding the management of income, expenditures, assets, liabilities, and reserves including those in excess of 90 days.
4. The review, at least annually, of written reports regarding the management of potential risks.
5. Ensuring that an annual external audit of all First Nation accounts is carried out in a timely manner.
6. Ensuring that all council members, including Chief, must all sign a letter of direction and also approve a band council resolution to open or close any Wahnapiitae First Nation bank accounts.

The financial statements of all First Nation accounts are to be prepared in accordance with Canadian generally accepted accounting principles (GAAP) for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

Finance and Audit Committee Meetings

Financial issues related to the administration of the Wahnapiatae First Nation will be discussed at a Finance and Audit Committee Meeting. The Finance and Audit Committee will be chaired by the appointed Councillor and must be attended by the Executive Director, Finance Director and by any Program Directors as determined by the chairperson. The Chief and Councillors of the Wahnapiatae First Nation may attend to present or represent funding requests or desired changes to the operational budgets.

The Finance and Audit Committee meetings will be held at minimum, on a quarterly and annual basis. Issues that may be discussed include review and preparation of recommendations to Chief and Council of budgets, quarterly statements, annual statements and annual reports, as determined in the Finance and Audit Committee Terms of Reference. The Chair shall ensure minutes of the Finance and Audit Committee meetings are maintained and is responsible for appropriate reports to Executive Director and Council. Recommendation made by the Committee shall be reviewed and approved at a regular meeting of Chief and Council with opportunity to review, revise the recommendations.

Policy

In order to ensure the ongoing financial viability of the First Nation, Wahnapiitae First Nation will, through the course of the fiscal year, prepare various budgets, including an annual First Nation operating budget. These budgets will be prepared in accordance with certain evaluation criteria.

Procedure – Budget Development

An annual planning session will be held within the timeframe set out in the annual planning and budget calendar. The Executive Director will develop an annual planning and budgeting calendar and will make sure it is met by arranging the necessary planning sessions with Council, Finance and Audit Committee members and employees.

The planning session will generally include:

- Chief & Council, Finance Director, Finance and Audit Committee members, the Executive Director, and other appropriate staff.
- Development or communication of operational goals and objectives based on priorities established by the Chief & Council.
- Presentation of budgeting calendar.
- Development or update of key budget assumptions, constraints, and cost drivers for the current year.
- Development or update of strategic plan, goals, and objectives.

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

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

Any projected deficit must be accompanied by a report prepared by the Finance and Audit Committee that outlines the contributing factors and circumstances and the plan by which it will be eliminated in a future year.

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

The annual budget, multi-year financial plan, strategic plan and capital plan requires members to be informed.

The draft budget and any projected budgeted deficit (if applicable), will be presented at a Finance and Audit Committee meeting so that it may be discussed, and recommended to Chief & Council for approval.

The draft budget timeline is as follows:

- On or before January 31st of each year, the Finance Director must prepare and submit to the Finance and Audit Committee for review, a draft annual budget for the next fiscal year.
- On or before February 15th of each year, the Finance and Audit Committee must review the submitted draft annual budget and recommend an annual budget to the Chief & Council for approval.
- On or before March 31st of each year, the Chief & Council must approve of the final draft budget for the next fiscal year.

Procedure - Evaluation Criteria

These budgets will be evaluated by the Chief & Council using the following criteria:

- They represent the programs and services in support of the priorities of the First Nation's Strategic Plan.
- The strategic priorities and goals identified in the strategic plan must be reflected in all aspects of the planning documents to operational levels, such as departmental workplans.
- The annual budget must link and provide the relationships between related aspects of the strategic plan, multi-year financial plans, capital plans and life cycle management program plan.
- They contain sufficient detail to project realistic revenues and expenses matched, where appropriate, to programs and funding sources.
- They are prepared and presented in accordance with generally accepted accounting principles and practices.
- They include a comprehensive representation of the First Nation's anticipated revenue and expenditures segregated by significant category, based on contractual obligations and previous experience.
- Any anticipated annual and accumulated surplus or deficit, and the application of year-end surplus.

Procedure - Evaluation Process

The Executive Director, Finance Director, relevant program staff, in conjunction with the Finance & Audit Committee, will present financial reports for information and approval by the Chief & Council as part of the Finance Director's report.

These reports will include monthly and, more comprehensive, quarterly budget reviews by management staff, the Finance & Audit Committee, and the Chief & Council using written financial statements which contain comparative statements of revenues and expenditures to fully state the financial position of the First Nation.

The budget reviews will include:

- Comparative Statement of Revenue and Expenditures including:
 - Year-to-date actual.
 - Prior year's actual.
 - Current year budget.
 - Current full year projection (variances between current year budget and current full year projection must be approved by the Chief & Council).
- Comparative Statement of Financial Position (i.e., balance sheet, assets and liabilities including reserves) including:
 - Most recent month-end position.
 - Position as at the end of the previous year.
- Executive Director's Report as it pertains to possible financial implications:
 - Compliance & serious occurrences.
 - Risk identification.
 - Work environment.
 - Community profile.
 - Funding and/or unexpected expenditures.
 - Other matters having a possible financial implication.

Budget variances will be communicated in writing to funding sources where required by contractual agreements.

Procedure – Budget Amendments

Amendments to budgets are limited to situations where the projected revenues or expenditures of the First Nation differ by a materiality threshold of \$50,000.00 or to the expenditure priorities of Chief & Council.

Budget amendment below \$50,000.00 will be approved by Chief and Council.

Budget amendments above the approved annual materiality threshold (\$50,000) will be brought to the Finance and Audit Committee for review and recommendation to The Chief & Council.

Strategic Plan

A strategic plan will be prepared that will include:

- Development of a community vision that provides the guiding principle of the plan.
- Development of a community priorities list (e.g. housing, education, etc.).
- Setting a realistic timeframe to implement the plan.
- Identifying the requirements to implement the plan (i.e. using legislative tools of governance and public finance to support activities or the need to acquire

additions to reserve, or invest in new businesses to generate additional revenues etc.).

- Determining how the implementation of the plan will be resourced.

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

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

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

The Finance and Audit Committee will annually review and recommend to Council for approval the strategic plan.

Chief and Council must approve a strategic plan that sets out the long-term vision for the First Nation and its members.

Multi-Year Financial Plan

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

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

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

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

Policy

The Chief & Council of Wahnapiitae First Nation has a duty to be transparent and accountable for the Financial Operations of the First Nation. This policy will allow for the timely, accurate, and relevant financial and operational information to be provided to decision makers.

Procedure

Financial Reports List

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

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

Monthly financial reports prepared by the Finance Director will be tailored to the needs of the First Nation for monitoring purposes in the form and content recommended by the Finance and Audit Committee and approved by the Chief & Council. The monthly financial reports will be provided to the Executive Director withing a reasonable period of time following the month for which the information was prepared.

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

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

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

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

The Chief & Council will review and approve the financial reports list annually.

Financial Statement Preparation

The Finance Director will prepare monthly information on the financial affairs of the First Nation, its quarterly and annual financial statements, and any other financial reports listed in the approved financial reports list.

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

Each quarterly financial statement will include the following:

- A statement of revenue and expenditures containing a comparison to the approved annual budget.
- A statement of financial position.
- If the First Nation has borrowed funds from the First Nations Finance Authority secured by other revenues: Financial information other revenues to secure FNFA Loans.
- Any other information requested by the Finance and Audit Committee or Chief & Council.

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

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

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

The Finance and Audit Committee will review the annual financial statements, the accompanying information and the Finance Director's comment(s) and recommendation(s). Subsequently, the Finance and Audit Committee will forward the financial statements, accompanying information, and its comment(s) and recommendation(s) to the Chief & Council no later than 105 days following the end of the fiscal year for which they were prepared.

The Chief & Council will review the annual financial, the accompanying information, and the recommendation(s) of the Finance and Audit Committee and the Executive Director and approve no later than 120 days after the fiscal year end.

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

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

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

The financial reporting record file will be classified as confidential and secure, and maintained accordingly.

Financial Reporting Risks

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

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

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

- Reconciliation / analysis of all statement of financial position accounts with approval by the Finance Director; in those instances, where the Finance Director prepared the reconciliation or analysis, then the Executive Director will be required to approve the reconciliation or analysis (or alternatively a member of the Finance and Audit Committee).
- Review of trade, loan and other receivable balances to identify late payments; late payments followed up on and have been reviewed for collectability and any necessary adjustment to the allowance for doubtful accounts has been prepared.
- Reconciliation of general ledger balances with sub-ledger balances (e.g. trade accounts receivable, trade accounts payable, contribution receivable, etc.).
- Search for unrecorded liabilities and preparation of accrual journal entries, including:
 - Reconciliation of supplier statements.
 - Review of unmatched receiving information.
 - Review of unmatched purchase orders.
 - Review of numerical continuity of purchase orders.

- Review of current contracts for supplies or services, including follow-up with supplier when necessary.
- Department/program inquiries for any invoices, expense reports, commitments or any other knowledge of liabilities incurred at reporting date.
- Reconciliation of payroll expense to the payroll register and bank account balance.
- Preparation of non-recurring journal entries with supporting documentation.
- Review of recurring journal entries for preparation, approval, and recording by the Finance Director.
- Review of financial statements for accuracy, additions, and cross-references and for agreement with the general ledger.
- Presentation of financial statements has been reviewed; necessary disclosures and reclassification entries have been prepared and have been approved by the Finance Director.
- Provision of draft departmental financial statements to respective departments for review, comment and budgetary variance explanations.
- The Finance Director is satisfied that the financial statements are accurate and presented in accordance with Canadian GAAP.

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

Annual Report

The Council must prepare and publish an annual report within the earlier of 180 days after the fiscal year end that details the progress towards the financial and operational goals of Wahnapiatae First Nation over the course of the fiscal year.

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

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

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

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

The remedy process will include:

- The contact information of the First Nation member who made the request for the annual report.
- Wahnapiatae First Nation will respond to the request within 8 business days and will identify an anticipated timeline on when the member can expect to receive a copy of the annual report.
- The annual report will be made available to all members of Wahnapiatae First Nation as soon as it is published. The annual report will be shared on Wahnapiatae First Nations website.

Fiscal Year

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

Income & Expenditures

Policy

Wahnapiatae First Nation follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the statement of financial activities.

Restricted investment income is recognized as income in the year in which the related expenses are incurred. Unrestricted investment income is recognized as income when earned.

Income is recognized on the accrual basis. Donations and memberships, which are voluntarily made, are recognized when the First Nation has virtual certainty that they will be received.

Procedure

Income

The Executive Director, Finance Director, in conjunction with the Finance & Audit Committee, will ensure that:

- All income is recorded promptly and correctly.
- All cash transactions to be handled in a controlled and transparent manner designed to minimize errors.
- Control of direct cash receipts from Wahnapiatae First Nation members through the reception desk, and the following will be the specific procedures for cash receipts to ensure proper segregation of duties:
 1. All types of payments will be tracked manually with pre-numbered receipts, to ensure all payments are documented.
 2. The person receiving the payment will re-count the amount given by the member or customer.
 3. A receipt will ALWAYS be given to the member or customer for cash and cheque payments.
 4. Cheques should be endorsed immediately.
 5. Reception will deliver the cash or cheque to the finance department with the appropriate receipt.
 6. The Finance Assistant will prepare the deposit.
 7. The Finance Director will deposit the cash and/or cheques.

8. All deposits to be identified by revenue source and segregated as appropriate.
9. The Finance Director will verify the amount per report and attached documentation (copies of cheques and receipts) and match the amount per the report to the deposit slip.
10. The Finance Director will keep a record of all anticipated recurring deposit account transactions.
11. Any expected deposits that have not been deposited in the financial institution account(s) will be reported by the employee to the Finance Director immediately.

Funds deposited will only be used for their intended purpose as per their respective agreements.

All cash received will be stored in a 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.

- Receipts are deposited weekly.
- Special funds are deposited to the appropriate special account(s).
- Ledger accounts are maintained to segregate receipts by funding source and nature.
- Unrecorded receipts are accrued for the period in which they were earned.

Expenditures

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

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

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

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

- The work or services have been performed or the goods supplied, any conditions in an agreement respecting the work, services or goods have been met and the price charged or amount to be paid is in accordance with an agreement or, if not specified by an agreement, is reasonable.

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

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

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

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

- All expenditures are recorded as incurred.
- All expenditures for a specific program are charged to that specific program.
- The cheque requisitions must be provided to the Finance Department with clear itemization of expenditures.
- All expenditures must be for First Nation business only, and not personal in nature.
- The refundable portion of the invoiced Harmonized Sales Tax (HST) is excluded from the expense and recorded as a receivable from the Canada Revenue Agency.

Payroll

Payroll packages will be reviewed and approved by the Executive Director within 1 week of payroll being processed.

Any irregularities will be reported to the Executive Director.

Approval for Payment

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

All approved requisitions/documentation for payment will identify the appropriate financial institution account and budget appropriations/accounts from which the goods or services will be paid.

Invoices received must be immediately forwarded to the finance department who will then process them to:

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

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

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

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

Reimbursable expense claims for Council members require two approvals:

- Two non-claimant Councillors or Chief.
- One non-claimant Councillor/Chief and one Officer.

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

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

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

Payments

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

The finance department will prepare cheques every Thursday.

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

- A listing of all payments prepared noting the payee, amount, and payment date.
- Supporting documentation for each payment (e.g. cheque, transfer) including:
 - Approved invoices, expense claims, purchase orders, and receiving documents.
 - Evidence that the finance department has completed the processing of the payment, including account coding.

All documentation supporting payment will be retained in accordance with the Records Management Policy.

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

- Non-compliance with policy requirements that cannot be resolved.
- Suspected fraud.

Assets and Liabilities

Policy

Wahnapitae First Nation through, the Executive Director (or designate), will:

1. Maintain control of the First Nation's assets in order to protect their existence, condition, and value.
2. Ensure that all liabilities are reflected in the accounts and properly discharged in a timely manner.

Procedure

The Executive Director (or designate) will ensure that:

1. All bank accounts are reconciled monthly in accordance with the Financial Institution and Cash Management Policy.
2. All petty cash funds are balanced by the Finance Director who is a person other than the custodian, who is designated as the receptionist, at least once per quarter in accordance with the Financial Institution and Cash Management Policy.
3. Excess funds are invested in chartered bank grade instruments for a period no longer than 1 year.
4. Receivables and deposits are valid current and collectable.
5. Prepaid assets have future value to the First Nation.
6. Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives as listed in the Tangible Asset Table (Appendix A), in accordance with to the Tangible Capital Asset Policy.
7. All First Nation liabilities are recorded in the general ledger.
8. Liabilities are being paid within 30 days, except for aged items which are not being paid, for cause.
9. All accruals are being recorded within 90 days and paid when due.
10. All changes to deferred income and restricted reserve accounts are reported to Chief & Council.
11. No creation or allocations of net asset reserves are made without the prior approval of the Chief & Council.
12. An assessment of potential risks to the First Nation be they financial, personnel, economic, environmental, or political in nature, are provided to the Chief & Council.

Additionally, the First Nation's management staff will:

1. Not allow unauthorized personnel access to material amounts of funds.
2. Ensure sufficient maintenance and prevent improper usage of the facility and equipment.
3. Not unnecessarily expose the First Nation, its Chief & Council, or staff to claims of liability.
4. Not make nor commit the First Nation to an expenditure outside of the approved budget without Chief & Council approval.
5. Not invest or hold operating capital in financial institutions other than chartered banks, unless duly approved by a motion of the Chief & Council.
6. Not acquire, encumber, or dispose of real property without a duly approved motion of the Chief & Council.

Reserve(s)

Policy

The Chief & Council of Wahnapiatae First Nation, in order to set aside funds for specific purposes, may from time to time designate a portion of the First Nation's net assets as reserved for the specified purpose. The Chief & Council or the Executive Director only may authorize the release of the reserve(s) either to the specific purpose or back into the general net assets.

Procedure

The Executive Director (or designate) will:

- Record each reserve designation as a separate net asset account.
- Will only record changes to those accounts at the direction of the Chief & Council.

POLICY

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

PROCEDURE

Determination of Need and Evaluation of Options

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

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

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

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

- Need for financing and alternatives considered.
- Evaluation of available borrowing options and security required for each option (if applicable).
- Recommended borrowing option.
- The purpose use and application of borrowing.
- Description of repayment plans based on cash flow analysis including identification of revenue source for debt repayment.
- The timely payment of debt obligations.
- Requirement for consultation with members of the First Nation before any capital project related debt is incurred by the First Nation.

Approval

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

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

Management and Monitoring of Borrowings

The Council will manage and monitor borrowing obligations by:

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

The Finance Director will manage and monitor the borrowings by:

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

Reporting on Borrowings

The Finance Director will make sure that borrowing obligations are reported to the Finance and Audit Committee and Council on a quarterly basis in the financial statements in accordance with Canadian GAAP, the Financial Administration Law and any obligations under the borrowing agreement(s).

Use of Borrowed Funds

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

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

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

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

Records Management

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

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

Policy

It is Council's policy to establish a process around lending, loan guarantees and indemnities that does not include loans to members.

Prohibited Loans to First Nation Members

The First Nation shall not make any loans to members of the First Nation in accordance to Wahnapiatae First Nation Financial Administration Law.

Lending First Nation's Financial Assets

All loans will be recorded in a written agreement that provides for proper security for repayment and sets out the terms for repayment of principal and interest.

The principal amount must be approved by Council. An agreement must be signed by the individual requesting the loan and will only be granted if the risk of non-payment is at an acceptable risk for the First Nation.

The rate of interest to be charged will be determined and approved by the Council

A binding legal written agreement will be made between the First Nation and the Individual requesting the loan. The following items at minimum will be present in the agreement:

- The name of the individual or business.
- Amount of the loan.
- Nature and amount of any security of the loan pledged in favor of the First Nation or provided as loan collateral.
- Interest, if applicable.
- Repayment schedule.
- Approval will be enacted by signing the agreement with the individual requesting the loan.

Loan Guarantees

Loan guarantees will only be granted in the following circumstances:

- Guarantee debt incurred by separate legal entities (e.g economic development corporation).
- Guarantees granted to members for housing or renovations.

Loan guarantees will be approved by Council upon consideration of the report of the Finance Director. 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 of risk for the First Nation

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

A binding legal agreement will be made between the First Nation and the 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 the First Nation. The following items, at a minimum, will be present in the agreement:

- Name of individual or organization.
- Amount of the loan guarantee.
- Duration of the loan guarantee agreement.
- Amount, maturity and repayment terms of the underlying loan or obligation.
- Purpose and use of the underlying loan (e.g. details of the asset being acquired or leased, or investment being made).

Approval will be enacted by signing the agreement with the individuals/entities requesting the loan guarantee.

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

Indemnities

In exceptional circumstances only, indemnities will be granted in the following circumstances:

- If a Council member or the Chief requests indemnification and is approved through Band Council Resolution.

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

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

Collection

On a regular basis, the Finance Director will review the list of outstanding loans receivable (if applicable) and corresponding loan payments.

Debt Forgiveness

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

- Individual and amount in arrears.
- Principal and interest outstanding on the loan.
- Length of time in arrears and measures taken to collect on payments in arrears.
- Rationale for debt forgiveness.

Approvals for debt forgiveness must be approved by Council.

Write-Offs

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

Monitoring and Reporting

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

- Purpose of the loan (e.g. housing), loan guarantee or indemnity.
- Amount of the original loan, loan guarantee or indemnity.
- Principal repayment component.
- Interest earned and collected.
- Actual payments made, if any, against loan guarantees.
- Actual payments made to compensate for damages, if any, against indemnities.
- List of payments in arrears, subject to applicable privacy law.
- For loans made under a member loan program – subject to applicable privacy laws, the names of those receiving a loan.
- Any expected payments required as a result of the First Nation having to fulfill or honour a guarantee or indemnity agreement based on the Finance Director's knowledge of the contracts in place and changes in their underlying financial condition.

Record Keeping

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

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

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

Policy

The Chief & Council, the Executive Director, all management and program staff of Wahnapiatae First Nation will establish a process around identifying, managing and monitoring risks. Wahnapiatae First Nation will be mindful of potential risks to the First Nation and endeavour to identify such risks and be proactive in order to mitigate any loss or damage to the First Nation.

Such potential risks may be, but are not limited to, the following:

- Financial.
- Personnel.
- Economic.
- Environmental.
- Political.

Procedure

Annual Risk Management Planning

A risk management plan will be developed and updated annually by the Executive Director and presented to the Finance and Audit Committee for review and recommendation to Council for approval.

The risk management plan must separately address risks related to specific business activities, lending, guarantees, indemnities, investments, general operations and financial reporting so that these may be managed and monitored. The Executive Director will analyze the potential impact and likelihood of each risk identified and develop an appropriate risk mitigation plan.

The Chief & Council will review, at least annually (at the times of the approval of the annual operating budget and when reviewing the financial statements of the First Nation with the First Nation's duly appointed Auditors), written reports regarding the management of potential risks. On an ongoing basis:

- First Nation staff, who are assigned to assess the project risk, will identify potential benefits.
- The designated employee(s), who are assigned to task, will not only identify quantitative factors, but will also identify qualitative factors when evaluating potential benefits and risks.
- When the First Nation staff or Council member identifies potential risks, they will advise the Executive Director who will update the risk management plan and present to the Finance and Audit Committee for review and recommendation to Council to approve.

- Once Chief & Council have approved the updated plan, the Executive Director will ensure the appropriate departments are informed.

Fraud Risk Assessment

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

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

- Fraudulent financial reporting – an intentional act that is designed to deceive users of financial reports and that may result in material omission from or misstatement of financial reports.
- Fraudulent non-financial reporting – an intentional act that is designed to deceive users of non-financial reports.
- Misappropriation of assets – theft of First Nation assets in circumstances where the theft may result in a material omission or misstatement in financial reports.
- Corruption and illegal acts.

Monitoring and Reporting on Financial Management System Controls

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

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

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

For Profit Business Activity Risk Management Considerations

Existing For-Profit Business Activities:

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

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

The monitoring will be done as follows:

- For each for-profit business activity, the individual responsible for managing that activity will provide a quarterly report to the Executive Director within 40 days of Wahnapiitae First Nation's fiscal year end will include:
 - A statement of revenue and expenses containing comparison to the approved annual budget.
 - A statement of financial position.
 - Non-financial report to accompany the quarterly financial statements.
- Within 40 days of quarter end, the Executive Director will review the approved Risk Management Plan for and record an update on each risk mitigation plan related to all for-profit business activity risks identified from the person assigned responsibility for each risk.
- Within 42 days of quarter end, the Executive Director will provide a summary of the financial and non-financial reports and update of the risk mitigation plans related to for-profit business activities to the Finance and Audit Committee.
- Within 45 days of quarter end, the Finance and Audit Committee will provide an update to Council on all for-profit business activities, including the quarterly financial statements and an update on all for-profit business activity risk mitigation plans.
- The Executive Director will be responsible for ongoing monitoring of the external for-profit business activities. Deviations from the approved investment plan will be presented to the Finance and Audit Committee for review and recommendation to Council.

New For-Profit Business Activities:

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

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

For each risk, a detailed mitigation plan with assigned responsibility will be developed. The complete business case and risk assessment will be presented to the Finance and Audit Committee for review and recommendation to Council for approval of the activity via a Council Resolution.

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

Management of For-Profit Business Activities:

1. Under the conditions set out in section 2, 3, and 4, the First Nation may:
 - a. Carry on business as a proprietor.
 - b. Acquire an interest in a partnership as a general partner.
 - c. Act as a trustee respecting property used for, or held in the course of, carrying on a business.
2. The First Nation may carry on a business that:
 - a. Is ancillary or incidental to the provision of programs or services or other funds of First Nation governance.
3. The First Nation may carry on business activities for the primary purpose of profit if the Council determines that the business activities:
 - a. Do not result in a material liability for the First Nation.
 - b. Do not otherwise expose the First Nation's financial assets, property or resources to significant risk.
4. Council may impose terms and conditions on the conduct of any for-profit business activity in order to manage any risks associated with that activity.

Lending, Guarantees and Indemnities

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

- Ability of the individual or group to repay.
- Potential for negative impact on the First Nation's reputation.
- Extent of other similar agreements the First Nation has entered into.
- Ability of the First Nation to honour the guarantee or indemnity should it be required to do so.
- In the case of a program for lending to members of the First Nation (if applicable), the risks associated with the program and the costs of administering the program.

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

Investment Risk Assessment

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

Financial Reporting Risks

The Finance Director will identify and document any activities that could result in the risk of the following occurring:

- A material misstatement in information in the quarterly and annual financial statements.
- Failure to achieve planned levels of financial performance.
- Failure to perform the First Nation's obligations.

Insurance and Emergency Operations Continuity Plans

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

Policy

Wahnapitae First Nation will maintain adequate insurance coverage to safeguard the First Nation assets.

Procedure

Identify Significant Material Risks

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

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

Identify and Purchase Insurance Products

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

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

The Executive Director (or designate) will ensure that the First Nation has adequate insurance coverage for its operations, staff, volunteers, and Councillors, including:

- Comprehensive General Liability.
- Cyber Liability.
- Accidental Death or Dismemberment Liability.
- Tenant's Legal Liability.
- Office Contents (including theft, robbery, fire, etc.).
- Extra Expense.
- Accounts Receivable.
- Valuable Papers.
- Transit.
- Depositor's Forgery.
- Outdoor Signs.

- Loss Inside/Outside Premises – Broad Form (Money & Securities) (including bonding).
- Money Orders & Counterfeit Paper.
- Professional Liability.
- Directors' & Officers' Liability.
- Errors & Omissions – Employee Benefit Program.
- Commercial Building (including fire).
- Gross Earnings.
- Computer System.
- Blanket Position Bond.

The Executive Director or designate will go to market every three (3) years for competitive prices.

Approval for Insurance Coverage

The Executive Director will review and approve insurance coverage in accordance with the Income and Expenditures policy.

Maintenance of Insurance Coverage

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

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

Policy

The First Nation may hold investments at any institution with Canadian Deposit Insurance Corporation coverage (C.D.I.C.) to a maximum of the amount of C.D.I.C. coverage, or hold investments with an institution with Assuris coverage to the maximum of the Assuris coverage.

Procedure

The First Nation may also hold investments at any of the five major Canadian banking institutions (TD, Royal, Bank of Montreal, BNS and CIBC) to a maximum limit of two million dollars, as long as the investment is regulated by the bank.

1. Authorization regarding any investment purchase will require a band council motion.
2. Authorization regarding any investment greater than \$400,000 will require approval from general membership.
3. The Finance Director, along with the Finance & Audit Committee, will work with a certified investment consultant to ensure the investment objectives (listed below) are met.
4. Please refer to "Risk Management" section for additional guidance.

Determine Investment Management Strategy

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

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

Risk Assessments

New Investments:

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

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

For each risk, a detailed mitigation plan with assigned responsibility will be developed. The complete preliminary risk assessment will be presented first to the Executive Director for review and recommendation and then to the Finance and Audit Committee for review and recommendation to Council for approval of the investment via a Council Resolution. Council will ensure that any approved investments comply with the First Nation's Financial Administration Law and any applicable First Nation policies.

Existing Investments:

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

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

Investment Account

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

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

Selection of Investment Manager

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

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

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

Termination of Investment Manager

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

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

Designation and Transfers of Investment Funds

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

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

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

Government Transfer Funds Permitted Investments

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

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

Investment objectives:

1. The investment must be managed in such a way as to provide sufficient income to membership, such as, but not limited to, programming dollars and reinvestment opportunities.
2. Where possible, the value of the assets should be enhanced so as to at least keep pace with inflation over the longer term.

3. We will maintain conservative growth strategy objectives:
 - a) Invest in low risk to medium risk opportunities,
 - b) Achieve a reasonable pay-back period,
 - c) Achieve a positive rate of return, and
 - d) Ensure the investment opportunity has positive net present value (after tax).
4. We will achieve maximization of total return and preservation of capital without undue exposure to risk within the parameters specified:
 - a) Protect principal amount of investment,
 - b) Protect purchasing power of the First Nation (limitation of overall risk), and
 - c) Seek to limit volatility.

Monitoring of Investments

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

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

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

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

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

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

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

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

Record Keeping

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

Financial Institution Account and Cash Management

Policy

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

Procedure

Financial Institution Account Management

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

- In the name of the First Nation.
- Opened in a financial institution.
- *Authorized by Council.*

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

- (a) General account for funds from any sources other than those described in (b) to (c).
- (b) A trust account if The First Nation has funds held in trust, if applicable.
- (c) A tangible assets reserve account for funds set aside for tangible capital asset replacement.

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

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

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

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

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

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

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

Petty Cash

A limited number of petty cash accounts if required, and as determined by the Finance Director 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:

- The creation of a petty cash account must be approved by the Finance Director.
- The total amount of the fund will not exceed \$500.00.
- The person responsible for petty cash will maintain an activity log, supporting documentation, and reconciliation.
- Petty cash reconciliations will occur at least once per quarter.
- Petty cash funds and receipts must be kept in a locked drawer or safe with controlled access.
- Accounts payable will replenish the petty cash only upon receipt of a completed petty cash reconciliation.

Cheque Stock

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

Cheque stock should be sequentially pre-numbered.

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

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

Credit Lines

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

Opening and Closing a Financial Institution Account

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

- Name of account.
- Instructions regarding purpose of account.
- Names of signatories and authority limits.
- address where all statements and correspondence is to be sent.
- Financial institution contact person.

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

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

The request to close a financial institution account must include:

- Name of account.
- Financial institution account number.
- Closing bank balance and statement.
- Approval by Council.

Transfers Between Accounts

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

Financial Agreements

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

- For the purpose of efficient management of The First Nation's financial assets, agreements with financial institutions and related services agreements.
- For the purpose of reducing risks or maximizing benefits in relation to the borrowing, lending or investing of The First Nation's financial assets, agreements

with financial institutions respecting currency exchange, spot and future currency, interest rate exchange and future interest rates.

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

Account Reconciliation

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

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

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

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

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

The employee preparing the reconciliation will sign and date it as evidence that the reconciliation is complete and submit the reconciliation to Finance Director. The Finance Director will submit all financial institution account reconciliations for independent review.

Independent Review

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

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

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

Irregularities

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

Cheque Signors

Policy

Wahnapitae First Nation will ensure that appropriate cheque signing authority is followed to safeguard First Nation assets.

Procedure

The Chief & Council will annually review and approve First Nation Signing Officers. First Nation Signing Officers may include, but are not limited to all Chief & Council and Executive Director. Two signatures/authorizations are required on all company cheques and Electronic Fund Transfers (EFTs), and any two signing officers may review and approve payments, with the following exceptions:

- 1) Executive Director expenditures must be reviewed and signed by at least one of the following: Chief and/or any Council member. Any cheques issued to the Executive Director must be signed by Chief and/or Council; the Executive Director cannot sign cheques issued to themselves.
- 2) Department Managers may approve their own departmental expenditures on amounts less than:
 - a) \$1000 during their 6-month probationary period.
 - b) \$5000 after their probationary period and under 1-year of employment with written approval by the Executive Director.
 - c) \$10,000 after 1-year of employment with written approval by the Executive Director.
- 3) The Executive Director may approve all departmental expenditures on amounts less than \$25,000.
- 4) Extraordinary expenses must be reviewed and signed by at least one of the following: Chief and any Council member. An extraordinary expense is defined as any payment of an amount greater than \$25,000, with the exception of Receiver General payments or any payment within an approved budget.
- 5) Expenses that in an amount greater than \$25,000 must have a band council motion or a band council resolution attached as additional documentation, with the exception of Receiver General payments or any payment within an approved budget.
- 6) Membership approval is required for non-program expenditures for any amounts greater than \$400,000 other than in the case of an emergency or situation where community safety is put at risk.

Cheque signers will not sign blank cheques under any circumstances.

Corporate Credit Card

Policy

Wahnapitae First Nation will ensure that appropriate use of First Nation credit card is followed to safeguard First Nation assets.

Procedure

Any balance on the corporate credit card will be paid in full on a monthly basis, and disbursements will be subject to the **policy** Cheque Signing Authority. Wahnapitae First Nation will ensure that any personal expenditure done on the corporate credit card will be charged back to the employee.

A corporate credit card account may be issued at the discretion of Chief & Council and the Executive Director, with an established limit to the related individuals:

1. Chief
2. Executive Director
3. Lands and Resource Director
4. Health Director
5. Infrastructure and Development Director
6. Education Director
7. Band Representative Supervisor
8. Asset & Procurement Coordinator
9. Communications & Governance Director

Contracted Services

Policy

Wahnapitae First Nation will ensure that there is written documentation for all contracted services. Contracted services may include professional consultants, service delivery and administrative functions.

Procedure

Wahnapitae First Nation will obtain written contracts for all contracted services in accordance with the Procurement Policy, which includes at a minimum the following:

1. A description of the services to be provided.
2. Terms of the contract, such as, but not limited to, deliverables and warranties.
3. Procedures for payment.
4. Penalties for default.

Honorarium

Policy

Wahnapitae First Nation will ensure that there is written documentation for all paid honoraria. Honorarium payments may include payments to Chief & Council, other committee participants and to an individual or group in recognition of the contribution of gratuitous services to the community.

Procedure

Any meeting that an individual attends must be a registered duly convened meeting and there must be evidence of attendance at the meetings.

Wahnapitae First Nation' policy on honorarium payments is based on the following thresholds:

For Councilors:

1. 0 to 4 hours - \$300.00
2. 4 to 6 hours - \$350.00
3. Day - \$400.00
4. Overnight - \$500.00

For Trustees:

1. 0 to 4 hours - \$200.00
2. 4 to 6 hours - \$250.00
3. Day - \$300.00
4. Overnight - \$400.00

For Committee members:

- \$100 per meeting

If the duties and responsibilities of a staff member is to participate on any committee, that staff is not eligible for an honorarium.

For more clarity, if a staff member is on a committee, that is outside of their duties and responsibilities, that staff member may claim an honorarium. Example: Housing Coordinator cannot claim an honorarium for being part of the Housing Committee as this is part of their duties and responsibilities, but if the Housing Coordinator was on the Cultural Committee, the Housing Coordinator could claim an honorarium as this is not part of their duties and responsibilities.

Individual providing an Opening / Closing (includes smudging)

- Opening \$100.00.
- Opening and Closing and other duties during the event \$200.00.

Unpaid Traditional Practitioner, knowledge sharing, pipe ceremony, sweat lodge, knowledge teachings or facilitating a cultural workshop

- \$300.00 Half day (0 to 4 hours).
- \$500.00 Full day.

Honorariums will not be provided to paid services.

Travel expenses

Policy

Wahnapitae First Nation will ensure that there is written documentation for all paid travel expenses. Travel claim payments may include payments to Chief & Council, Trustees, committee participants, members, and employees.

Procedure

Direct related costs will be paid out at the rates as prescribed under Canada Revenue Agency (CRA) guidelines and can be adjusted at the discretion of the Executive Director; any adjustments will be dependent on the source or program sponsor:

- Meals will be reimbursed at the current CRA rates (meals will only be reimbursed for out-of-town travel, unless otherwise approved).
- Actual mileage will be paid at a rate as set by the current CRA rates from the departure location; however, if the mileage is being reimbursed by a different company, then the mileage will be paid at the reimbursing company's rates.
- The value of the mileage claimed cannot exceed the cost of airfare and ground transportation associated with air travel for the same journey.

Chief and Council

Chief and Council may claim mileage from their primary residence to the location of scheduled meeting that they attend on behalf of Wahnapitae First Nation, for business purposes.

Trustees

Trustees may claim mileage from their primary residence to the location of scheduled meeting that they attend on behalf of Wahnapitae First Nation, for business purposes.

Committee Members

Committee members may claim mileage from their primary residence to the location of the scheduled committee meeting.

Employees

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

Travelling expenses shall be approved in advance by the Department Director, and in the event of absence of the Departmental Director, then the Executive Director shall

approve the advance. Advance travel claims must be submitted no less than one week prior to departure for out-of-town travel.

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

Travel advances shall be used to cover expenses incurred on Wahnapiatae First Nation business, such as out-of-town expenses, in-town expenses, travel, meals, and accommodations.

If the First Nation requires that employees go out of town for business purposes, the employee shall receive an advance payment; however, it is the employee's/Wahnapiatae First Nation delegate's responsibility to ensure prompt remittance of related receipts are given to the Finance Department within seven (7) days upon returning from the meeting.

It is expected that a band vehicle is to be used, unless one is not available. If the employee chooses to use their own vehicle, when a band vehicle is available, mileage may be paid at a reduced rate, unless otherwise approved.

If travelling the direction already and not returning to the Wahnapiatae First Nation administration building, then mileage will be paid for one direction only and not a return trip, unless otherwise approved.

If travelling directly from your residence during regular business hours, and the travelling distance is less than the travelling distance from your residence to the administration office, mileage will not be reimbursed. If travel is greater than the travelling distance from your residence to the administration office, the amount over and above will be reimbursed, unless otherwise approved.

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

Private Vehicles

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

Travel Policy

All travel-related expenditures, including transportation, lodging, meals, and incidentals, must comply with the organization's **Travel Policy**. This policy outlines detailed requirements for travel approvals, booking procedures, allowable and non-reimbursable

expenses, documentation standards, and reimbursement rates (including per diem and mileage). Employees must refer to the Travel Policy to ensure full compliance before incurring or submitting travel expenses.

POLICY

It is Council's policy to establish a process around emergency and operations continuity planning that addresses the key risks facing the First Nation.

PROCEDURES

Analyze the Current Situation

The Executive Director will conduct a risk assessment to identify all risks that could have an impact on the operations and finances of the First Nation, including potential threats such as fires, natural disasters, and environmental risks.

For each of the risks identified, the Executive Director will determine the likelihood of the threat occurring and the potential impact on the First Nation's operations.

Develop the Emergency Response & Action Plans

Based on the likelihood and impact, the Executive Director, with input from outside expertise as required, will determine which risks will be addressed in the emergency response and action plans. The plans should identify critical systems or operations and how these will be managed in the event of an emergency to minimize effects on the First Nation's overall operations and finances.

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

Buildings and sites

How will operations continue if the site is inaccessible or destroyed?

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

Critical equipment

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

How quickly can repairs be made and by whom?

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

Information Technology

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

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

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

People

How will the First Nation communicate with staff/members during the emergency?

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

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

Are there any potential health and safety issues associated with a particular risk? How would these be dealt with?

Responsibilities for each component of the emergency and operations continuity plan will be clearly identified and communicated with the assigned individuals. Alternates for key individuals will be identified and provided with information on their duties.

The Executive Director will develop an emergency notification procedure to explain how to enact the plan should an emergency occur.

Implement the Plan

The Executive Director will make sure all affected staff and First Nation members have access to the emergency response and action plans.

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

The Emergency Response plan and Emergency Action Plan will be tested by the Executive Director.

Testing could include mock disaster exercises, communication and off-site computing tests, fire drills, etc.

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

Annual Review

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

Changes to the plan will be approved by Council.

POLICY

It is Council's policy to establish a process around continuous improvement in the First Nation's financial management system.

PROCEDURE

Financial Management System Review

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

The agenda items will include, but are not limited to, the following:

- Review of the system's processes and procedures.
- Review of applicable laws for compliance.
- Review of external and internal assessment results.
- Review of identified process improvement opportunities including their resolution.
- Review of all committees' terms of reference.
- Review of the First Nation's corporate and personnel organization charts.

The Executive Director will prepare a report for distribution to the Finance and Audit Committee that includes the following:

- Statement of whether the financial management system has, during the review period, been operated in compliance with all applicable laws, policies, procedures and directions.
- Recommendations for any changes to those laws, policies, procedures and directions that would be beneficial to the financial management system.

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

Internal Assessments

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

Operations or activities under review by the employee assigned by the Executive Director includes the following:

- Reviewing all policies under the Financial Administration Law.

- Reviewing all procedures, within the policies, under the Financial Administration Law.
- Reviewing the Terms of Reference for the Finance and Audit Committee.
- Any other documentation with regards to the Financial Management System of the First Nation.

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

Reports will be issued to the Executive Director.

Continual Improvement Process

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

Review of Financial Administration Law

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

- Determine if it facilitates effective and sound financial administration of the First Nation.
- Identify any amendments to this Law that may better serve this objective.

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

Membership Information or Involvement

In the event that recommendations from the Finance and Audit Committee require amendments to the Financial Administration Law, Council will make sure that First Nation members are provided the information in consideration of any proposed amendments to the Law as required in the Financial Administration Law. Membership will be informed and involved for any Financial Administration Law Updates.

Appendix A

Tangible Asset Table

Primary Category	Sub-Category	Examples	Threshold	Pooled	Useful Life (Years)
Land	Land	Land purchased- on and off reserve Land donated – on and off reserve	All		Infinite
	Land Improvements	Fencing and gates, parking lots, paths and trails, landscaping, sports fields, site preparation and playgrounds	\$10,000		10 – 50
Buildings	Buildings	Community buildings, Band Office, Health Centre, CMHC housing, Rental Housing, Band Owned Housing, storage buildings, residential and office trailers, sheds, fencing, etc	\$10,000		20 – 50
Machinery and Equipment	Light	Ride on mowers, boats, ATV's snowmobiles and generators	\$5,000		6 – 10
	Heavy	Loaders/backhoes, tractors, graders, Pumper truck, etc	\$10,000		8 – 15
Furniture and Equipment	Furniture	Desks, chairs, furniture and appliances	\$2,000		5 – 20
	Equipment	Photocopiers, telephone systems, etc	\$2,000		3 – 10
Computer Equipment	Hardware	Desktops, laptops, servers, scanners, printers, hard drives, modems, tape drives and plotters.	\$2,000	X	3 – 7
	Software	Off the shelf software and related upgrades, software licences after removing any	\$2,000	X	1 – 10

		maintenance or similar charges			
Vehicles	Light	Cars, ½ tonne trucks, school bus and vans	\$5,000		3 – 10
	Heavy	1 tonne trucks, garbage packer, dump truck, plow truck	\$5,000		8 – 15
	Trailers	Utility Trailers	\$2,500	X	1 – 10
Roads	Surface	Asphalt and gravel	\$5,000		10 – 25
	Subsurface	Subsurface of road	\$10,000		25 – 50
Bridges	Superstructure	Bridge	\$5,000		30 – 80
	Decks	Bridge	\$5,000		15 – 30
Culverts	Culverts	Concrete culverts	\$5,000		50 – 80
Signage	Signs	Road signs	\$2,500	X	8 – 20
Water and Wastewater Systems	Structures	Plant, intakes, filtration, reservoir, buildings, dam, Bio Solids, Outfall, Septic systems, etc	\$10,000		40 – 50
	Infrastructure	Water/Wastewater mains, hydrants, valves, meters, service lats, pump stations, manholes, sewer lats, lagoons, etc	\$10,000		20 – 50
	Equipment	Electrical, mechanical, instruments, etc	\$10,000		10 – 20
Street lights	Street lights	Outdoor street lights	\$2,500		15 – 30
Landfill site	Landfill site	Designated landfill area	\$10,000		25 – 40