

FINANCIAL ADMINISTRATION POLICY MANUAL

This document shall be considered a “living” document subject to changes, edits and additions if an ongoing process to achieve Malahat Nation objectives. This document provides policies and guidance assisting employees and Council in fulfilling financial responsibilities and in creating higher accountability and transparency entitled to Members.

March 2013

INTRODUCTION

Chief and Council recognize policies and procedures as key elements of financial control.

The purpose of this Manual is to describe the financial accounting policies and procedures of the Malahat Nation. The Manual also details the internal controls and specific methods to safeguard the Nation's assets, check the accuracy and reliability of recorded accounting data, and promote efficiency in the accounting operations.

Financial Policy Manual contains policies related to the financial operation of the Malahat Nation which assist employees and Chief and Council in fulfilling financial responsibilities and in creating higher measure of compliance, accountability and transparency to Members. The Manual is directed to those employees who have responsibility for the financial operation of the Nation and is intended to serve as a reference and decision guide. The policies contained herein delineate responsibility, authority and accountability.

It is the responsibility of all financial administrators to familiarize themselves with these policies in order to provide proper guidance to all employees. It is the responsibility of every Malahat Nation employee to follow stated policy.

The Finance Department has the responsibility to develop, promulgate, monitor and revise the applicable policy. When additional guidance or interpretation of a specific policy is required, that Department should be consulted. The Band Administrator and Finance Manager should be consulted when an issue arises which is not addressed by the Financial Policy Manual.

The Manual is published by the Finance Department which is responsible for the financial operation and fiscal control of the Band Administration.

Disclosure

This Manual shall not be distributed to anyone without the prior approval of the Band Administrator.

Members have the right to access certain financial records. The following documents shall be made available to Band Members electronically and/or for viewing at the Malahat Nation Administration during regular working hours:

- (a) The annual budget;
- (b) The most recent financial statements;
- (c) The accepted external audit;
- (d) Band operational agreements or funding arrangements with the federal or provincial

- governments or with any other agency providing funding to the Malahat Nation;
- (e) Any multi-year financial planning including the planned level of debt financing;
- (f) Any criteria, policies, procedures or guidelines developed in accordance with this *Financial Policy Manual*

Where the Member is entitled to have the financial record disclosed to him or her and it cannot be reasonably reproduced, the Member shall be permitted to examine the financial record at Malahat Nation administrative offices at an agreed upon time during regular business hours of any business day.

The request for disclosing documents must be made in writing to the Administrator. The Administrator shall respond to the member within a reasonable period of time but not longer than thirty (30) working days from the date the request/questions are received.

The Administrator must advise the member in writing:

- (a) Whether or not the member is entitled to have the financial record or part of thereof disclosed to him or her; and arrange a mutually agreeable viewing time if access is allowed.
- (b) If access to the financial record or part of their cord is refused, reasons for the refusal.

EXCEPTIONS TO DISCLOSURE

Members and non-members who are not employees, elected officials or contractors shall not have access to confidential membership reporting any annual program reports or evaluations prepared with respect to community services; and documents related to the Own Source Revenue operations of the Malahat Nation which may adversely affect the Nations competitive edge in the business community. Financial information which is relevant to the reporting requirements of each department will be provided on a regular basis or as requested.

The Administrator cannot disclose to a member or employee, financial information which:

- (a) Contains legal opinions which are subject to solicitor/client privilege;
- (b) Contain so their privileged documents which could reasonably expect to reveal information received in confidence from a government, First Nation, society, corporation, or harm the conduct of negotiations relating to aboriginal rights or treaties;
- (c) Would reasonably be expected to harm the financial or economic interests of Malahat Nation; or
- (d) Would be an invasion of a band member's personal privacy, including personal financial information.

Contents

- 1 GENERAL POLICY PROVISIONS 7**
 - 1.1 SHORT TITLE 7
 - 1.2 APPLICATION 7
 - 1.3 PURPOSE..... 7
 - 1.4 POLICY APPROVAL AND IMPLEMENTATION 7
 - 1.5 POLICY AMENDMENTS 7
 - 1.6 TERMS AND DEFINITIONS..... 7
 - 1.7 CONFLICT OF INTEREST 9
 - 1.8 FRAUD 9
 - 1.9 CRIMINAL ACTIVITIES 9

- 2 FINANCIAL REPORTS..... 9**

- 3 BUDGET CONTROL 11**
 - 3.1 PREPARING BUDGETS..... 11
 - 3.2 LONG TERM DEBT & LIABILITY..... 12
 - 3.3 BUDGET REPORTS..... 12
 - 3.4 BUDGET TRANSFERS..... 12
 - 3.5 BUDGET DEFICITS 12
 - 3.6 REFUNDS 13
 - 3.7 AWARDING OF CONTRACTS 13

- 4 ACCOUNTS PAYABLE..... 13**
 - 4.1 DATE STAMPING..... 13
 - 4.2 APPROVAL OF PAYMENT 13
 - 4.3 PROCESSING OF ACCOUNTS PAYABLE..... 14
 - 4.4 INVOICE CORRECTIONS 14
 - 4.5 FILING OF PAID INVOICES 14
 - 4.6 PURCHASE ORDERS 14

- 5 ACCOUNTS RECEIVABLE 14**
 - 5.1 INVOICING OF MALAHAT NATION 14
 - 5.2 RECEIPT FOR CASH RECEIVED 15

5.3	CULTURAL EVENT DONATIONS.....	15
5.4	SAFEKEEPING OF FUNDS ON HAND.....	16
5.5	NON SUFFICIENT FUNDS.....	16
5.6	DELINQUENT AND DOUBTFUL ACCOUNTS.....	16
6	Bookkeeping.....	17
6.1	FINANCIAL STATEMENTS.....	17
6.2	MONTH END REPORTS.....	17
6.3	JOURNAL ENTRIES.....	17
6.4	LEDGER.....	18
7	Petty Cash.....	18
8	Bank Accounts.....	18
8.1	SIGNING AUTHORITIES.....	18
8.2	OPENING A BANK ACCOUNT.....	18
8.3	CLOSING A BANK ACCOUNT.....	18
8.4	FUNDS TRANSFER.....	19
8.5	BANK DEPOSITS.....	19
8.6	MONTH END.....	19
9	Cheques.....	20
9.1	SAFE KEEPING OF CHEQUES.....	20
9.2	AUTHORIZED SIGNATURES.....	20
9.3	CHEQUE REQUISITION.....	20
9.4	ISSUING CHEQUES.....	21
9.5	CHEQUE CASHING.....	22
9.6	CHEQUE REPLACEMENT.....	22
10	PAYROLL ADMINISTRATION.....	22
10.1	HIRING MEMO.....	22
10.2	PAYROLL CHEQUES.....	23
10.3	PAYROLL ACCOUNTING RECORD AND CHEQUE STUB.....	23
10.4	T4S.....	24
10.5	RECORD OF EMPLOYMENT (ROE).....	24
11	BAND EMPLOYEE BENEFITS.....	24

11.1	AMENDMENTS	24
11.2	SHORT TERM LEAVE OF ABSENCE PREMIUM COVERAGE.....	24
11.3	LONG TERM LEAVE OF ABSENCE PREMIUM COVERAGE	25
11.4	BENEFIT CONVERSION	25
12	EMPLOYEE PENSION BENEFITS	25
13	CREDIT CARDS	25
14	INVESTING	26
15	PROPERTY, EQUIPMENT & ASSETS.....	26
16	FINANCIAL DATA ACCESS AND SECURITY	26
16.1	FILE ARCHIVING	27
16.2	DISPOSAL OF FILES AND DOCUMENTS	27
17	ELECTRONIC DATA SECURITY	27
18	APPENDIX.....	28
18.1	Cheque Requisition Form	28
18.2	Hiring Memo.....	28
18.3	Employee Credit Card Holder Agreement	28
18.4	Chief and Council Credit Card Holder Agreement	28
18.5	Band Employee Benefits program	28

1 GENERAL POLICY PROVISIONS

1.1 SHORT TITLE

This policy manual maybe cited as the "*Financial Policy Manual.*"

1.2 APPLICATION

The *Financial Policy Manual* applies to all Malahat Nation departments responsible for managing or distributing Malahat Nation resources.

1.3 PURPOSE

This *Financial Policy Manual* is intended to provide a standard direction in the various financial procedures and practices of the Malahat Nation Administration and governs the receipt, management, and expenditure of all Malahat Nation funds.

Further, this *Financial Policy Manual* is to ensure the Malahat Nation is financially accountable to its membership and provides reasonable access to its financial records.

1.4 POLICY APPROVAL AND IMPLEMENTATION

Financial Administration policies are approved by Chief and Council, and administered by the Band Administrator or designate.

1.5 POLICY AMENDMENTS

At minimum, review of the *Financial Policy Manual* shall be conducted annually in October by the Chief and Council.

A review may be conducted at any other time at the discretion of the Chief and Council or Administrator.

The Administrator shall provide employees notification of amendments as they occur.

1.6 TERMS AND DEFINITIONS

ACT means the *Indian Act*, R.S.C. 1985, c.I-5, consolidations and amendments there to made from time to time.

AGREEMENT means any written contract between the Malahat Nation and another party or parties, including the Federal Government, Provincial Government or a third party, pursuant to which monies are to be paid to the Malahat Nation.

ANNUAL BUDGET means the forecast of planned revenues and expenditures for each fiscal year by the Malahat Nation.

BAND ADMINISTRATOR also means Administrator and means the senior employee appointed by the Chief and Council to provide overall management and direction to the Malahat Nation.

CONFLICT OF INTEREST (also Conflict) means a conflict, or the appearance of a conflict, between the private interest and official responsibilities of a person in a position of trust. Persons in a position of trust include staff members, officers, council members and volunteers of Malahat First Nation. Additional reference may be obtained by consulting the Conflict of Interest Policy in effect.

COUNCIL means the Chief and Councillors duly elected by the members of the Malahat Nation in accordance with the applicable Code and within the definition of the Indian Act and quorum of the Chief and Council of the Malahat Nation gathered at a duly convened meeting.

FINANCE MANAGER is the employee of the Malahat Nation Administration responsible for financial and administrative reporting and procedures.

FINANCIAL INSTITUTION means an establishment that focuses on dealing with financial transactions, such as investments, loans and deposits and with depositor insurance coverage providing both depository and non depository financial services.

FISCAL YEAR means a period beginning April first for one year and ending March thirty-first of the following year.

FRAUD commonly understood as dishonesty calculated for advantage.

FUNDS means all monies belonging to the Malahat Nation

MALAHAT NATION means the Indian "Band" as defined by the Indian Act and known as the Malahat Nation.

MEMBERS are duly registered Indians as defined by the Indian Act who are registered or entitled to be registered as members of the Malahat Nation.

MN means short term used to identify the Band known as Malahat Nation.

PSAS means Public Sector Accounting Standard. It is the common set of ground rules that define the reporting requirements for First Nation entities in Canada.

1.7 CONFLICT OF INTEREST

The effectiveness of the Malahat Nation Administration depends on community trust. There can be no appearance of; or actual conflict of interest involving employees of the Malahat Nation.

Refer to Conflict of Interest Policy document for policies, guidelines, reporting and other procedures.

1.8 FRAUD

Employees whose actions give rise to criminal charges are subject to disciplinary action up to and including termination of employment or contract.

Employees who are proven, to have defrauded the Employer will be subject to termination and if financial fraud is discovered, the Employer may pursue legal action against the discharged Employee.

1.9 CRIMINAL ACTIVITIES

Criminal activities of an employee shall result in a suspension or termination from employment if in view of the Administrator, any activity; whether it resulted in a conviction or not has or can be reasonably determined to:

- Seriously impairs the employee's ability to perform job duties;
- Has serious detrimental effect on the Malahat Nation image; or Employer
- Seriously undermines the image of the Employee as a role model to program participants or the Malahat Nation.
- Places the Nation's finances in jeopardy

2 FINANCIAL REPORTS

The Malahat Nation Chief and Council will appoint an independent Auditor to complete and render an opinion on the annual financial statements.

THE TERMS OF REFERENCE ARE AS FOLLOWS

- 1) The Auditor shall be a member of a recognized professional accounting organization and who will be recommended by Chief and Council and appointed by Members annually at a duly convened Annual General Meeting.
- 2) The Auditor shall report progress through an annual or interim management

letter or memo to the Chief and Council and Administrator.

- 3) To assist in the performance of his/her duties, the Auditor shall be supplied with all relevant information necessary to complete the audit
- 4) The Auditor shall provide their recommendations for improved financial practice (if any) to be considered by Chief and Council who shall report to the Members the plan for implementing recommendations or reasons they are not being implemented.
- 5) The audit shall be in accordance with the prevailing accepted auditing practices and shall include analysis and recommendations of the adequacy of the accounting procedures and systems of control employed.
- 6) The Audited Financial Statements shall be reviewed by the Chief and Council in quorum at the first available opportunity prior to July 29 each year. Chief and Council and Band Administrator shall then accept the audited financial statements by signature.
- 7) The Auditor shall deliver six (6) copies of the accepted Audited Financial Statements to the Administrator within 120 days of the fiscal period.
- 8) The Band Administrator shall keep on file the all written reports of the Auditor, together with related financial statements.
- 9) Where required by the terms of applicable funding arrangements, copies of the report sections relevant to a Funder shall be forwarded to appropriate funding agencies.
- 10) Upon acceptance of the Auditor's Report by Chief and Council and AANDC, copies of the Audit Report along with the audited financial statements excluding non audited reporting schedules shall be made available to Malahat Nation members upon request.
- 11) An Annual General Meeting of the Members shall be convened with the Auditor in attendance who shall report on the Audit to the Members.

3 BUDGET CONTROL

3.1 PREPARING BUDGETS

The Administrator in consultation with Department Managers shall prepare an annual operating budget for the consideration and final approval of the Chief and Council at a duly convened council meeting.

The budget shall be broken down into Profit Centers that are descriptive of the main program functions carried out by the Malahat Nation. The Profit Centers will list expenditures by type and provide sufficient detail to clarify how Malahat Nation funds are to be spent.

The budget shall show the anticipated revenue and expenditures for the Malahat Nation fiscal year and be summarized by main activity which shall also contain sufficient detail so as to enable the Council to identify how Malahat Nation funds will be spent.

PROCEDURE

- 1) Proposed annual budgets and cash flows must be completed by each department and submitted to the Administrator.
- 2) The Administrator will review each respective budget for verification of calculation, inclusion of supporting documentation and a detailed description of budget requests.
- 3) If there is a need for revisions, the Administrator will consult with the appropriate senior management and revisions will be made.
- 4) The Administrator will submit the annual operating budget projections for the upcoming fiscal year to the Chief and Council for review and approval.
- 5) Annual operating budget shall be completed by the Administrator by March 15 in any given year for subsequent year of operation.
- 6) Chief and Council, at a duly convened Council meeting, must approve the annual budget prior to end of fiscal period.
- 7) Once approval has been given relevant information may then be entered into the accounting system for the upcoming fiscal year. Chief and Council shall approve budgets before they can be honoured by the Finance Department.

Subject to contractual commitments, no project shall expend funds without an approved budget for the upcoming fiscal year.

At minimum budgets shall be reviewed quarterly by Chief and Council at a duly convened council meeting.

Budget amendments may be made on as needed basis.

3.2 LONG TERM DEBT & LIABILITY

[PENDING]

3.3 BUDGET REPORTS

The Finance Manager shall prepare a monthly report of the preceding month's receipts and disbursements and forward the same to the Band Administrator prior to the 25th day of each month.

PROCEDURE

- The report shall include for review the financial statements between planned and actual amounts for each profit center.
- Financial commitments are not to be entered into unless there are uncommitted funds remaining within the budget that are sufficient to provide for the subsequent expenditure.
- Activities not included in the approved Budget must be approved by resolution of the Council prior to any financial commitments being made or expenditures being incurred.

3.4 BUDGET TRANSFERS

Subject to compliance of funding agency requirements, the Band Administrator in consultation with the appropriate Program Manager is empowered to transfer funds and charge expenditures within a program, project or Profit Center.

Transfers between Profit Centers, programs and projects shall require the approval of the Administrator and Chief and Council.

3.5 BUDGET DEFICITS

Administration shall prepare budgets and budgets shall be balanced and any deficits must be approved by Chief and Council.

3.6 REFUNDS

Where a refund or repayment of expenditure is received in the same fiscal year in which it was incurred, it is to be credited to the budget from which it was originally charged.

Where a refund or repayment of expenditure is received in a year other than the fiscal year in which the allocation was made, it is to be considered revenue in the year in which it was received.

3.7 AWARDING OF CONTRACTS

The Administrator shall identify and ensure best value or cost/benefit for the work to be performed.

4 ACCOUNTS PAYABLE

Malahat Nation shall exercise best efforts to maintain current Accounts Payable by complying with the following:

- Undisputed accounts are normally to be paid within 30 days from the date of being invoiced.
- The Finance Manager shall maintain a listing of Accounts Payable within the records of the Malahat Nation.

4.1 DATE STAMPING

All invoices when received shall be date stamped and forwarded to the Finance Manager without delay.

4.2 APPROVAL OF PAYMENT

Goods or services billed on an invoice must have been in fact received according to specifications.

PROCEDURE

- Upon receipt of invoices, the Finance Manager will contact an appropriate employee or official of the Malahat Nation to confirm that all of the goods or services billed on an invoice have been in fact received according to specifications.
- The person who has personally verified the receipt of the goods or services should note certification of the receipt of the goods or services on the original invoice. The invoice shall then be entered into the accounts payable.

4.3 PROCESSING OF ACCOUNTS PAYABLE

The Finance Manager or a designated clerk verifies the invoice. After the cheque has been issued, the invoice shall be stamped "Paid" and the cheque number and date shown.

4.4 INVOICE CORRECTIONS

Once submitted for processing, no additions or extensions shall be permitted on any invoice. Where invoice corrections are required, the invoice shall be returned to the issuer for resubmission.

4.5 FILING OF PAID INVOICES

Paid invoices are to be filed in alphabetical order by supplier's name. Within each file, invoices are to be filed sequentially in order according to the date of payment after the close of each fiscal year; the file folder will be removed from the current file drawer and placed in an archived file section.

4.6 PURCHASE ORDERS

All purchases require a purchase order, signed by the appropriate personnel.

Purchases of \$5,000.00 and over although they can be within budget projections must have the approval of the Finance Manager, Administrator and Chief.

PROCEDURE:

- 1) Purchase Orders with supporting purchasing documentation will be given to the Program Manager and the numerical sequence given will be recorded and reconciled when the purchase orders are returned.
- 2) The Purchase Order must be returned to the Finance Department to be reconciled.

5 ACCOUNTS RECEIVABLE

5.1 INVOICING OF MALAHAT NATION

All invoices shall originate from the Finance Department and must be authorized by the appropriate Department Manager.

PROCEDURE

- 1) Managers must forward to the Finance Manager, a memo outlining detailed instruction for invoicing. This memo must include:

- The name to appear as the payee,
 - The date and period covered,
 - The amount,
 - The account in which the revenues are to be placed.
- 2) The Finance Manager shall complete the invoice and send to the appropriate person or business within five working days.

5.2 RECEIPT FOR CASH RECEIVED

When a remittance payable to the Malahat Nation is received in cash from any source, the person receiving the payment shall issue a pre-numbered receipt in duplicate.

PROCEDURE

- The approved receipt book shall be provided by the Finance Department and maintained by the Finance Department.
- The receipt shall be signed by the remitter and recipient collectively verifying information contained
- The original receipt is given to the remitter and the duplicate remains in the receipt book.
- If an error is made in the preparation of a receipt, both copies are marked "cancelled" or "void" and are to remain in the book.
- The Finance Department will be dedicated to accepting money and providing receipts.
- All money received must be reconciled with the receipts at the end of each day
- To strengthen internal controls the accounts receivable sub-ledger shall be utilized to ensure all sources of funding are recorded and documented.
- The accounts receivable sub-ledger shall be reviewed by management on a regular basis to ensure that reporting requirements are being met and upcoming cash flow requirements can be determined.

5.3 CULTURAL EVENT DONATIONS

The Administration is authorized to accept cultural event donations in trust and shall maintain a receipt book separate of the business activities of the Administration exclusively for accepting and managing cash and other donations from time to time.

Acceptance of cash and other donations is subject to Section 5.2. The Administrator or Finance Manager shall disperse the donations as instructed by Chief and Council and shall obtain a duly signed receipt for said disbursement from the recipient.

5.4 SAFEKEEPING OF FUNDS ON HAND

The Finance Manager shall provide safekeeping of all funds on hand.

PROCEDURE:

- Where a cheque is received for deposit, the Finance Manager shall immediately endorse the cheque on the reverse with the endorsement stamp "For Deposit Only" to the credit of Malahat Nation.
- Pending deposit in the bank, all cheques and cash on hand is to be secured in a locked storage.
- Subject to Section 8.5, deposits shall be made in a timely manner.

5.5 NON SUFFICIENT FUNDS

Non-Sufficient Fund (NSF) cheques shall be subject to a fee which shall be approved annually by the Administrator. NSF cheques are to be replaced immediately.

PROCEDURE

- 1) When it is found that an individual, corporation or business entity has written a Non-Sufficient Fund cheque to the Malahat Nation, they will be notified Non Sufficient Fund Check amount, plus any applicable charges are immediately due.
- 2) With exception of payroll and social assistance payables, principal plus applicable fees will be deducted from any payable due by the Malahat Nation to the individual, corporation or business entity.

5.6 DELINQUENT AND DOUBTFUL ACCOUNTS

Subject to approval of Chief and Council, the Band Administration may negotiate and accept a settlement of a debt/claim due or made/on behalf of Malahat Nation, in lieu of the full settlement of that debtor claim. It is understood that legal advice maybe warranted in these circumstances.

Subject to the preceding clause and where a debt is due to Malahat Nation becomes delinquent or only partially recoverable, the Band Administration; subject to the Chief and Council authorization accept debt settlement in part or in whole.

6 Bookkeeping

As is the practice of recording the accounts and transactions of Malahat Nation business

6.1 FINANCIAL STATEMENTS

Statement of operations by program with budget comparison shall be prepared by the Finance Manager and shall be submitted to the Chief and Council on a quarterly basis.

Chief and Council shall approve or amend statement of operations, budget comparisons and previously approved budget quarterly.

6.2 MONTH END REPORTS

At the end of each month, transactions shall be batched and posted to the General Ledger by the Finance Manager. After posting is completed, the following reports are to be generated and printed:

- Batch Listing
- Posting Journal
- Trial Balance
- General Ledger Listing
- Cheque Register

6.3 JOURNAL ENTRIES

Journal entries shall be approved by a person in a higher authority than the employee doing the entry. Where entries require approval in the absence of the Administrator, the Chief shall be the approver. Journal entries are subject to Section 5.2 of this *Financial Code*.

PROCEDURE:

- 1) Any journal entries entered into the accounting software system must be approved by signature by a person in higher authority than the employee doing the entry.
- 2) This authorization does not have to be given prior to entry. Recognizing the urgency for some entries; it must be reviewed on a monthly basis. This review will ensure authorization and accuracy of the journal entry.

6.4 LEDGER

The Finance Department shall establish and maintain a record of all accounts with regards to all funds and shall issue timely and accurate reports of all transactions.

7 Petty Cash

Subject to ensuring full accounting and receipting of funds, the Administrator is authorized to maintain petty cash not to exceed \$200.00 on the business premises in a securable location.

8 Bank Accounts

Only Canadian Chartered Bank, Credit Union or Trust Company located on an Indian Reserve shall be designated and used for Malahat Nation banking.

PROCEDURE

- The Chief and Council shall authorize and designate the Branch by Band Council Resolution

8.1 SIGNING AUTHORITIES

All banking accounts shall have two signing authorities comprised of two sitting members of Chief and Council.

Following each Chief and Council election, signing authorities shall be confirmed or changed by Band Council Resolution.

8.2 OPENING A BANK ACCOUNT

A Band Council Resolution (BCR) is required to authorize opening a bank account and must indicate signing authorities.

8.3 CLOSING A BANK ACCOUNT

A BCR is required to authorize the closing of a bank account.

- All funds, except those necessary to cover outstanding cheques and bank fees must be immediately transferred to an appropriate account in the Band's name **with approved signing authorities.**

8.4 FUNDS TRANSFER

Subject to Financial Institutions requirements, all bank transfers must contain the signature of two current and valid authorized signing officers.

PROCEDURE:

- 1) If money is to be transferred from one bank account to another, it may be done on the financial institution online service.
- 2) Transfers may also be made by faxing proper documentation containing authorized signatures to the financial institution.
- 3) The Finance Manager must be given the original to file and record.
- 4) An approved form letter shall be completed for all transfers.

8.5 BANK DEPOSITS

Payments received for rent shall be deposited on the day received. All other funds received must be made at least once per week to the authorized and designated financial institution.

PROCEDURE

- 1) All cash must be reconciled to supporting documentation.
- 2) Deposit slips are completed.
- 3) Funding agreements will be recorded through the accounts receivable module. Tenant rent roll will be set up in the accounts receivable module. Payments received will be posted to the appropriate bank account, Accounts Receivable control account and Accounts Receivable sub-ledger.
- 4) Duties should be segregated, meaning that the person recording the receipt should not be the same as that making the deposit. Additionally, a person independent of recorder and depositor responsibilities should reconcile the deposit to the general ledger. If there are only 2 people in the department, the reconciliation should be performed by the person collecting the receipts.

8.6 MONTH END

The bank reconciliation shall be completed monthly by the Finance Manager and by the Band Administrator.

When all documents have been accounted for, those outstanding are listed on the bank reconciliation statement, which is prepared, in duplicate, using the authorized format appended.

Where the reconciliation is not accepted by the Administrator as presented, the Administrator shall

➤ [PENDING]

9 Cheques

This section outlines the policy and procedures to be followed in controlling and processing cheques that are charged against Malahat Nation accounts.

9.1 SAFE KEEPING OF CHEQUES

It is the practice of the Malahat Nation Administration to produce cheques from plain blank pre numbered stock paper on an as needed basis.

No one who prepares cheques shall be given authority to sign cheques.

9.2 AUTHORIZED SIGNATURES

All cheques shall require two signatures, consisting of one from each authorized cheque signer.

Cheque signers are not authorized to sign cheques which are not completed in full.

Cheque signers shall be provided a corresponding cheque register journal indicating payee, amount and date which shall match cheques that require signing.

Each cheque signer shall reconcile cheque details with those on the cheque list and indicate by signature cheque details match the cheque being issued.

Where cheque signers are not satisfied and payment should still be made (as may be in a case of a clerical error), cheques subject to Section 6.2 must then be reprocessed as if it was a new request.

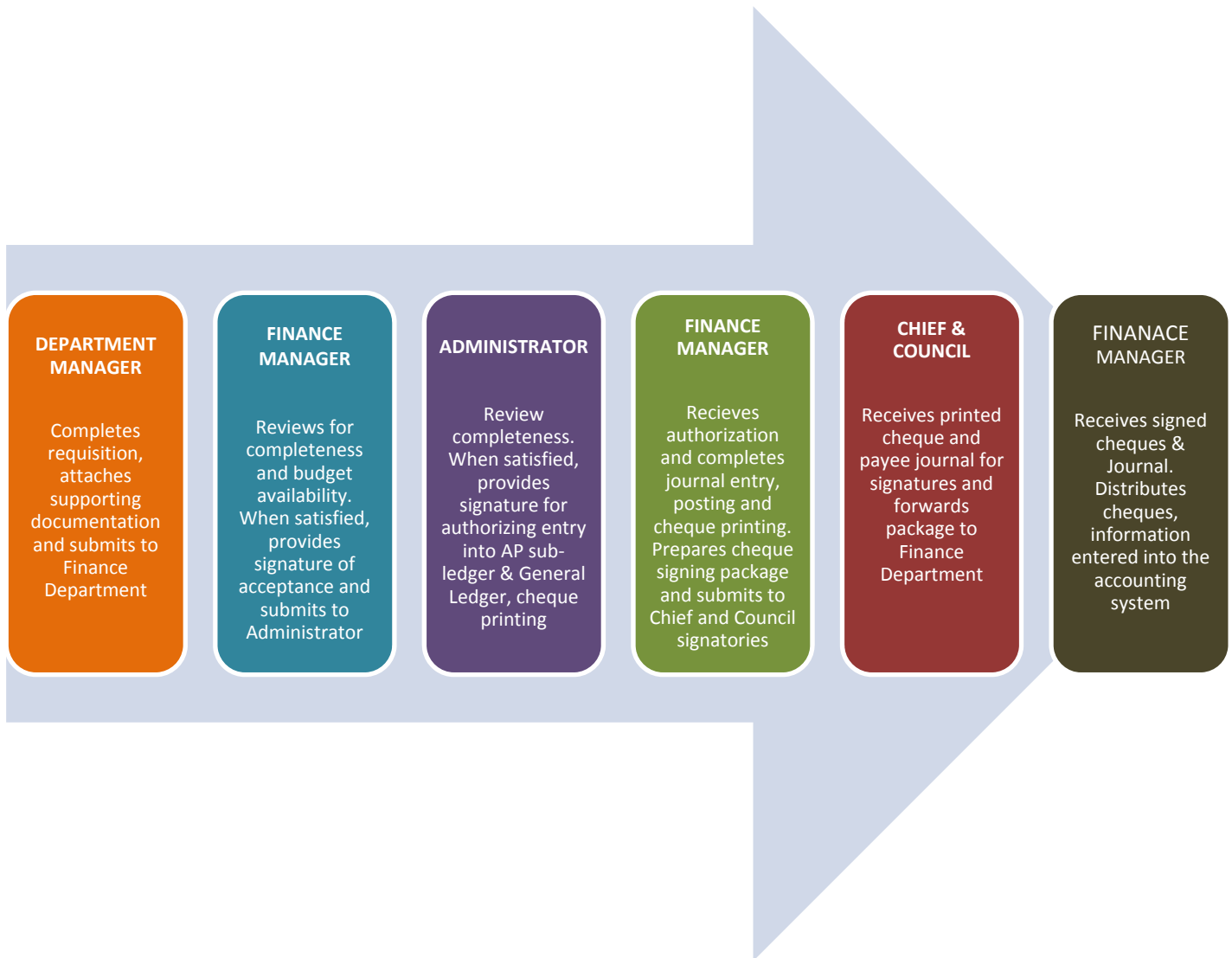
Signers are not permitted to sign their own cheques.

Cheques cannot be endorsed for third party gain.

9.3 CHEQUE REQUISITION

All cheques except social assistance and payroll cheques shall be prepared on the approved Cheque Requisition form.

PROCEDURE



9.4 ISSUING CHEQUES

Cheques will normally be signed once per week at the Band Office with both cheque signers in attendance.

The Finance Manager shall prepare the payments Batch Report on each occasion that cheques are signed. At minimum these reports shall show how many cheques were signed, a list of cheque payees and the corresponding cheque amount

9.5 CHEQUE CASHING

Personal or business cheques will not be cashed for any reason.

As a requirement to meet financial institution policies, Malahat Nation cannot accept endorsed cheques for any reason.

9.6 CHEQUE REPLACEMENT

Malahat Nation will replace a lost or destroyed cheques in the event the cheque has not been deposited or cashed.

PROCEDURE

- 1) The Finance Department must be informed of a lost or destroyed cheque
- 2) The Finance Department must verify the cheque in question has not already cleared the Financial Institution.
- 3) Upon verification the Finance Department will issue a stop payment on the lost or destroyed cheque.
- 4) Subject to achieving stop payment, the replacement cheque will be issued.

10 PAYROLL ADMINISTRATION

10.1 HIRING MEMO

A duly signed employment Letter of Offer and Employment Agreement (where applicable) plus a [Hiring Memo](#) must be submitted to the payroll department before an employee may be added to payroll.

PROCEDURE

- The hiring memo must be signed by the authorized Manager and shall contain the following:
 - a) New employee name
 - b) Phone number
 - c) Address
 - d) Social Insurance Number
 - e) Date of Birth
 - f) Start Date of employment
 - g) End Date of employment
 - h) Billing Department
 - i) Rate of Pay

- j) Who will be submitting timesheet
 - k) Number of hours per week
 - l) Status card number where applicable
 - m) Identification of Profit Centre to be costed
 - n) A completed TD1 form
 - o) Vacation entitlement
- All letters extending offers of employment must be signed by the Band Administrator and accepted by way of signature of the prospective employee.
 - A duly signed Letter of Offer and the Hiring Memo shall become the authorizing documents used by the Finance Manager to establish and continue paying a new employee.

10.2 PAYROLL CHEQUES

Payroll cheques must be ready for distribution by 12:00 p.m. on each scheduled payday.

Cheques shall only be distributed by the Finance Department.

PROCEDURE

- 1) Upon completion of payroll, the cheque is placed in a sealed envelope.
- 2) When an employee has direct deposit of payroll checks, the record of earnings statement must be folded and stapled with the employee's name on the outside.
- 3) Payroll checks are to be given to the employee, or designate with written authorization from the employee.

10.3 PAYROLL ACCOUNTING RECORD AND CHEQUE STUB

The pay record and pay stub shall contain the following information:

- Pay period ending date
- Gross remuneration
- MERC deductions
- Other deductions
- Total deductions
- Net amount
- Check number

10.4 T4S

T4s are issued by the 28th of February, for the calendar year ending December 31 of prior year, directly online with Canada Revenue Agency, and distributed to each employee directly or by mail.

10.5 RECORD OF EMPLOYMENT (ROE)

The ROE form; whether electronic or paper shall be completed for employees receiving insurable earnings that stop working and experience an interruption of earnings. The ROE shall be filed in accordance with HRDC requirements.

11 BAND EMPLOYEE BENEFITS

The Administration shall provide extended benefits to all eligible employees in accordance with a negotiated Band Employee Benefits program.

The Administrator shall be responsible for negotiating the Band Employee Benefits plan for acceptance by Chief and Council.

Review of the provider and plan shall occur at least every 5 years from 2013 and is the responsibility of the Administrator.

To the benefit of the Nation, all associated entities of the Nation shall have one benefits plan.

The Band Employee Benefits plan shall provide the appropriate details for determining plan eligibility.

11.1 AMENDMENTS

Benefit plans and the insurance carriers providing the benefits may be amended from time to time without prior notice to employees and at the sole discretion of the Employer.

The Administrator shall notify employees of benefit changes as they occur.

11.2 SHORT TERM LEAVE OF ABSENCE PREMIUM COVERAGE

Subject to terms of the Band Employee Benefits, the Administration shall continue the employer's benefit coverage portion during a short leave of absence of an employee for the following reasons:

- Maternity/Parental Leave
- Short Term Training Leave
- Short Term Education Leave

- Short Term Illness Leave
- WCB Injury Leave
- Or any other Medical Leave

Employees shall be responsible for their portion of the premiums, payable in advance on a monthly basis. Failure to provide employee portion of benefits premiums may result in a denied claim or coverage cancellation.

11.3 LONG TERM LEAVE OF ABSENCE PREMIUM COVERAGE

Subject to terms of the Band Employee Benefits, the Administration shall not be responsible for costs for coverage.

If an employee wishes to continue to receive extended benefits, the employee is responsible for 100% of the premiums while on leave. All premiums must be paid monthly in advance or a claim may result in a denied claim or coverage cancellation.

11.4 BENEFIT CONVERSION

An employee leaving employment with the Malahat Nation shall have opportunity to convert Life Insurance, Disability, Extended Health and Dental Benefits to a personal plan, where they would pay 100% of the premiums, provided they make the application to the insurance provider within the prescribed time.

12 EMPLOYEE PENSION BENEFITS

Malahat Nation shall provide a retirement plan for eligible employees.

Employee participation in this plan shall be optional. The plan shall be a Defined Contribution plan whereby the Employer shall match employee contributions up to 5% of gross pay. Employees shall be permitted to voluntarily increase their portion of the contribution if they wish.

Voluntary contributions in excess of or in addition to matched contribution limits shall not be matched by the Employer. Each Employee shall verify contribution by providing a signed contribution agreement which shall remain in the Employee file.

13 CREDIT CARDS

Subject to Chief and Council approval, credit cards may be provided to employees at the discretion of the Administrator.

Subject to Chief and Council approval, credit cards may be issued to current sitting members of Council.

Credit card limits will be established from time to time and at the discretion of Chief and Council.

Malahat Nation credit cards are to be used for Malahat Nation business only.

An employee or Chief or Councilor as the case may be; must sign an [Employee or Council Credit Card Holder Agreement](#) in advance of being issued a credit card.

Credit card vouchers shall be verified by someone of higher authority than the individual who made the purchase.

Credit cards issued must be returned immediately at the end of employment or immediately at the end of council term as the case may be.

14 INVESTING

Chief and Council shall have the authority to invest funds on behalf of and for the benefit of Nation's membership.

PROCEDURE

- These investments will be of a low-risk nature in the form of T- Bills, Canada Saving Bonds or Guarantee Saving Investments and only when cash flow allows.
- These investments shall be made with a Canadian Chartered Bank, Credit Union or Trust Company located on Indian Reserve.
- Cash flow availability assessment shall be provided by the finance Manager in consultation with the Administrator.

15 PROPERTY, EQUIPMENT & ASSETS

The Finance Manager shall maintain a current inventory of property, equipment and assets which shall be reviewed and updated at least annually.

16 FINANCIAL DATA ACCESS AND SECURITY

Financial information is confidential. Access to these files shall be restricted to the Administrator and the Finance Manager or as otherwise delegated by the Administrator in writing or in a manner prescribed by law.

Only individuals with proper authorization obtained from the Administrator may access financial data pertinent to their duties.

16.1 FILE ARCHIVING

Financial records are to be retained for seven (7) years. In the eighth (8th) year, files older than seven (7) years and not related to Membership, asset purchase and capital projects are normally to be destroyed upon Administrator's approval.

16.2 DISPOSAL OF FILES AND DOCUMENTS

Disposal of files, documents and corporate and personal information shall be consistent with the Privacy Act.

17 ELECTRONIC DATA SECURITY

All financial information recorded on computers shall be independent of other systems.

[PENDING]

18 APPENDIX

18.1 Cheque Requisition Form

18.2 Hiring Memo

[PENDING]

18.3 Employee Credit Card Holder Agreement

[PENDING]

18.4 Chief and Council Credit Card Holder Agreement

[PENDING]

18.5 Band Employee Benefits program

[UNDER REVIEW]