

Band Financial Management Policy

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SAMPLE BAND FINANCIAL MANAGEMENT POLICY

1.0 Budgetary Process

The budgetary process is considered to be both a crucial and necessary strategy for almost any organization. Budgets allow for the timely and effective use of all resources, and ensure that programs stay within financial parameters, that is, without getting into a deficit situation. They ensure that cash flows are properly accounted for, and help with monitoring of programs and services. The budgetary process involves setting out, on paper, the priorities of the organization. It usually involves all senior decision-makers, and requires that everyone have the most up-to-date and accurate information available regarding the financial matters to be discussed. Budget planning can be seen as a results-based management practice which advocates responsibility and decision-making.

The budget process can be quite complicated, usually involving a significant knowledge of not only financial matters, but also being able to grasp the interrelatedness of funding arrangements and programming; this can also be further complicated for Bands which are striving to reduce debt. However, given the above, it is still essential that the process be as transparent as possible so as to allow for community input. Budget decisions should be explained clearly to community members, and any written statements must be simplified in order to allow for the widest possible understanding.

1.1 Responsibilities

The ultimate responsibility for financial matters pertaining to the Band lies with the Chief and Council. However, this does not mean that budgets should be prepared in a vacuum; as stated above, senior staff, as well as community members should become part of the process. This could take the form of public meetings or a posting of information in prominent locations.

More specifically, portfolio directors, program managers and program staff prepare budget estimates (see Preparation below) for review and approval by Chief and Council. Throughout this entire process, the Band Manager and/or the Financial Officer should be actively involved with all levels of personnel, so as to promote continuity, and to lend support and expertise whenever possible.

1.2 Preparation and Approval

The budget preparation process is usually quite lengthy, and should be started well in advance of any deadlines. It generally begins with a budget planning meeting for each program, during which program staff state their needs, in

written form, for the coming fiscal year. A good basis for budgeting is an examination of the previous year's budget; this will aid in determining shortfalls and areas that could provide savings for the Band. After this initial meeting, staff should begin preparing itemized budgets which contain significant detail. These should include such things as personnel needs, supplies, equipment, travel, etc. All items should be costed out. Included also should be such things as projected program expenditures, salaries and benefits, operating costs and maintenance costs.

After staff has prepared detailed budgets, another meeting should be held which includes staff, program managers, the appropriate Portfolio Director, Comptroller and the Band Manager. Budgets should be presented, and then discussed item by item. Everyone should have the opportunity to discuss their particular budgets, and a consensus must be reached on an overall budget. This will mean that not everyone will receive the budget levels they had anticipated, and compromises will have to be made. These types of meetings must take place for every program that is administered or operated by the Band.

Once the budgets have been finalized by the Portfolio Directors and Program Managers, the Band Manager and the Financial Officer will present them to Chief and Council for debate and approval. The Chief and Council may approve each budget entirely, partially, or reject them and ask for modifications. It is important for the Band Manager and Financial Officer to present the budgets, since he or she was involved with the budget process at the last level, and as such, may understand ideas or justifications behind any particularly contentious budget items or issues.

1.3 Monitoring

Chief and Council will monitor all facets of budgeting, including salaries, travel, monthly statements, cash flows, etc. on a monthly basis. If shortfalls or savings are identified, appropriate measures should be recommended. It is also important for variance reports to be presented on a monthly basis. These motions should be voted on, and recorded in the Council minutes. Departmental or Agency funding should only be spent for purposes outlined in any agreements. Where funding flexibility is allowed between programs, any transfers from one program to another should be approved by Chief and Council.

2.0 Budget Reporting and Control

It must be the goal and mission of every Band to maintain strict controls over financial matters to ensure that funds are spent appropriately, and to guard

against any over-expenditures which may result in placing the Band in a deficit situation. To further this aim, at the beginning of each fiscal year, all funding arrangements must be analyzed in conjunction with the budgetary process outlined above. In this manner, proper allocations can be made for each program.

Program staff should prepare and present monthly statements to their program manager, who will in turn pass along monthly program statements to the Portfolio Director. The Program Director should meet with the Financial Officer to review the monthly statements, and compare them to the yearly budgets that were previously submitted. Notes should be made regarding any discrepancies, and ought to be followed by a meeting with the appropriate staff for explanation and clarification. The finalized monthly statements will be presented to Chief and Council for approval and explanation. Appropriate action in relation to any budget over or under expenditures will be formalized at that time.

3.0 Accounting and Data Management

With the proliferation of personal computers, accounting has quickly become an electronic task which requires specialized skills. Band accounting staff should avail themselves to all available training. However, while accounting has changed considerably in its technical operation, the principles have remained the same. A strong accounting system will ensure that Band financial obligations are met, and that accurate records are kept.

Generally, accounting staff should be well trained in the areas of accounting principles, data management, file and record keeping and systems. In this manner, accurate information regarding financial matters can quickly be provided to Chief and Council, such as payment of invoices, salaries, expenditures and receipt of funds. It is the responsibility of the accounting staff to keep up-to-date records for such purposes, and to store these records in a safe manner.

Financial authorities and cheque signing privileges must be clearly stated, in a written policy, to avoid any possible misunderstandings. Most communities require at least two signatures on each cheque, one being the Financial Officer, as that person usually has required information regarding any cheques that should or should not be issued. It is also customary for a cheque requisition form to be signed by the Financial Officer. On a precautionary note, the person who makes out the cheques should not be one of the persons with signing authority; this will safeguard both the Band's finances and the person's liability.

4.0 Payment Processing

The Band should have a clearly stated accounts payable policy, available in writing to anyone who requests it. It should be policy to promptly pay all invoices received, usually within thirty days, to avoid paying any interest charges. Also, some companies offer discounts for prompt payment, which should provide another incentive. After the receptionist receives an invoice, it should be passed on to the Financial Officer. The Financial Officer will check all the components of the invoice for accuracy before authorizing payment. Should a discrepancy be detected, the Financial Officer will be responsible for contacting the invoicing company to rectify the problem.

Once the Financial Comptroller has authorized a payment, a cheque should be requisitioned and mailed or delivered to the appropriate supplier by the due date indicated. The payment should be recorded in the computerized accounting package that is in use by the Band. This should automatically change the ledger readings to reflect an accurate account history.

5.0 Cheque Issuance

The policy of cheque issuance should be used in conjunction with the policy of payment processing. There are three types of cheques which could be issued; pay cheques, general cheques and social assistance cheques. However, the cheque issuance policy should be followed regardless of the cheque type¹. A stub should be attached which contains all the pertinent information such as salary, deductions, loan repayments, etc. It is also of primary importance to keep all blank cheques in a locked storage cabinet.

Certain other procedures must be taken into account when developing a policy for the issuance of cheques. For instance, all cheques must be numbered sequentially so as to be accounted for, cheques should never be issued blank or post-dated, and lost or stolen cheques should be reported immediately and a stop payment order issued to the bank. Also further safeguards should be put in place such as canceling all cheques that have not been presented in the six-month period after issuance should be cancelled, and a new cheque issued only on the request of the payee.

¹ The only exception would be social and child maintenance cheques. Their should not be a requisition attached to the cheque before a signing officer signs the cheque. This measure is to ensure the confidentiality of the payee.

6.0 Debt Management

For communities who find themselves in a deficit situation, usually an agreement is worked out with funding agents, as well as any creditors. A financial management plan must be set out which contains detailed information on how the Band will reduce, and eventually eliminate, its debt. Chief and Council must endorse such a plan, and it must be accepted by funding agencies. In general, Bands that are in a deficit situation² should review their budgets at the beginning of the fiscal year to ascertain if savings can be realized in program areas, and if so that surplus should be applied against the debt. It is also important for debt management that variance reports to be generated on a monthly basis.

7.0 Travel Benefits/Claims

Each community should have a clearly defined travel policy. This policy should be approved by Chief and Council and made available to all employees in writing. New employees should be briefed on the policy during the orientation process. Most Bands use federal travel rates, and all travel is usually recommended by a supervisor and approved by the Financial Officer.

7.1 Authority

Each Band should establish a clear travel policy for all of its employees. The first step is to develop an authorization procedure. Many communities and organizations place the responsibility for approving travel with the Comptroller, while others place it with the traveler's immediate supervisor. Whatever process is chosen, it should be presented to all employees, in writing, during their orientation. Travel should be kept to a minimum, and all costs should be budgeted for in the budget process for each program. All attempts should be made to secure funding from other sources, i.e., government, associations, etc.

7.2 Procedures

Once the travel has been authorized, travel arrangements should be made using the most economical means possible. This may mean the person taking their own vehicle rather than renting one or sharing expenses with another employee or even sharing travel arrangements with someone from a nearby Band travelling to the same location. Also, all arrangements should be as far in advance as possible, especially if travelling by air to ensure that all possible saving can be realized. A travel itinerary should be completed for each person

² A deficit situation is usually considered to be when a Band's debt is more than 8% of their total funding.

who is travelling. This should include such information as: dates and times of departures and arrivals, hotel information, including telephone numbers, and meeting locations and contact detail. The itinerary should be given to the secretary well in advance of the actual travel date.

7.3 Travel Advances

Travel advances may be given to employees before they leave, granted that they have filled out an appropriate travel advance form. Advances should never exceed the actual total cost for the travel. Within one week of returning, the employee must complete a travel claim form, including a record of all expenses incurred which are verified by receipts. The amount of the travel advance will then be deducted from the total travel claim. If the travel claim is for less than the amount of

The advance, the employee will be required to submit payment to the Band immediately. Further travel advances will not be issued to an employee if they have failed to either complete past travel claim forms, or still owe monies resulting from previous travel.

8.0 Salary Advances and Loans

The issue of salary advances and loans has been a contentious one for Bands in the past, especially given that this has been a frequent practice. However, as Bands move toward more accountable financial objectives, this issue must be evaluated to ensure that proper guidelines are followed. To guard against any possible abuse or misuse of salary advances and loans, a guideline must be formulated and followed. Below will be some basic criteria that should be followed when developing a policy for salary advances and loans.

8.1 Salary Advances

As noted above, salary advances can become a major problem for Band administrations. Many Bands have adopted a policy whereby no salary advances are to be issued to any employee. While this may work in some situations, it is not always feasible. As a guideline, full-time Band employees will not receive an advance equaling more than the equivalent of one month's wages. Part-time or seasonal employees will not receive an advance more than the equivalent of two weeks wages. Full-time employees must repay the advance within a two-month period, and part-time or seasonal must repay all advances within one month. In all cases, no advances will be given to any employee with an outstanding balance from a previous advance.

8.2 Loans

As with the practice of giving salary advances, loans have been a problem for First Nation governments. It is for this reason that a strict loan policy should be developed, and most important, applied equally to all. One tactic or direction that some Bands have taken on this issue is to not provide loans to community members. It should also be noted that monies received from a Department or Agency for specific objectives, such as education, should never be used for the purpose of providing loans.

If a Chief and Council decides that they do wish to issue loans to their members, a strict loan policy must be adopted. This may include such items as level of loans allowed, i.e., not exceed \$1,000. The person receiving the loan should be required to remit a repayment schedule, which includes the required number of postdated cheques. All loans should be approved by the Band Manager, and recorded in written form. All payments made on the loan should also be recorded and receipts given as proof of payment. This information should be made available to Chief and Council. Loans that are in arrears should be presented to Chief and Council so that they can decide on any remedial action. It should be part of the policy to identify an acceptable payment plan, which is applied universally to all loan recipients. Also, all loans must be paid in full by the end of the Band's fiscal year.

9.0 Honoraria

A policy on honoraria for elected officials or senior Band staff representing the community must be established by Chief and Council in a responsible manner, and should be included as part of the budgetary process. Some Bands have decided that only out-of-pocket expenses, verified by receipts, will be reimbursed, while other administrations have decided to abolish honoraria completely. Included in the policy should be the requirement that participants must attend the entire meeting to be eligible for any honoraria. If the sponsoring agency is covering the expenses for the meeting, no further honoraria will be available.

10.0 Payroll Administration

Salaries rates paid to employees should be approved by Chief and Council, and provided in writing to each employee during their orientation process. Paydays should be established (i.e., weekly, bi-weekly), and adhered to. All employees will be provided with a pay stub detailing their salary rate and any applicable deductions.

Those employees that are on salary should be required to submit an attendance sheet detailing their time of arrival and departure, which they sign as verification. Based on the information provided, the payroll clerk will then make appropriate adjustments to the cheque. For those employees paid on an hourly basis, a time sheet detailing all the hours they have worked should be submitted, also with their signature.

Payroll clerks should be knowledgeable regarding payroll administration and deductions. Deductions may include CPP, EI, income tax (if applicable), Indian Pension Plan Fund and any group insurance plan. Deductions may also include any loans or salary advances that are in arrears.

11.0 Audits

An audit is basically a summary of all the financial activities undertaken by a Band during a given time period, usually annually. An audit provides a means of showing Band members and funding agencies that fiscal resources are being used and administered in a responsible manner. In most cases the auditor comes from an outside agency in order to provide the auditing service with a sense of objectivity. All audits must be conducted in a timely manner; within 90 days of a Bands fiscal year end which is normally March 31.

Detailed financial statements should be prepared annually for all Band operated activities. The auditor will be appointed by the Chief and Council and must hold a recognized accounting designation. The audit and statements must be prepared using generally accepted accounting principles. The audited statements must include the following information:

- balance sheets;
- statements of revenue and expenses for all activities;
- schedules of surpluses or deficits for each activity, detailing transfers and prior year balances
- a consolidated balance sheet and statement of revenue and expenses, and surpluses or deficits, if a Band is in debt
- statement of change in financial position.

Included in the audited statements should be the auditors opinion in relation to the veracity of the financial statements as a reflection of the Band's financial position, and any recommendations he or she may feel is advisable. The auditor must present a draft to Chief and Council, and make themselves available to answer any questions regarding the audit report.

In order to reduce the amount of time required by the auditor, and thus the cost, the Band administration should collect and prepare as much information as possible before the auditor begins the audit. Such information required may include:

- receipts and payment journals or logs;
- general ledger;
- signed minutes;
- BCR's;
- cancelled cheques, bank statements and cheque stubs or duplicates;
- receipt books;
- all funding arrangements;
- payment vouchers and invoices;
- deposit books;
- payroll sheets and T4 forms issued;
- grant application;
- grant approval letters;
- accounts receivable;
- accounts payable;
- inventory;
- schedules of salaries, honoraria, travel and other benefits Chief, Council or employees may have received;
- all journal entries made;
- pension plan information; and
- list of assets purchased

Chief and Council must review the audit, and approve it. It must be signed by Chief and Council. The audit must be available to the community members. The completed audit must be sent to all funding agencies. Chief and Council should also make every effort to follow-up on recommendations made by the auditor, or suggestions made by community members concerning the audit.

12.0 Fixed Asset Control

A comprehensive inventory must be kept of all Band assets. This list should include such items as office furniture, office equipment, buildings and building materials, vehicles, maintenance equipment and machinery. This list should be reviewed and updated at least annually, and must include the cost and date of purchase for each item, or the date and sale price if an item has been sold. As well, all serial and/or model numbers should be recorded and kept with the assets list.

The Financial Officer should conduct random audits of all Band assets to verify their existence and condition. If any item is deemed missing, damaged beyond repair or obsolete, it should be reported to Chief and Council who may decide to authorize a write-off, or begin an investigation into any missing items. The Comptroller should also use the list to ensure that adequate insurance coverage has been purchased for all Band assets.

An attempt should be made to ensure the security of Band assets. This may involve following local fire codes for all buildings and structures, and maintaining adequate insurance coverage. All equipment should be locked in safe storage, and access given only to authorized personnel. Access should only be given to appropriate staff members, and they should be instructed in security measures.

13.0 Financial Control For Band-Operated Businesses

All Band-operated business should be treated as separate entities from the Band for budgeting, reporting and financial purposes. Therefore, Band-operated businesses should endeavour to formulate their own financial policies. These policies could be constructed along the same lines as those of the Band, and as outlined in this sample policy document. Band businesses must be included in any Band audits and included on consolidated revenue and expenditures statements, if the Band is in debt. Once completed, the policy must be presented to Chief and Council for input and approval.

14.0 Tendering and Contracts

Since most Bands purchase a wide variety of goods and services, with a wide variety of costs, during a fiscal year, it is important to have a firm policy in place regarding the tendering of goods and services, and for the contracting process.

14.1 Tenders

The tendering process should begin by designating appropriate purchasing thresholds for staff members. Usually, small purchases (less than \$1,000³) would only require the approval of a Program Manager. Larger purchases (up to \$5,000) must be approved by a Portfolio Director. All purchases over that amount must be approved by Chief and Council.

³ All amounts are for illustrative purposes only; each Band must determine it's own thresholds.

For the purpose of tendering, all items under the smallest limit can be purchased without tendering, although every effort should be made to ensure that the best value for money is attained. Capital purchases up to the intermediate level should be made by invited tender, that is, by asking a number of suppliers to send quotes on the item, and from the quotes the most appropriate supplier can be selected. For items over that level, a public tendering process should be initiated⁴.

Whether it is an invitation to tender, or a public tender, all tender documents include information that contains enough detail for the supplier to make an appropriate bid. The tender documents should clearly state the time and date of the closing, time, date and place of opening, the location all tenders are too sent to, and the amount of any security deposit if necessary. Also included should be the name of a contact person who can answer any questions regarding that particular tender. It is usual for the tender package to also contain the evaluation criteria, so that suppliers will know what they are being evaluated on.

The returned tenders must be in a sealed envelope, and the tender name or number clearly marked on the outside. These must be received by the time and date specified in the tender; no allowance will be made for late tenders. The tenders should be opened at the given time and place, and the opening should be open to the public. All tenders received should be opened and the tender title, date of bid and amount shown should be recorded. The lowest tender is usually the one accepted, and if not, the reasons should be clearly recorded⁵. After a tender has been chosen, and both parties agree to all terms and conditions as set out in the tender and the suppliers bid, a contract for goods or services should be entered in to. All unsuccessful bidders should be sent a notification thanking them for their interest and stating the successful bidder as soon as possible.

14.2 Contracts

Upon approval of the recommended supplier by Chief and Council, a contract should be prepared and signed by both parties. The contract should clearly states all the requirements and responsibilities of both parties. It should include information on completion or delivery dates, reporting requirements and terms of payment.

15.0 Project Management

⁴ The law requires that any purchase of goods or services over \$50,000 must be put to public tender.

⁵ The lowest bid is not necessarily the best bid; value for money must always be considered.

Project management is the approach used to manage a project within the constraints of time, cost and performance targets. Project management provides a focus on deliverables, by providing the project with technical management, scheduling, cost control and task allocations. Most projects require a project manager who is responsible for project integration with other on-going activities, strategic planning, resource allocation, project quality, and time, cost and risk management.

16.0 Office Procedures

Office procedures are essential to any successful and well-run organization. These provide a set of standards and rules by which all employees are expected to operate. Many of the items associated with an office procedures policy are not related to financial management; however, elements such as petty cash and receipt and deposit of funds are fundamental to a sound fiscal policy, and as such are included below.

16.1 Petty Cash

Petty cash is usually a fund which contains a small amount of money which is used for paying small incidental expenses. The Financial Officer, in conjunction with Chief and Council, should set the amount of the fund, and designate an employee to be responsible for it. This employee will have to keep detailed records of starting and end balances, as well as receipts for all disbursements from the petty cash fund. The fund should not be used for paying regular items which would usually be paid for by cheque, nor should it be used to cash pay cheques for other employees. It will also be the responsibility of the employee to ensure the safe storage of the petty cash fund.

16.2 Receipt and Deposit of Funds

All cheques received should be deposited as soon as possible; any funds that have not been deposited should be kept in a locked cabinet until the next deposit is made. In preparation for deposit, an appropriate deposit slip should be completed. The slip must contain the following information: date, account name and number, list of all cheques with amounts, list of all cash to be deposited, total deposit (cheques + cash), and a signature. The Financial Officer should be responsible for completing these forms, or at the very least, verifying the information. The deposit should be made on the date indicated, and the person depositing the funds should ensure that the bank date-stamps and signs the deposit slip.

17.0 Sample Band Financial Policy

Some Bands may find it necessary to strengthen the above policy into a more formalized document. This can be accomplished by having Chief and Council endorse a financial administration policy by passing a Band By-law as stated in **Section 83(1)** of the **Indian Act**.

Below is a sample policy which can be modified to meet the needs of a particular Band.

Financial Administration By-Law

Preamble

A By-Law to regulate the receipt, management, and expenditure of _____ First Nation funds and establish the administrative structure of the _____ First Nation which manages the funds:

WHEREAS the **Indian Act** provides that Council may, subject to the approval of the Minister of Indian and Northern Development, makes by-laws for the following purposes:

- the appropriation and expenditure of moneys of the First Nation to defray the _____ First Nation expenses,
- the appointment of officials to conduct the business of the Council and prescribing their duties, and
- with respect to any matter arising out or ancillary to the exercise of the aforementioned power:

AND WHEREAS the Council of the _____ First Nation has determined that it is desirable and necessary that a financial management by-law be established for the purposes set out in **Section 83(1)** of the **Indian Act** and for the better administration of the _____ First Nation's business;

NOW THEREFORE the Council of the _____ First Nation at a duly convened meeting of the Council enacts the following by-law:

Title

1. This by-law may be called the "*Financial Administration By-Law*"

Definitions

2. In this by-law:
 - "*agencies*" means any board, tribunal, commission, committee of the First Nation or any corporate body controlled by the First Nation including a society, non-profit corporation or business corporation but does not include a business corporation operated for a profit making purpose;
 - "*annual budget*" means the forecast of planned expenditures for the forthcoming fiscal year by the _____ First Nation;
 - "*board*" shall mean the _____ First Nation Treasury Board established pursuant to this by-law;

- . *“agreement”* means any written contract between the _____ First Nation and another party or parties, including the federal government, the provincial government, or a third party, pursuant to which money is to be paid to the _____ First Nation;
- . *“council”* shall mean the *Chief* and *Council* of the First Nation;
- . *“department”* means an administrative division of the First Nation Government as established from time to time by Council and includes service centres, administrative units and other internal organizational units of the _____ First Nation administration;
- . *“ _____ First Nation funds”* means all moneys belonging to the _____ First Nation and includes:
 - all revenues of _____ First Nation
 - money borrowed by the _____ First Nation
 - money received or collected on behalf of the First Nation, and
 - all moneys that are received or collected by the First Nation pursuant to any agreement or funding arrangement and is to be disbursed for a purpose specified by Council or pursuant to that agreement or funding arrangement, but does not include:
 - money received as resource revenues payable into the First Nation trust account by the Government of Canada,
 - money received by the _____ First Nation on behalf of an individual or corporate entity, where Council has approved an alternative arrangement for the managing of the money pursuant to *Section 74*, of this by-law
- . *“resolution”* means a decision made at a meeting of a quorum of Council.

Application

3. This by-law governs the receipt, management, and expenditure of First Nation funds and the administrative organization of the First Nation to manage the funds.

This by-law applies to all _____ First Nation departments and agencies in receipt of _____ Nation funds.

Treasury Board

A Treasury Board of the _____ First Nation is hereby established and shall continue in existence notwithstanding changes in its membership from time to time.

The Board shall consist of 5 members appointed by the Council from time to time with one member being the Band Manager.

Two of the members of the Board shall be members of the Council.

The Chairman shall be elected by the Board and serve for a term of 2 years.

The Chairman shall preside over the meetings of the Board and shall, exercise or perform, between meetings such powers, duties or functions of the Board as the Board may determine.

The Board shall be responsible for:

- . the management and control of the collection of _____ First Nation funds,
- . the management and control of the expenditures and disbursements of the First Nation,
- . the maintenance of records of the financial activities of the First Nation,
- . the preparation of the annual budget in accordance with the priorities approved by Council,
- . the preparation of the annual audit of the _____ First Nation,
- . the reporting and recommending to Council on financial matters, and all other matters relating to the financial affairs of the First Nation not assigned by another by-law of Council resolution to any department or agency.

The Board shall prepare or cause to be prepared any amendment to the annual budget for the _____ First Nation which shall be submitted to the Council for review and approval.

The Board shall maintain or cause to be maintained the financial records of the First Nation through the office of the Treasurer and the managers of the departments or agencies.

The Board may prescribe the form and content of the financial records and establish the accounting systems of the _____ First Nation.

A member of the Treasury Board may be removed from office:

- a. by the Chairman if the member has missed three consecutive scheduled meetings of the Treasury Board,
- b. by a majority of Council on the recommendation of the Chairman for the member's removal, or
- c. by a unanimous vote of Council.

The Band Manager shall act as the senior administration officer of the Treasury Board and shall assist the Board in carrying out its duties.

To facilitate the role and responsibilities of the Band Manager a Treasurer shall be appointed by the Council and is responsible to the Band Manager for the following:

- a. the conduct of the administration necessary to discharge the administrative responsibilities of the Board, including staff supervision;
- b. the administrative supervision of the compilation and preparation of the overall annual budget,
- c. the preparation of annual financial statements and long-term financial projections and cash flows as required from time to time by the Board,
- d. monitoring adherence to any agreement and funding arrangements entered into by the _____ First Nation or any department or agency,
- e. administration and supervision of the financial records and reporting systems; and
- f. the maintenance of records of all receipts and expenditures in such a manner so as to facilitate the annual audit.
- g. any other task assigned by the Board.

The Board shall be responsible for the hiring of the Treasurer subject to the ratification of the Council and dismissal of the Treasurer shall be in accordance with the personnel policies of the _____ First Nation as established by Council.

Council's Role

The Council shall appoint two Councillors and two persons from the general First Nation membership as members of the Board.

The Council shall oversee the preparation of the annual budget and shall approve the annual budget of the _____ First Nation and any amendments thereto.

The Council shall receive and approve the annual audit of the First Nation.

The Council may, upon the recommendation of the Board or upon its own motion, approve of an exception to this by-law by an amending by-law in accordance with *Section 83* of the **Indian Act**.

Delegation of Authority

On the recommendation of the Board, the Council may approve the delegation of authority to approve expenditures on behalf of the _____ First Nation within the annual budget and consistent with the financial organization of the _____ First Nation.

Annual Budget

The Board shall prepare estimates of the revenues of the First Nation for the purpose of preparing the annual budget.

Each department manager and agency manager shall prepare the department or agency's annual budget for the operation of the department or agency and shall submit the budget prepared by the Board which shall prepare a consolidated annual budget for the _____ First Nation.

The annual budget for the _____ First Nation and its agencies shall be submitted by the Board to Council for consideration and approval.

The Council is solely responsible for the approval of the consolidated annual budget for the _____ First Nation and its agencies for each fiscal year.

Council may increase allocations of funds in the budget, reduce allocation of funds, or reallocate funds to difference sectors in the annual budget.

The annual budget becomes official upon approval by the Council by resolution. Council may amend the annual budget at any time before or after its implementation.

The annual budget shall be made available during regular working hours for inspection by any member of the _____ First Nation, and copies are to be provided to _____ First Nation members on written request to the Treasurer upon payment of a \$25.00 fee.

Financial Management: Deposits

There shall be one Consolidated Account established by the Treasurer at the direction of the Treasury Board into which all _____ First Nation funds shall be deposited.

The Treasurer shall ensure the safekeeping of the _____ First Nation funds received and shall forthwith deposit all _____ First Nation funds to the credit of the _____ First Nation Consolidated Account.

The Board may authorize the Treasurer to reallocate funds from the First Nation Consolidated Account to other accounts for investment purposes or program or services delivery.

Funds in the Consolidated Account shall be administered by the Treasurer.

The interest earned on the _____ First Nation funds shall be paid to the Consolidated Account.

Operating surpluses at the end of the fiscal year shall be paid into the Consolidated Account and allocated or expended in accordance with the direction of Council.

Financial Management: Expenditures

All payments and financial commitments shall be in accordance with the annual budget or in accordance with Council resolution.

The Board may make accountable advances from the Consolidated Account to an account administered by a department or agency manager on a monthly basis according to the approved annual budget.

At the beginning of each fiscal year, each department and agency manager may receive a one-month advance or in such amount as determined by the annual budget and the cash flow approved annual budget.

Where funds have been advanced to a department or agency, the department and agency managers shall report to the Board on the last day of the following month:

- a. an invoice listing the funds expended in the previous month, and
- b. a trial balance of the receipts and disbursements for the previous month.

The invoice listing submitted to the Board shall be reviewed and approved by the Board if reasonably within the approved budget and upon such approval further advance for the next month shall be made to the department or agency.

The Board shall deduct from the current month's advance any amounts advanced in prior months which exceed the amount of the expenditures as recorded in the trial balance.

The Board may make such adjustments as are required in the last month of the fiscal year to close out the final payment for the year.

Financial Reporting: Invoicing

No payment shall be made for the performances of work, supply of goods or rendering of services unless the charge in respect of such work, goods or services has been authorized:

- a. pursuant to a Council resolution,
- b. by a person delegated to authorize such payment, or
- c. pursuant to an agreement entered into between the First Nation and the person providing such work, goods or services which establishes the amount, or a method of calculating the amount, to be charged for such work, goods or services.

For all work, goods or services that are provided by or through the First Nation or any other person on behalf of the _____ First Nation for a fee or other charge, an invoice shall be rendered for payment for the work, goods or services.

The Treasurer, department or agency manager each have a role in ensuring invoices are rendered pursuant to this by-law.

Awarding of Contracts

The Council may appoint by resolution the department or agency managers and other persons as authorized to approve the purchase of goods and services in such amount as may be approved by Council.

All orders for work, goods or services provided to the First Nation must be approved by the department or agency manager authorized to approve the purchase of goods or services.

Each order for work, goods or services over **\$15,000** or such greater amount as approved by Council, unless approved in the annual budget, shall, in addition to the signature of the department or agency manager, requires attention by the Treasurer as to availability of funds.

Capital purchases of up to **\$15,000** or such greater amounts as approved by Council may be made by a department or agency manager if approved in the annual budget without going to tender.

Capital purchases over **\$15,000** and under **\$500,000** or in such amounts as approved by Council may be made by invitations to tender.

Capital purchases in excess of **\$500,000** or such greater amounts as approved by Council must be made by public tender.

In emergency situations telephone bids up to **\$20,000** or such greater amount as approved by Council may be accepted by a department or agency manager providing a written confirmation follows from the bidder and a record of telephone bids is filed.

Invitations to tender shall include:

- a. the time and date of closing,
- b. sufficient details from which comparable bids can be made,
- c. the time, date, and place tenders are to be opened, and
- d. amount of security deposit if required.

The tendering period is not to be less than five (5) working days, unless it is in an emergency situation.

All tenders are to be returned sealed and addressed to the First Nation, clearly marked "*Tender for*" and the time and date of receipt is to be recorded on the unopened envelope of tender when received.

All tenders received shall be opened in public in the presence of the department or agency manager or other person responsible for the tender process.

The name of the tendered, project, date of bid and amount shown must be recorded.

The lowest tender received shall normally be accepted unless the authorized person deems it in the best interest of _____ First Nation to do otherwise.

Where the lowest tender is not accepted, the reasons are to be recorded in the document by the authorized person accepting the contract.

Upon acceptance of a tender for the performance of work, goods, or services, a contract is to be signed by both parties and shall be kept as a portion of the records of the _____ First Nation.

In the event that an official or employee of the _____ First Nation has a personal interest in the contract, she/he shall signify the interest and thereafter refrain from taking part in the discussion or participating in the awarding of the contract.

No disbursements or payment on any contract shall be made without supporting documentation as determined by the policies of the Board.

A 15% holdback of final payment or in such amount as may be determined by Board policy shall not be released to a contractor until all work is certified as complete and satisfactory to the Council.

The Board may establish policies and procedures for the tender process.

Conflict of Interest

Any person who holds an office, including that of Chief or Councillor, or employment with the _____ First Nation, its departments or agencies, shall not use that office or employment for personal gain to the detriment of the interests of the _____ First Nation.

"Personal gain" shall mean financial benefit for the individual or for the members of his or her immediate family.

"Family" shall mean a spouse, including a common-law spouse, children, parent, brother, sister, father-in-law, mother-in-law, uncle, aunt, grandparent,

son-in-law, daughter-in-law, and also includes any relative permanently residing in the person's household.

A person may avoid a conflict of interest by disclosing his or her interest prior to the making of a decision and by not participating in the decision.

If a person violates the conflict of interest provision Council will:

- a. suspend the employee or official from all privileges and benefits of office or employment for a period of time established by Council, or
- b. be dismissed from office or employment by Council.

The Board may develop detailed conflict of interest rules which shall govern the administration of financial affairs of the _____ First Nation which shall take effect upon approval by Council. These detailed conflict of interest rules would support those included under this by-law.

An appeal of suspension or dismissal can be made to the Band Council.

Agreements

The Council may approve on behalf of the _____ First Nation such agreements of funding arrangements with the federal and provincial governments or with any other party for the provision of funding for the First Nation, its agencies and other bodies.

Where an agreement or arrangement has been approved under *Section 73* and on the recommendation of the Treasury Board, the Council may approve an alternative arrangement for the management of money received.

Fiscal Year

The fiscal year of the _____ First Nation Government shall be from April 1 of each year to March 31 in the following year.

Audit

Council shall appoint by resolution an auditor or auditors annually to audit the books and records of the _____ First Nation

The auditor or auditors shall be a member of a recognized professional accounting association.

The auditor or auditors shall report to Council

The audit shall include all transactions involving the _____ First Nation funds.

The auditor or auditors are entitled to access:

- a. all books, records, accounts and vouchers,
- b. information from any department or agency manager necessary for the completion of the audit,
- c. Council resolutions and by-laws,
- d. administration and financial regulations,
- e. agreements, contracts, and any other related documents.

The audit shall be in accordance with generally accepted accounting procedures and shall include a general review of the adequacy of the accounting procedures and systems of control employed to preserve and protect the assets of the First Nation.

The Board shall provide the auditors with instructions concerning the annual audit and, through the Treasurer, shall assist the auditor or auditors in the completion of the audit.

After the review of the annual audit by the Board, the auditor or auditors shall present the annual audit to the Council upon completion of the annual audit.

The audited financial statement shall be accepted by the Council by resolution at a meeting and signed by the Chief and such other person as designated by the Council.

Public

Upon receipt of the auditor's report by Council, copies of the report shall be posted in such public places as determined by Council.

The Treasurer shall retain the written report of the auditor, together with the related financial statements; and any member of the _____ First Nation may inspect them during regular office hours and may by himself/herself or through their agent, at his/her own expense, make a copy of the report or any part of it.

Amendments and Repeal

A decision made in contravention of this by-law is voidable by vote of a majority of Council.

Amendment or repeal of this by-law shall be in the manner stipulated by the **Indian Act**.

Approved and passed at a duly convened meeting of the **Indian Band Council** this _____th day of _____, 200__.

Chief _____
Councillor

Councillor _____
Councillor

Councillor _____
Councillor