

ACADIA FIRST NATION GOVERNANCE POLICY



Policy Number:

Approved by Chief & Council: March 26, 2019

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1. Definitions

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| “AFN” | means Acadia First Nation, an Indian Band in accordance with s.2 of the Indian Act. |
| “Authorization and Delegation Table” | means a table approved by Council specifying the delegation and assignment authorities over decisions or activities in connection with the financial administration of AFN. |
| “Code of Conduct” | is the Schedule ‘Avoiding and Mitigating Conflicts of Interest’ attached to and forming part of AFN’s Financial Administration Law. |
| “Code of Conduct Declaration” | is the declaration attached to this Policy as Appendix D. |
| “Committee” | refers to a group of people appointed by Council for the purpose of advising the Council or conducting decision-making activities assigned by Council which are convened on a regular long-term basis until or unless they are suspended or disbanded by the Council. |
| “Council” | means the Chief and Councillors of the AFN elected pursuant to the election process contained in the Acadia First Nation Band Elections Regulations. |
| “Eligibility Criteria” | are the council specified requirements which must be met by an individual in order to be considered independent and eligible to be appointed as a member of the Finance and Audit Committee. |
| “Engagement Letter” | is a written communication from the independent auditor outlining the terms and conditions of appointment. |
| “entity” | means a corporation or a partnership, a joint venture or any other unincorporated association or organization, the financial transactions of which are consolidated in the financial statements of AFN in accordance with Public Sector Accounting Standards. |
| “expenses” | includes the costs of transportation, accommodation, meals, hospitality and incidental expenses. |
| “Financial Competency” | is the ability to read and understand general purpose financial statements that present accounting issues and disclosures reasonably expected to be raised by AFN’s financial statements. |
| “Financial Reporting Risk” | is the possibility of an undetected material misstatement in financial information due to the existence of ineffective Internal Control or fraud resulting from manipulation or alteration of accounting records, misrepresentation or intentional omissions of transactions, or intentional misapplication of accounting principles. |
| “Fraud Risk” | is the potential for an employee, agent or other person connected to the financial administration of AFN to use deception to dishonestly make a personal gain for oneself or a loss for another. This commonly includes activities such as theft, corruption, embezzlement, or bribery etc. |
| “Independence” | exists between AFN and an individual when the individual does not have a direct or indirect relationship with AFN government that could, in the opinion of council, reasonably interfere with the |

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| | individual's exercise of independent judgment as a member of the finance and audit committee. |
| "Internal Control" | is a process, effected by AFN's Council, Finance and Audit Committee, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: <ul style="list-style-type: none"> • effectiveness and efficiency of operations; • reliability of reporting; and • compliance with applicable laws and regulations. |
| "Officer" | means the Band Manager, Chief Financial Officer, or any other employee of AFN designated by the Council as an Officer; |
| "PSAS" | means Public Sector Accounting Standards established and issued by the Public Sector Accounting Board, as amended or replaced from time to time. |
| "remuneration" | means any salaries, wages, commissions, bonuses, fees, honoraria and dividends and any other monetary and non-monetary benefits. |
| "Band Manager" | means the person who is responsible for leading the day to day administration or management of AFN and who reports directly to Council. |
| "Special Purpose Report" | means the report described in subsection [10(2)] of the Financial Administration Law. For the purpose of this policy it refers to the annual report on remuneration, and expenses. |
| "Standing Committee" | refers to Committees which are meant to have a continued existence. |
| "Special Committee" | refers to a Committee which is formed for a specific purpose whose organization is dissolved when that purpose has been accomplished. |
| "Terms of Reference" | is a documented statement of the mandate, objectives, purpose, scope, functions and rules under which a Committee is expected to operate. |
| "to assign" | means the transfer of duties or functions from one person to another where the former person (the assignor) retains responsibility for ensuring the activities are carried out. |
| "to delegate" | means the transfer of the authority to carry out decisions or activities from Council to an officer where the officer receiving the delegation authority assumes full responsibility for carrying out the activities. |

2. Policies, Procedures and Practices

A. Policy

It is Council's policy to create, revise, and issue policies and procedures that reflect AFN's accepted practices as well as meet law and regulatory requirements that affect AFN's financial administration processes.

B. Purpose

The purpose of this policy is to ensure that there is a standardized method of preparation, review, issuance, maintenance and revision of all policies and procedures in relation to AFN's financial management system.

C. Scope

This policy and procedure applies to the Council, Committees of Council and all employees and any other persons with authority to conduct activities in connection with the financial administration of AFN.

D. Responsibilities

- (1) All persons affected by this policy are required to understand and comply with the policies and procedures appropriate to their responsibility and interaction.
- (2) Any employee or department can recommend a policy and procedure.
- (3) Council is responsible for the final approval of new, revised or rescinded policies and procedures.
- (4) Finance and Audit Committee is responsible for:
 - a. making recommendations to Council for the issuance, revision or rescission of any policy and procedure document;
 - b. ensuring policy and procedure documents being reviewed are neither contradictory to AFN's Financial Administration Law nor inconsistent with PSAS;
 - c. conducting an assessment for each significant function or activity of the Nation's financial administration to determine if a policy and procedure document is required (e.g. policies and procedures that ensure the control and safeguarding of all the assets of the Nation);
 - d. conducting an assessment of AFN's Financial Administration Law to determine the policies or procedures required by the Law.

(5) The Band Manager is responsible for:

- a. reviewing all policy and procedure document requests and submitted the document to the Finance and Audit Committee for review and a recommendation to Council for approval where the Band Manager supports the request;
- b. determining if the policy and procedure document request needs to be referred to a subject matter expert for additional review;
- c. determining if the policy and procedure document needs cross functional review from other departments within the Nation;
- d. ensuring that the current list of policy and procedures are made available to all affected persons.

(6) The Chief Financial Officer is responsible for:

- a. maintaining a comprehensive list and repository of all existing policies and procedure documents;
- b. ensuring proposed or revised policy and procedure documents are in the standardized format;
- c. ensuring proposed or revised policy and procedure documents incorporate the requirements of the Nation's laws and regulatory requirements;
- d. monitoring the policy and procedure document through the draft, approval, and issuance process;
- e. serving as the policy and procedure document sponsor and providing the initial approval to the document initiator to proceed with creating a proposed document, revising an existing document or rescinding an existing policy; and
- f. ensuring that existing policy and procedures are kept current by reviewing periodically.

(7) The document initiator is responsible for:

- a. preparing a draft policy and procedure document (for new policies) in accordance with the standardized format established by this policy;
- b. revising an issued policy and procedure document in accordance with the standardized format;
- c. preparing a written request to rescind an outdated or inaccurate policy and procedure document;
- d. submitting all policy and procedure document requests to the Chief Financial Officer or delegated authority for review and recommendation of approval.

E. Procedures

(1) Policy Creation

- a. The document initiator creating the policy and procedure should be the process owner or a subject area expert.
- b. Any employee or department may recommend a policy but in the first instance, the Chief Financial Officer will create a list of all policies and procedures required by the Nation's financial administration law or required to adequately and effectively manage and control the financial management system and to safeguard the Nation's assets. The Chief Financial Officer will then assign the responsibility of document initiator to a process owner or subject area expert for policies and procedures that do not exist or require revision.
- c. The Chief Financial Officer and the document initiator will agree on appropriate content (iterative reviews if necessary) keeping within the following format for the policy;
 - i. Policy – clear statement that indicates the protocol or rule affecting the specific area
 - ii. Purpose – The reason or rationale underlying the policy and procedure
 - iii. Scope – The areas, functions, individuals, or departments affected by the policy
 - iv. Definitions – Any specialized terms that are not otherwise defined
 - v. Responsibilities – Describes who, using generic titles or positions, is responsible for implementing or maintaining the policy and procedure
 - vi. Procedures – Describes the steps, details, or methods to be used to implement and maintain the policy and procedures
 - vii. References (optional) – List of applicable documents, policies, laws and regulations
 - viii. Attachments (optional) - forms, reports, or records that are generated from the policy
- d. The Chief Financial Officer will submit final draft policy and procedure documents to the Band Manager for review and recommendation for submission to the Finance and Audit Committee.
- e. The Finance and Audit Committee will review the draft policy and procedure documents and may recommend them, with or without amendments, to Council for the final approval.
- f. Each policy and procedure document presented to Council for approval will include a list of the persons affected by the policy and a documented record of the Finance and Audit Committee's review and recommendation.

(2) Policy Revision

- a. The document initiator may recommend the revision of an issued policy and procedure following steps under "Policy Creation".
- b. Periodically, but at least every two years the Chief Financial Officer will review issued policies and procedures or will request process owners to validate existing policy and procedures for accuracy.

(3) Policy Rescission

- a. A process owner may request the rescission of an issued policy and procedure, if the policy is outdated or inaccurate and approval is obtained from the Band Manager and Chief Financial Officer.

- b. The request to formally rescind an issued policy should be documented and provide the details of why the policy should be rescinded.

(4) Policy Approval

- a. Once approved by Council, a new or revised policy must be communicated and accessible to the affected departments and persons.

(5) Policy Maintenance

- a. At least every two years, all issued policy and procedures documents will be reviewed for completeness, accuracy, and relevancy and revised or rescinded accordingly.

F. References and Related Authorities

(1) FMB's Financial Management System Standards

- a. Standard 9.0 - Policies, procedures and directions

(2) FMB's Financial Administration Law Standards

- a. Standard 8.3 - Policies, procedures and directions

G. Attachments

None

3. Delegated & Assigned Responsibilities

A. Policy

While the overall responsibility for financial management of AFN remains with the Council, it is Council's policy to give specific financial administration authority to identified departments, committees and individuals for the purpose of performing duties, making commitments, and authorizing the collection and disbursement of funds on behalf of AFN.

B. Purpose

The purpose of this policy is to document and specify the use of delegation and assignment authority to transfer the responsibility for making a decision or performing a duty to another functional area, Officer, employee, or agent and to provide accountability with respect to financial authorization and authority to bind AFN to legal obligations.

C. Scope

This policy and procedure applies to the Council, Committees of Council, Officers, employees of AFN and any other persons with authority to conduct activities in connection with the Financial Administration of AFN.

In addition to the authorities and responsibilities identified within this policy and procedure document, the following transactions or decisions will comply with their related policies and procedures:

- (1) Expenditures
- (2) Procurement
- (3) Debt
- (4) Investments
- (5) Capital assets
- (6) Loans, Guarantees and Indemnities
- (7) Local Revenue
- (8) Insurance
- (9) Human Resources
- (10) Records Management
- (11) Financial Reporting
- (12) Integrated Planning and Budget

D. Responsibilities

- (1) Council may authorize the Band Manager to delegate any Council duties or functions related to AFN's financial administrative system to an Officer, employee, committee, contractor or agent except:

- a. the approval of policies and procedures or the giving of directions respecting any financial administration matter which are the responsibility of the Council under a Financial Administration Law;
 - b. the appointment and removal of the Finance and Audit Committee members, including the Chairperson and Vice-Chairperson;
 - c. the approval of budgets, budget amendments, borrowings and financial statements;
 - d. the approval of the Authorization and Delegation Table; and
 - e. any matter relating to the employment or authorities of the Band Manager or the Chief Financial Officer.
- (2) The Band Manager can assign any or all of his or her financial management activities or functions except:
- a. maintaining and revising the Authorization and Delegation Table;
 - b. ensuring those with delegated authority understand their responsibilities and have the skill and knowledge necessary for the effective exercise of the authority;
 - c. establish protocols for delegation and temporary assignments to deal with absences due to illness, vacation, or other extended leaves;
 - d. on a regular and periodic basis, monitoring performance of individuals' delegated authorities to ensure that the delegated authority is being exercised in the manner intended and that there is no delegation of authority when specifically precluded under this policy.
- (3) All Officers, employees, committees, contractors or agents of AFN are responsible when acting under delegated authority to ensure the activity or function is within the authority and limitation of their delegation and that they have followed other relevant policies and procedures.
- (4) Officers, employees, committees, contractors or agents of AFN may reassign functional authorities and responsibilities as long as it is made in accordance with the Authorization and Delegation Table.
- (5) Officers, employees, committees, contractors or agents will ensure that decisions or transaction approval falling outside of their scope of authority are referred to the Band Manager or otherwise as appropriate.
- (6) Regardless of the delegation of any financial administration authority by the Council, the Council remains responsible for the financial management of AFN.

E. Procedures

(1) Procedures for delegation

- a. The Band Manager is responsible for preparing and updating the Authorization and Delegation Table in accordance with this policy for AFN.
- b. The Band Manager will ensure an appropriate level of documentation including a signed delegation of authority statement or agreement accompanies and is maintained with the Authorization and Delegation Table.
- c. The Band Manager will submit the Authorization and Delegation Table to Council for approval and Council will at least annually, with a motion duly recorded in the minutes, approve the Authorization and Delegation Table.

- d. The Band Manager will ensure that that the delegation of authorities is communicated to each department head and other persons as appropriate to ensure the delegated responsibilities can be carried out effectively.
- e. Council, Committees, Band Manager, Officers, employees, contractors, or agents delegate authority only when there is assurance that the control objectives of authorization of the decision or transaction will be effectively served.

(2) Procedures for the Authorization and Delegation Table

- a. The Authorization and Delegation Table will include components of the financial management system that require decisional and approval authority to carry out activities, make commitments, collect and disburse funds on behalf of AFN.
- b. Any delegation of authority granted will be aligned with the hierarchical organizational chart structure.
- c. Updates made to the Authorization and Delegation Table by the Band Manager will be approved by Council. The Band Manager will submit an updated Authorization and Delegation Table to Council for approval as soon as practicable.

(3) Temporary delegation of responsibility

- a. Short-term – Each functional area or department with authority under the Table will establish a protocol for delegation of responsibility to deal with absences due to illness, vacations, and other forms of temporary leave. Delegations of assignment are to be documented and distributed to the Band Manager.
- b. Long-term – Any delegation of responsibility of a long-term nature will be approved by the Band Manager and appropriately documented.

(4) Procedures for monitoring and evaluation

- a. The Band Manager will at least annually, monitor and evaluate the performance of the delegated duties and functions and if necessary make recommendations to Council for amendments to the Authorization and Delegation Table.

F. References and Related Authorities

(1) FMB's Financial Management System Standards

- a. Standard 8.1 - DELEGATED/ASSIGNED RESPONSIBILITIES – Council delegation procedures

(2) FMB's Financial Administration Law Standards

- a. Standard 8.1 - FIRST NATION COUNCIL – Responsibility
- b. Standard 8.2 - FIRST NATION COUNCIL – Delegation
- c. Standard 11.1.6 - BAND MANAGER – Permitted assignment
- d. Standard 11.2.5 - CHIEF FINANCIAL OFFICER – Permitted assignment

G. Attachments

(1) Appendix A – Authorization and Delegation Table

(2) Appendix B – Council Delegation of Duty/Function Agreement

(3) **Appendix C** – Implementation notes

4. Code of Conduct

A. Policy

AFN is dedicated to serving its members and clients as well as its partners, funders and other First Nations. It is important that all Council and committee members (including Finance and Audit Committee members) are aware of their responsibilities to members, clients, organizations, fellow employees and AFN. Therefore, all AFN Council and committee members will comply with the Code of Ethics guidelines below and make the following declarations (Appendix D & E):

- Upon commencement of term:
 - Code of Conduct Declaration
 - Council/Committee Confidentiality Agreement
- Annually and as needed:
 - Conflict of Interest Disclosure Form

While the Code of Ethics may not cover every situation, it will serve as a guide to the conduct expected of all Council and committee members.

1. AFN is a Mi'kmaq community and as such, all Council and committee members will acknowledge and respect the culture, traditions, and teachings of the AFN. Specifically, when interacting with AFN members and other First Nations, Council and committee members will ensure they conduct themselves with the utmost respect and professionalism and act accordingly.
2. During work hours, Council and committee members must devote themselves to their duties and be prompt, courteous, and professional while adhering to all policies and procedures of AFN.
3. Council and committee members will carry out the duties of their positions loyally and honestly, remembering that the primary task of all employees is to serve AFN, its members, clients, and other stakeholders.
4. Council and committee members will respect the integrity and dignity of the organization, its programs, staff and all other affiliated agencies.
5. Council and committee members will conduct themselves, while on duty and in public, in a manner that will be a credit to themselves, their department, and AFN.
6. Council and committee members will work continually towards self-improvement through self-evaluation and training.
7. Council and committee members will only use information obtained on the job for the employer's intended purpose only, and not for their own personal interests or those of other persons.
8. Council and committee members will be punctual unless there is a valid reason for absence or lateness.
9. Council and committee members will use their initiative to find ways of doing their work more efficiently, effectively and timely.

10. Council and committee members will follow instructions attentively and cooperate with their Manager/Director.
11. Council and committee members will maintain a satisfactory standard of dress and general appearance appropriate to their duties.
12. Council and committee members will use equipment, property, or supplies, which are owned, leased, or rented by AFN for authorized purposes only.
13. Council and committee members will protect and care for all AFN property entrusted to them and report all required maintenance or repairs to their Director or Manager.
14. Council and committee members will not at any time engage in public criticism of other Employees, Management, Chief and Council, or the approved policies of AFN. Council and committee members may recommend to their Director or Manager any changes to the policy which they believe would be appropriate.
15. Council and committee members will not be intoxicated or under the influence of drugs while on duty.
16. Adhere to the Council/Committee Confidentiality Agreement

Council and committee members will respect the confidentiality of all records, materials, and communications and only disclose information acquired through their office or appointment when authorized by the relevant Manager/Director or by Chief and Council.

AFN strives to protect and respect the personal information of its clients, employees, and business partners in accordance with all applicable provincial and federal laws. All Council and committee members must abide by AFN's procedures and practices when handling personal information, including the Information Privacy policy, as well as the requirements under the *Freedom of Information and Protection of Privacy Act* (FOIPOP).

In the course of providing services, AFN Council and committee members may receive confidential information regarding children, youth, families, community members, or band operations. All Council and committee members are required to keep this information confidential and not disclose such information to a third party without prior written consent. Divulging confidential information could result in immediate disciplinary action. All Council and committee members, are required to sign a Council/Committee Confidentiality Agreement, a copy of which is attached in Appendix "D".

If any Council and committee members receives a request for the release of confidential information, the Council and committee members will first discuss the request with the Band Manager.

Consent occurs and is obtained when an individual signs an application or other form containing personal information, thereby authorizing AFN to collect, use, and disclose the individual's personal information for the purposes stated on the form. Explicit notice to the individual is required when the AFN wishes to disclose the confidential information to a third party.

All personnel working on behalf of AFN will not speak of or divulge any information to the media regarding AFN business unless instructed by Band Manager or Chief and Council (or designate).

17. Adhere to the Financial Administration Law, Schedule – Avoiding and Mitigating Conflicts of Interest.

A conflict of interest is a situation in which an individual is faced with competing interests or loyalties. A conflict of interest occurs when an individual acts to benefit their own interests or loyalties.

With the exception of cultural offerings, employees will refuse any financial benefit, kickback, gifts, or other tangibles offered to them in exchange for or as a reward for duties performed in the course of their duties.

No Council and committee members of AFN will engage in any conduct in the course of their term that may result in a personal benefit to that Council and committee member or a member of his/her family. No Council and committee members will participate in any decision which may benefit the employee or a member of his/her immediate family, regardless of the position or authority of that employee. No employee in authority will influence or lobby another manager or director for decisions that are deemed to be in conflict of interest.

All decisions must be made with the intention of benefiting AFN and its membership.

18. Council and committee members will not receive travel reimbursements for the same meeting from two organizations.
19. Council and committee members will serve members, their clients, and all stakeholders with loyalty, competence, and equality without favoritism.
20. Council and committee members will adhere to the AFN Respectful Workplace Policy and will not participate in or allow any behavior that is intended to degrade, humiliate, intimidate, or cause fear to any community member, client, volunteer, or other employee. Violation may lead to discipline up to and including dismissal.

B. Purpose

The purpose of this policy is to provide each Council and committee member with a clear understanding of his/her expected conduct in the performance of their responsibilities.

C. Scope

This policy and procedure applies to all Council and committee members (including Finance and Audit Committee members) of Acadia First Nation.

D. Responsibilities

(1) The Band Manager is responsible for:

- a) Ensuring that all Council and committee members are informed of the Code of Conduct and this policy and for ensuring training/orientation on the Code of Conduct is provided to Council and committee members, in a timely manner upon commencement of their term;

- b) Ensuring all Council and committee members sign the Code of Conduct Declaration and Employee Confidentiality Agreement and submit it to the Council secretary or equivalent;
 - c) Ensuring all Council and committee members annually sign the Conflict of Interest Declaration Form and forward to the Council secretary or equivalent (any reported conflicts are to be reported to the Chair of the Finance and Audit Committee);
 - d) Accept any Conflict of Interest Declaration Forms that are completed to report a potential conflict of interest, report to the Chair of the Finance and Audit Committee and forward to the Council secretary or equivalent for filing;
- (2) The Chair of the Finance and Audit Committee is responsible for:
- a) Monitoring all disclosures reported on a Conflict of Interest Disclosure Form.
- (3) Council and committee members are responsible for:
- a) Reading and understanding the Code of Conduct policy and the Financial Administration Law, Schedule: Avoiding and Mitigating Conflicts of Interest, and signing the Code of Conduct Declaration and Employee Confidentiality Agreement upon commencement of their term with AFN;
 - b) Signing the Conflict of Interest Disclosure Form annually;
 - c) Complete and sign the Conflict of Interest Disclosure Form and submit to the Band Manager when necessary to report all potential conflicts of interest as they arise.

E. Procedures

(1) Code of Conduct & Council/Committee Confidentiality Agreement

- a) The Band Manager will ensure that all Council and committee members are informed of the Code of Conduct and this policy and for ensuring training/orientation on the Code of Conduct is provided to Council and committee members, in a timely manner upon commencement of their term;
- b) The Band Manager will collect all signed Code of Conduct Declarations and Council/Committee Confidentiality Agreements from all Council and committee members in a timely manner upon being hired, and forward to the Council secretary or equivalent;
- c) The Council secretary or equivalent will retain the signed Code of Conduct Declaration Forms and Council/Committee Confidentiality Agreements in the Council or committee member's file.

(2) Conflict of Interest

- a) If or when a conflict or a potential conflict of interest situation arises, the Council and committee members must immediately inform the Band Manager and/or Chair of the Finance and Audit Committee of the conflict or potential conflict and the nature of the conflict on a completed Conflict of Interest Disclosure Form;
- b) If the Band Manager and/or Chair of the Finance and Audit Committee decides a conflict exists, the employee must take no further part in discussions or decision making regarding the matter;
- c) If a Council or committee member is found to be in a conflict situation and did not declare the conflict, the individual will be subject to disciplinary action;

- d) The Band Manager, in consultation with the Chair of the Finance and Audit Committee, will determine whether there has been a conflict that was not disclosed and if so, will follow the AFN discipline process;
- e) At no time will an AFN Council and committee members work or volunteer with an organization that actively seeks to detract from the integrity of AFN;
- f) If a Council or committee member has been asked to support (spend time), volunteer and/or sit on a committee for another agency or organization and the request requires the Council or committee member to take considerable time away from their regular work hours with AFN, the Council or committee members must seek written approval from the Band Manager;
- g) Council and committee members will annually complete the Conflict of Interest Disclosure Form, even if there are no conflicts to report.

F. References and Related Authorities

- (1) FMB's Financial Management System Standards
 - a. Standard 13.1 – Disclosure Procedures
 - b. Standard 13.2 – Conduct Training
 - c. Standard 13.3 – Compliance Declaration
- (2) FMB's Financial Administration Law Standards
 - a. Standard 12.0 – Conduct

G. Attachments

- (1) **Appendix D** – Code of Conduct Declaration and Council/Committee Confidentiality Agreement
- (2) **Appendix E** – Conflict of Interest Disclosure Form

5. Committee Establishment and Dissolution

A. Policy

It is Council's policy to establish any Standing Committees and any Special Committees it deems necessary to fulfill its mandate or to assist in meeting statutory obligations.

B. Purpose

The purpose of this policy and procedure is to establish an effective governance system that ensures that Committees are consistently and purposefully structured to carry out its specified functions assigned by Council or in First Nation laws.

C. Scope

This policy and procedure applies to Council, its Committees and the Band Manager.

D. Responsibilities

(1) Subject to First Nation laws, Council is responsible for:

- a. the establishment of any Council Committee and its mandate;
- b. approval of the Terms of Reference for each Committee;
- c. determining the minimum qualifications and eligibility requirements of Committee members and chairpersons;
- d. the appointment of a Chairperson or the filling of a Chairperson vacancy on any Council Committee;
- e. evaluating the effectiveness of each Committee.

(2) The Band Manager is responsible for:

- a. maintaining detailed descriptions and current membership lists for each Committee;
- b. assisting Committee Chair's in preparing Committee agendas; and
- c. ensuring that the agendas and minutes of all Committee meetings are retained for a period of at least seven years.

(3) The Chairperson is responsible for:

- a. chairing Committee meetings and ensure they are conducted in an efficient and effective manner;
- b. scheduling Committee meetings as necessary and planning Committee activities to ensure that the Committee is successful in fulfilling its mandate and addressing its functions, duties and responsibilities, including working within its approved budgetary resources;
- c. approving Committee agendas;
- d. ensuring that minutes are prepared and that they accurately reflect meeting outcomes;
- e. identifying the necessary qualifications and eligibility criteria for Committee members, subject to First Nation laws;

- f. recruiting qualified Committee member candidates and recommending them to Council;
- g. evaluating Committee members and their contributions;
- h. recommending member appointments and removals to Council; and
- i. reporting to Council on behalf of the Committee.

(4) The Committee members are responsible for:

- a. preparing for meetings for those Committees of which he or she is a member by reading reports and background materials prepared for each meeting and acquiring adequate information necessary for decision making;
- b. becoming knowledgeable of the Committee functions;
- c. participating fully and frankly in the discussions of the Committee;
- d. attending all Committee meetings;
- e. avoiding conflicts of interests and complying with conflicts of interest policies and procedures established by Council or under First Nation laws.

E. Procedures

(1) Establishing / Dissolving of a Committee

- a. Subject to First Nation laws, Council may establish or dissolve a Committee, other than the Finance and Audit Committee, by passing a Band Council Resolution. Council will also establish Terms of Reference regarding the Committee's mandate, objectives and expected outcomes.
- b. Subject to First Nation laws, for each new Committee, the Band Manager and the Chairperson will develop and recommend to Council for approval the Terms of Reference which will include, at a minimum, the following:
 - i. composition of members, including minimum number of councillors and any requirements for specific experience, skills, knowledge or expertise;
 - ii. quorum;
 - iii. term of the Committee members;
 - iv. detailed role and functions;
 - v. voting rules; and
 - vi. meeting and reporting obligations

(2) Appointment of Committee Member

- a. Subject to First Nation laws, Council will appoint a Committee chairperson.
- b. Subject to First Nation laws, the Band Manager and the respective Committee Chairperson will develop and recommend to Council for approval membership qualification and eligibility criteria for each Committee, including potential conflicts of interest avoidance.
- c. The Band Manager or a designate will develop and implement a recruitment strategy to fill Committee vacancies.

- d. The Band Manager will meet with and assess the qualifications eligibility and interest of each member candidate and provide the chairperson with a list of qualifying and eligible candidates.
- e. The Chairperson, based on consultations with the Committee, will recommend to Council the appointment of new individuals to the Committee.

(3) Monitoring and evaluating Committee performance

- a. Annually, the Chairperson will evaluate the Committee's progress against its Terms of Reference, objectives, and stated outcomes. The results of the analysis will be presented to council and used as the basis for the following year plan for the Committee.
- b. The Chairperson will continually monitor the performance of Committee members against their terms of appointment.

(4) Removal of Committee Members

- a. Subject to First Nation laws, Committee member may be removed on the recommendation of the Committee chairperson if the Committee member has committed a breach of the Code of Conduct, breach of confidentiality, or otherwise had breached a First Nation policy, fails to perform expected duties of a Committee member, or is no longer qualified or eligible to be a Committee member.

F. References and Related Authorities

(1) FMB's Financial Management System Standards

- a. Standard 11.1 – First Nation Committees – First Nation Committees generally

G. Attachments

None

6. Finance and Audit Committee

A. Policy

It is Council's policy and a requirement of AFN's Financial Administration Law to establish and maintain a Finance and Audit Committee ("the Committee") to assist Council in carrying its oversight responsibilities for financial reporting, internal control, and risk management processes.

B. Purpose

The purpose of this Policy is to set out the composition, responsibilities, and procedures in establishing and maintaining a Finance and Audit Committee.

C. Scope

This policy applies to Council, the Finance and Audit Committee, the Band Manager and the Chief Financial Officer.

D. Responsibilities

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

- a. assigning to the Committee any responsibilities or functions in addition to those set out in the Law;
- b. approval of the Terms of Reference for the Committee;
- c. determining the Eligibility Criteria of the Committee members, chairpersons and vice-chairpersons;
- d. confirming, before appointment, that each potential member of the Committee is eligible to be a member and is independent;
- e. ensuring that each member of the Committee signs a statement annually, confirming that they continue to meet the Eligibility Criteria and remain independent;
- f. determining the requirements of Financial Competency to be met by the majority of the Committee members;
- g. the appointment of the Chairperson and the Vice-Chairperson of the Committee and the filling of any vacancies in those offices;
- h. evaluating the effectiveness of the Committee;
- i. providing the Committee with the resources it might need to carry out its functions;
- j. requiring the Council to consider any recommendations or advice provided by the Committee; and
- k. If the chairperson is not a councillor, sending notices and agendas of all council meetings to the chairperson.

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

- a. facilitating the Committee's interaction with Senior Management;
- b. chairing the Committee meetings and ensuring they are conducted in an efficient and effective manner;
- c. planning the Committee's activities to ensure that the Committee is successful in fulfilling its mandate and addressing its functions, duties and responsibilities;
- d. preparing the Committee's agendas;
- e. ensuring that minutes are recorded at each duly called meeting;
- f. recruiting qualified Committee member candidates and recommending them to Council;
- g. evaluating committee members and their contributions;
- h. reporting to Council on behalf of the Committee.

(3) Committee Members are responsible for:

- a. preparing for meetings by reading reports and background materials prepared for each meeting and acquiring adequate information necessary for decision making;
- b. actively participating in the Committee's deliberations;
- c. attending all scheduled Committee meetings subject to reasonable exceptions acceptable to the Chairperson;
- d. becoming knowledgeable of the Committee functions and statutory responsibilities under AFN's Financial Administration Law;
- e. maintaining direct, open and frank communications with management, the Committee, the Auditor and other advisors as appropriate;
- f. ensuring that they have the minimum level of Financial Competency necessary to fulfill their responsibilities;
- g. ensuring that they maintain their independence as required in AFN's Financial Administration Law;
- h. avoiding conflicts of interests and complying with conflict of interest policies and procedures established by Council and described in the Financial Administration Law;
- i. reviewing and making recommendations to the Council on the Terms of Reference of the Committee.

(4) The Band Manager is responsible for:

- a. maintaining the current Committee member list;
- b. tracking the Financial Competency of each Committee member;
- c. keeping the Chair of the Committee current in a timely fashion on major developments and provide the Committee with sufficient information on a timely basis to enable the Committee to discuss potential issues, make decisions, and fulfill its mandate;

- d. assisting the chair of the Committee in planning and making necessary arrangements for setting agendas, giving required meeting notices and holding meetings;
 - e. attending each Committee meeting, unless excused by the chair for a reasonable reason or excluded from attendance by vote of the Committee as provided in AFN's Financial Administration Law.
- (5) The Chief Financial Officer is responsible for:
- a. attending each Committee meeting, unless excused by the chair for a reasonable reason or excluded from attendance by vote of the Committee as provided in AFN's Financial Administration Law;
 - b. providing technical and professional support to the Committee as requested or as required in AFN's Financial Administration Law.

E. Procedures

(1) Appointment and Removal of Members

- a. Subject to AFN's Financial Administration Law, the Council will appoint the Chairperson and Vice-Chairperson of the Finance and Audit Committee by a majority vote.
- b. The Council must establish its finance and audit committee consisting of the number of members specified in the FAL.
- c. The Council, upon recommendation of the Chairperson, will appoint the members of the Committee, a majority of whom must have Financial Competency and all of whom must have Independence and meet Eligibility Criteria established by Council.
- d. A Committee member may be removed from office by majority vote of Council in the circumstances permitted in AFN's Financial Administration Law.

(2) Term Requirements

- a. Subject to AFN's Financial Administration Law, when making appointments to the Committee, Council will endeavor to ensure that no more than half of the members' terms will expire in any one fiscal year.
- b. The Band Manager will maintain a register of Finance and Audit Committee members which will, for each member, include the date of appointment or re-appointment, the term of the membership, and the term end date and which will track Independence and Financial Competency issues for each member.
- c. Upon any changes in the Committee membership, the Band Manager will report to Council on the term end dates for each member of the Committee.
- d. The term of a Committee member will be as established in AFN's Financial Administration Law.
- e. The terms of office of members of the Finance and Audit Committee are staggered to ensure the continuing effectiveness of the committee and to provide for succession planning.

- f. If a Finance and Audit Committee member is removed from office, dies, or resigns before their term expires, the Council must as soon as practicable appoint a new Finance and Audit Committee member to hold office for the remainder of the term.

(3) Eligibility Criteria

- a. The Council will establish eligibility criteria of a Finance and Audit Committee member by specifying that an individual must not have a role in the financial management of AFN involving the planning organizing, directing, or controlling of its financial activities, including budgeting, financial accounting, financial reporting, procurement and utilization of funds.
- b. The Council will document the criteria for Independence of a Finance and Audit Committee member by specifying that the individual does not have a direct or indirect financial relationship with AFN government that could, in the opinion of council, reasonably interfere with the individual's exercise of independent judgment as a member of the Finance and Audit Committee.
- c. The Council will establish the criteria for Financial Competency of a Finance and Audit Committee member that, in the opinion of council, reasonably fulfill the role and responsibilities of the Committee member and the effectiveness of the Committee.

(4) Committee Administration and Reporting

- a. Subject to AFN's Financial Administration Law, the quorum necessary for the transaction of business at Committee meetings will be a majority of the members of the Committee.
- b. Subject to AFN's Financial Administration Law, the Finance and Audit Committee will meet at least quarterly and otherwise as necessary but in any event as soon as practical following receipt of the audited annual financial statements and report of the auditor.
- c. Any member of the Committee may call meetings of the Committee.
- d. All Councillors of the Nation may attend meetings of the Committee provided, however, that no Councillor is entitled to vote at such meeting and is not counted as part of quorum for the Committee if he or she is not a member of the Committee.
- e. The external auditor may attend and be heard at meetings of the Committee.
- f. The Committee will maintain written records of attendance at its meetings of Committee members and of any ex-officio member such as the Band Manager, and the Chief Financial Officer.
- g. The Committee will provide minutes of its meetings to the Council and the Chairperson will provide reports to Council as appropriate on the substance of meetings at the next Council meeting following a Committee meeting.

F. References and Related Authorities

(1) FMB's Financial Management System Standards

- a. Standard 11.2 – First Nation Committees – Finance and Audit Committee

(2) FMB's Financial Administration Law Standards

- a. Standard 10.1 – Finance and Audit Committee – Constitution
- b. Standard 10.2 – Finance and Audit Committee – Terms of Office
- c. Standard 10.3 – Finance and Audit Committee – Committee Officers
- d. Standard 10.4 – Finance and Audit Committee – Committee Procedures
- e. Standard 10.5 – Finance and Audit Committee – Committee Functions
- f. Standard 19.2.5 - Auditor Authority

G. Attachments

- (1) **Appendix F** – Finance and Audit Committee Terms of Reference
- (2) **Appendix G** – Finance Competency Guidelines

7. Appointment of First Nations Officers

A. Policy

It is Council's policy to make the appointment or removal of the Band Manager, and Chief Financial Officer of AFN.

B. Purpose

The purpose of this policy is to provide guidance on the appointment process and responsibilities of the Band Manager, and Chief Financial Officer.

C. Scope

This policy and procedure applies to Council, the Band Manager, and the Chief Financial Officer of AFN.

D. Responsibilities

- (1) Council is responsible for appointing the Band Manager, Chief Financial Officer and any other Officer connected with the financial administration of AFN.
- (2) The Band Manager is responsible for:
 - a. developing and recommending to the Council for approval, human resources policies and procedures for the hiring, management and dismissal of Officers and employees of AFN;
 - b. preparing and recommending to the Council for approval, descriptions of the powers, duties and functions of all employees of AFN;
 - c. Making recommendation to Council on the hiring the employees of AFN, upon recommendation of the AFN hiring committee, and to set the terms and conditions of their employment;
 - d. overseeing, supervising and directing the activities of all Officers and employees of AFN;
 - e. overseeing and administering the contracts of AFN;
 - f. identifying, assessing, monitoring and reporting on financial risks and fraud risks;
 - g. monitoring and reporting on the effectiveness of mitigating controls for the financial and fraud risks;
 - h. other duties as required by council that are not contrary to AFNs *Fiscal Management Act* ("the *FNFMA*") or inconsistent with the Band Manager's duties under AFN's Financial Administration Law;
 - i. reporting directly to Council.
- (3) The Chief Financial Officer is responsible for:

- a. the day to day management of AFN's financial administration system;
- b. other duties as required by the Band Manager that are not contrary to the *FNFMA* or inconsistent with the Chief Financial Officer's duties under AFN's Financial Administration Law;
- c. reporting directly to the Band Manager, the Finance and Audit Committee, and Council; and
- d. any other duties as set out in section [19.2] of the Financial Administration Law.

E. Procedures

(1) Appointment

- a. Council will approve, prior to posting a job, the specific qualifications required for each position.
- b. Council will determine the selection process for all Officer positions identified by this Policy. At minimum the Council will create an Officer selection committee consisting of at least two (2) competent persons, one of whom must be a Councillor. The Officer selection committee will develop criteria for a selection process that will evaluate the qualifications, experience, and any other interview standards deemed appropriate for each candidate.
- c. Initial screening will occur to assess each applicant's ability to meet the minimum stated standards. Applications of qualified candidates received for a posting will be forwarded to the selection committee to further screen the applications to select individuals to be interviewed for the position. The interview process will be consistent for all applicants.
- d. The Officer selection committee will then evaluate each candidate against the established criteria and recommend a candidate for the position to Council.

F. References and Related Authorities

(1) FMB's Financial Management System Standards

- a. Standard 12.1 – Band Manager
- b. Standard 12.2 – Chief Financial Officer
- c. Standard 12.4 – Functions Documented

(2) FMB's Financial Administration Law Standards

- a. Standard 11.1 – Band Manager

- b. Standard 11.2 – Chief Financial Officer
- c. Standard 11.4 – Employees

G. Attachments

None

8. External Audit

A. Policy

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

B. Purpose

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

C. Scope

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

D. Responsibilities

(1) Council is responsible for:

- a. Appointing (re-appointing) an auditor meeting eligibility requirements and documenting the appointment with a council resolution;
- b. Ensuring the Engagement Letter requires the auditor to confirm that the financial statements and the audit comply with AFNs Financial Management Board's standards, any relevant funding agreement requirements and all applicable laws;
- c. Approving and reviewing periodically the policies and procedures related to the external auditor's authority to receive the information and documents required to perform the audit function;
- d. Reviewing and approving the audited annual financial statement within 120 days after fiscal year end, and ensuring they are signed by those required in the Financial Administration Law – Chief Financial Officer, Chief or Council Chairperson, and Chair of the Finance and Audit Committee;
- e. Acting on recommendations from the Finance and Audit Committee related to the audit; and
- f. Ensuring First Nation members' access to the audited financial statements and Special Purpose Reports after they have been approved and signed as required in the Financial Administration Law.

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

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

(3) The Band Manager is responsible for:

- a. directing and facilitating any notices regarding meetings concerning the annual audit or audited financial statements; and
- b. preparing the auditor's performance evaluation report with the input of the Chief Financial Officer.

(4) The Chief Financial Officer is responsible for:

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

E. Procedures

(1) Auditor selection, engagement and performance

- a. When necessary (ie. at the end of a multi-year contract, and/or when determined by Council), the Band Manager and the Chief Financial Officer will establish evaluation criteria to be included in a Request for Proposal (“RFP”) for the external audit which will be approved by the Finance and Audit Committee and include, at a minimum:
 - i. Independence from AFN, its related bodies, Councillors and officers and members;
 - ii. In good standing with regulatory bodies Chartered Professional Accountants of Canada and/or their respective counterparts in the province or territory in which the firm or accountant is practising;
 - iii. License to practice public accounting;
 - iv. Depth of experience serving First Nations and other public sector entities;
 - v. Other considerations as appropriate (i.e. funding agreement requirements).
- b. The Finance and Audit Committee will review and approve the RFP before it is made public.
- c. The Finance and Audit Committee will review Management’s evaluation of the proposals and their recommendation. The Finance and Audit Committee may approve the recommendation or may ask for additional information, including an in-camera (i.e. without management) interview with the recommended auditor.
- d. Upon approval, the Finance and Audit Committee will recommend the engagement of the selected auditor and the Engagement Letter to Council.
- e. Council will review the Engagement Letter with the auditor selected to ensure it contains the content required by the Financial Administration Law and any other applicable requirements, and will proceed to sign the Engagement Letter in accordance with AFN’s approved signing authorities and ensure that it is delivered to the auditor.
- f. Annually at the conclusion of the audit, the Band Manager and Chief Financial Officer will prepare a performance evaluation report of the auditor’s activities, along with any management recommendations, and present the report to the Finance and Audit Committee.
- g. The Finance and Audit Committee will review the auditor’s performance evaluation and recommendations and take necessary steps as appropriate.
- h. On a periodic basis, the Finance and Audit Committee and Council will review the engagement of the external auditor and determine whether an RFP should be initiated for the appointment of a new auditor.

(2) Auditor Independence

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

(3) Audit planning

- a. The Finance and Audit Committee will meet with the auditor before commencement of the annual audit to review the proposed audit plan, to make any requests or to provide any feedback that the auditor should consider when finalizing the plan and conducting the audit.
- b. The Finance and Audit Committee will submit the finalized audit plan along with any recommendations, to Council for approval.

(4) Preparations for the audit

- a. The Chief Financial Officer will keep the auditor apprised and discuss in advance of the audit of any significant accounting issues, developments or changes for AFN that could have an impact on the audit and the audit report.
- b. Prior to fiscal year end, the Chief Financial Officer will issue instructions to the finance and accounting staff concerning fiscal year end procedures to help ensure the accuracy and completeness of AFN's financial statements and disclosures.
- c. Additionally, finance staff, under the direction of the Chief Financial Officer, will commence preparation before fiscal year end of necessary schedules and working papers for audit according to the audit work plan. This will also include preparation of third party accounts receivable or accounts payable confirmation letters, financial institution account confirmations, and account balance reconciliations.
- d. Issues arising or communicated in a mid-year review (if applicable) by the auditor will be discussed with the Finance and Audit Committee for recommended resolution. The instructions for preparation of AFN's financial statements will take into account any such resolutions.
- e. The Finance and Audit Committee will be informed of any issues that could affect the audit (e.g. where the auditor believes a change in the terms of the engagement may be warranted).

(5) Audited annual financial statements

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

- c. The Committee will meet with the Auditor to review the draft audited financial statements. To ensure sound governance, the committee will meet with the auditor 'in camera' (without AFN's management team) for a part of the meeting.
- d. When satisfied with its review of the draft audited financial statements and the resolution of any audit issues, the Finance and Audit Committee will recommend the draft audited financial statements to Council for approval.
- e. Before publishing the audited financial statements, the following approvals are required:
 - i. Approval of council through a council resolution;
 - ii. Approval by signature from all of the following:
 - a) The Chief or the Chairperson of the Council of AFN;
 - b) The Chairperson of the Finance and Audit Committee;
 - c) The Chief Financial Officer.

F. References and Related Authorities

- (1) FMB's Financial Management System Standards
 - a. Standard 21.0 Audits
- (2) FMB's Financial Administration Law Standards
 - a. Standard 10.5.2 Audit Functions
 - b. Standard 19.0 Audits

G. Attachments

None

9. Reporting of Compensation, Benefits and Contracts

A. Policy

It is Council's policy and a requirement of AFN's Financial Administration Law to annually disclose for each councillor the remuneration paid and expenses reimbursed by AFN, and by any entity that is consolidated by AFN, whether such amounts are paid to the councillor while acting as councillor or in any other capacity.

B. Purpose

The purpose of this policy is to establish accountability, transparency and full disclosure for each councillor's remuneration and expenses paid by AFN and by its consolidated entities. It is intended that this policy meets the disclosure and reporting requirements under both AFN's Financial Administration Law and AFN's *Financial Transparency Act*. It is expected that a single Special Purpose Report be prepared on an annual basis that meets the requirements under both laws.

C. Scope

This policy and procedure applies to each member of Council.

This policy and procedure does not apply to remuneration or expenses received:

- (1) in common by all First Nation members;
- (2) under a program or service universally accessible to First Nation members on published terms and conditions; or
- (3) from a trust agreement, according to the terms of the trust.

D. Responsibilities

- (1) Council is responsible for:
 - a. ensuring that each Councillor annually report to the Chief Financial Officer all remuneration paid and all expenses reimbursed by AFN and by any entity.
- (2) The Chief Financial Officer is responsible for:
 - a. preparing an annual report separately listing the remuneration paid and expenses reimbursed by AFN, and by any consolidated entity, to each councillor whether such amounts are paid to them while acting as councillor, or in any other capacity;
 - b. including the annual report as a Special Purpose Report in AFN's annual report; and
 - c. making the Special Purpose Report available on AFN website or other repository for official documents to which membership has access.

E. Procedures

- (1) Within 45 days after each fiscal year end, the Chief Financial Officer or a designate will extract amounts from the general ledger to complete the Disclosure Statement (see Appendix H). Tables

and columns should be used to present full aspects of the disclosures and at minimum must include remuneration paid and expense claims reimbursed by AFN for each Councillor.

- (2) Each Councillor will review and sign the completed 'Disclosure Statement' to indicate their agreement with the amounts listed.
- (3) The Chief Financial Officer will collect all Disclosure Statements no later than the commencement of the annual audit of AFN for the most recent completed fiscal year.
- (4) Commentary or footnotes can be used to provide explanations of remuneration paid and expenses reimbursed to allow a reader to understand the disclosure.
- (5) The Special Purpose Report must include any Councillor that left prior to the end of the fiscal year.
- (6) If a Councillor worked in another capacity for AFN during part of a fiscal year that is being disclosed, the remuneration earned and any other expenses paid in the other position must be included. For greater clarity a footnote will be included to explain which amounts relate to the respective roles.
- (7) The Chief Financial Officer will engage AFN's independent auditor to review the Special Purpose Report and to issue a report in accordance with the terms of the engagement.
- (8) The Chief Financial Officer will submit the Special Purpose Report along with the draft unsigned report from AFN's auditor to the Finance and Audit Committee for review and recommendation for approval to Council.
- (9) Once the Special Purpose Report is approved by Council the Chief Financial Officer will obtain the auditor's signed report and arrange for it to be attached to the final Special Purpose Report. The Special Purpose Report will be formatted in a manner suitable for electronic publication.
- (10) The Chief Financial Officer or a designate will publish on AFN's website the Special Purpose Report together with the signed report from AFN's auditor.

F. References and Related Authorities

- (1) FMB's Financial Management System Standards
 - a. Standard 10.0 – Reporting of remuneration and expenses
- (2) FMB's Financial Administration Law Standards
 - a. Standard 9.0 – Reporting of remuneration and expenses
 - b. Standard 18.6 – Special Purpose Reports

G. Attachments

- (1) **Appendix H** – Disclosure Statement Template
- (2) **Appendix I** – Special Purpose Report Template – Reporting of Remuneration and Expenses

Appendix A – Authorization and Delegation Table

| | Financial Administration Activity / Function | Who is Responsible | Authorization level | Authority Limit | Authority Standard |
|----|---|-------------------------------------|---|--|------------------------------------|
| 1 | Annual Budget | Council / Finance & Audit Committee | Finance & Audit Committee make recommendation to Council | All | Finance Policy |
| 2 | Financial Statements | Council / Finance & Audit Committee | Finance & Audit Committee make recommendation to Council | All | Governance Policy & Finance Policy |
| 3 | Policies & Procedures | Council / Finance & Audit Committee | Finance & Audit Committee make recommendation to Council | No delegation | Governance Policy |
| 4 | Hiring of Officers | Council | Council responsible for hiring Band Manager, Chief Financial Officer | No delegation | Governance Policy & HR Policy |
| 5 | Termination & Severance - Officers | Council | Council makes decisions affecting Band Manager, Chief Financial Officer | No delegation | HR Policy |
| | | Band Manager | Band Manager makes decisions affecting employees other than Officers | No delegation | HR Policy |
| 6 | Salary Adjustments-Officers | Council | Council makes decisions affecting Band Manager, Chief Financial Officer | No delegation | HR Policy |
| | | Band Manager | Band Manager makes decisions affecting employees other than Officers | No delegation | HR Policy |
| 7 | Expenditures | Council | Must authorize purchases greater than \$200,000 that are in approved budget. Must authorize purchases over \$1,000 that are not included in approved budget | No delegation | Finance Policy |
| | | Band Manager | Must authorize purchases greater than \$10,000 and less than \$200,000 that are in approved budget | Can assign to Chief Financial Officer | Finance Policy |
| 8 | Professional Service Contracts | Band Manager | Must authorize contracts greater than \$10,000 | No delegation | Finance Policy |
| 9 | External Auditor | Council / Finance & Audit Committee | Finance & Audit Committee make recommendation to Council | No delegation | Governance Policy |
| 10 | Insurance | Council / Finance & Audit Committee | Must approve all insurance coverage and premiums. | Can assign to Chief Financial Officer or subordinate | Finance Policy |
| 11 | Business Transactions | Council / Finance & Audit Committee | All new business opportunities, business ventures, partnerships etc. Finance & Audit committee make recommendation to Council. | All | Finance Policy |
| 12 | Divestitures | Council | Must approve all divestitures with a fair market value over \$25,000 upon recommendation by FAC and Band Manager. | All | Finance Policy |
| | | Band Manager | Must approve all divestitures with a fair market value below \$25,000. | Can Delegate to Chief Financial Officer | Finance Policy |

| | Financial Administration Activity / Function | Who is Responsible | Authorization level | Authority Limit | Authority Standard |
|----|--|--|---|--|---------------------------|
| 13 | Capital Assets | Council | Must authorize capital assets greater than \$20,000 | No delegation | Finance Policy |
| | | Band Manager | Must authorize capital assets greater than \$3,000 and less than \$20,000 | No delegation | Finance Policy |
| | | Chief Financial Officer | Must authorize capital assets up to \$3,000 | Can assign to subordinate | Finance Policy |
| 14 | Capital/Operating Leases | Chief Financial Officer | Must authorize all lease commitments | Can assign to subordinate | Finance Policy |
| 15 | Cash Management – disbursements & transfers | Band Manager | Must authorize amounts greater than \$20,000 | No delegation | Finance Policy |
| | | Chief Financial Officer | Must authorize amounts up to \$20,000 | No delegation | Finance Policy |
| 16 | Bank accounts – opening/closing | Chief Financial Officer | Must approve all new or closed accounts | No Delegation | Finance Policy |
| 17 | Temporary Investments | Chief Financial Officer | Must authorize all investments. | Can assign to 3 rd party or subordinate | Finance Policy |
| 18 | Financing transactions – debt issuance and debt retirement and Guarantees | Council / Finance & Audit | Must approve all debt transactions. | Can assign to Band Manager | Finance Policy |
| | | Band Manager | Must approve all debt transactions. | Can assign to Chief Financial Officer | Finance Policy |
| 19 | Regulatory/Contractual filings and Reports | Chief Financial Officer | Must approve all external Reporting | No delegation | Finance Policy |
| 20 | Payroll | Chief Financial Officer | Must approve periodic payroll | Can assign to subordinate | Finance Policy |
| 21 | Expense Reports | Finance & Audit Committee Chairperson | Approve councillors expense report | No delegation | Finance Policy |
| | | A member of Council | Approve Band Manager, Chief Financial Officer expense report | No delegation | Finance Policy |
| | | Band Manager | Approve Chief Financial Officer reports | No delegation | Finance Policy |
| | | Chief Financial Officer | Approve other Officers expense reports | No delegation | Finance Policy |
| 22 | Journal Entries | Band Manager and Chief Financial Officer | Must approve entries not in ordinary course of business greater than \$50,000 | No delegation | Finance Policy |

This Authorization and Delegation Table is approved by Council on the ____ day of _____ 20xx
A quorum of Council consists of ___ members of Council.

Councillor [name]

Councillor [name]

Councillor [name]

Councillor [name]

Councillor [name]

Councillor [name]

Appendix B – Council Delegation of Duty/Function Agreement

I have read and understood the nature and limits of the duty/function delegated to me, as documented in the Policy and Procedures _____ ([version and date]) and agree to comply with the performance standards established.

Agreed to on the ___ day of _____ 20__

Name:

Title:

Appendix C – Implementation Notes

First Nations that intend to adopt and implement FMB’s Financial Administration Law Standards (Core Document A2) must address these requirements:

Section 8.1 Responsibility – a Financial Administration Law of AFN makes the Council responsible for the financial administration whether or not any part of that function is assigned or delegated.

Section 8.2 Delegation – A Financial Administration Law may permit the Council to delegate functions except for limited functions such as approval of budgets, Policies & Procedures, financial statements, and appointment of the Finance and Audit Committee.

First Nations intending on having their Financial Management System certified by the FMB must address the following requirements:

Section 8.1 of the Financial Management System Standards established by FMB requires the establishment and implementation of documented policies and procedures for the permitted delegation of any function or duties of Council respecting their financial management system.

Section 8.2 of the Financial Management System Standards established by FMB requires the establishment and implementation of documented procedures for assignment duties and responsibilities.

The Authorization and Delegation Table included in **Appendix – A** is for illustrative purposes. It includes a common list of Council functions that are necessary for the effective operation of the financial administration of a First Nation.

The primary responsibilities and accountabilities with respect to delegation of authority will typically rest with;

- the Council (includes Committees of Council)
- the Band Manager
- the Chief Financial Officer
- Key staff with delegations

Any function/activity delegated, that is, where responsibility has transferred, the person receiving the delegation must agree in writing (Appendix B). This process should be updated annually and approved by Council.

Appendix D – Code of Conduct Declaration

I hereby confirm that I have read and understand the Conduct and Conflict of Interest Expectations set out in AFN’s Financial Administration Law (“the Law”) and the Schedule – Avoiding and Mitigating Conflicts of Interest and agree to comply fully with them.

I agree that I will adhere to the following principles and responsibilities governing my professional and ethical conduct.

To the best of my knowledge and ability:

I will comply with the Law, any other applicable First Nation law and any applicable standards.

I will maintain confidentiality of any access codes and passwords required to access AFN records.

I will act with honesty, good faith and in the best interest of AFN.

I will exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances;

I will avoid any real, potential, or apparent conflicts of interests.

I will act with due care, competence, and diligence, without misrepresenting material facts or allowing my independent judgement to be subordinated.

I will respect the confidentiality of information acquired in the course of my work or service except when authorized to do so in the performance of my duties or am otherwise legally obligated to disclose.

I will ensure responsible use of and control over all First Nation assets and resources entrusted to me.

I will be accountable for adhering to this declaration.

Declaration of Understanding

Print Name

Signature:

Date:

Council/Committee Confidentiality Agreement

I acknowledge that in my work as a member of the Chief and Council of the Acadia First Nation ("AFN"), or as a committee member appointed by the Chief and Council, I will be given access to information that is of a personal and confidential nature.

I further acknowledge that the nature of the information is such that the unauthorized release, either deliberate or inadvertent, will cause irreparable injury to the individuals identified in the documentation and to AFN as custodian of the information.

I therefore agree:

1. To hold all confidential information in trust and strict confidence, to adhere to the policies and practices of AFN for preserving confidentiality and further agree that it shall be used only for the purposes required to fulfill my obligations to AFN, and shall not be used for any other purpose, or disclosed to any third party.
2. To keep any Confidential Information in my control or possession in a physically secure location to which only I and other persons who have signed a confidentiality agreement with AFN have access.
3. To not remove any Confidential Information from AFN unless, and to the extent that, I obtain written pre-authorization from AFN. Whenever I am so pre-authorized, I agree to take all necessary steps to keep such Confidential Information secure and to protect such Confidential Information from unauthorized use, reproduction or disclosure.
4. To ensure that I will maintain confidentiality of any access codes and passwords required to access AFN computer records and will follow any and all protocol set out by AFN to change regularly access codes and passwords.
5. To maintain the absolute confidentiality of personal and confidential information in recognition of the privacy rights of others at all times, and in both professional and social situations.
6. To comply with all privacy laws and regulations, which apply to the collection, use and disclosure of personal information including Nova Scotia's *Freedom of Information and Protection of Privacy Act* (FOIPOP).
7. Upon demand by Chief and Council, to return all confidential information, including written notes, reports, photographs, memoranda or notes taken, to the Band Manager.

8. To not disclose confidential or personal information to any therapist, consultant or other third party unless they agree to execute and be bound by the terms of this Agreement and have been approved by AFN in an official, legal capacity.
9. To immediately report any breaches of privacy and or confidentiality to the Band Manager.
10. To understand that if I have questions or concerns respecting access or the release of confidential information, I am responsible for addressing those questions or concerns with the Band Manager or Chief and Council.

I understand that a breach of confidentiality or misuse of information could result in disciplinary action.

I understand that this undertaking survives the termination of my elected or appointed position with AFN.

I fully understand and accept responsibilities set above relating to personal and confidential information.

The laws of Nova Scotia, Canada, shall govern this Agreement and its validity, construction and effect.

Name: _____

Signature: _____ Date: _____

Witness Name: _____ Date: _____

Witness Signature: _____ Date: _____

Appendix E – Disclosure Form for Conflict of Interest

* Please note that the below form may be amended for contractor' use if applicable.

| CONFLICT OF INTEREST DISCLOSURE FORM |
|--|
| <p>An employee has a “conflict of interest” when the employee exercises a power or performs a duty or function and at the same time knows or ought reasonably to have known that in the exercise of the power or performance of the duty or function there is an opportunity to benefit the employee’s private interests.</p> <p>Private interests are defined in the FAL Schedule – Avoiding and Mitigating Conflicts of Interests and include the interests of closely associated persons or entities.</p> <p>An employee has an apparent conflict of interest if a reasonably well-informed person would perceive that the employee’s ability to exercise a power or perform a duty or function of their office or position must be affected by the employee’s private interests.</p> <p>All employees are required to declare any actual, potential or apparent conflicts of interest to AFN. Conflicts of interest could arise from “personal interests” which include:</p> <p><i>The individuals spouse</i></p> <p><i>A person under the age of eighteen (18) years in respect of whom the individual or the individual’s spouse is a parent or acting in a parental capacity;</i></p> <p><i>A person in respect of whom the individual or the individual’s spouse is acting as guardian;</i></p> <p><i>A person, other than an employee, who is financially dependent upon the individual or the individual’s spouse or on whom the individual is financially dependent; and</i></p> <p><i>An entity in which the individual or the individual in combination with any other person described in this section has a controlling interest.</i></p> <p><i>Close family or personal relationships with employees in a position to influence the affairs of AFN, or otherwise engaged in the affairs of AFN</i></p> <p><i>Close relationships with individuals having an interest in information, competitive, intellectual or other interests of AFN</i></p> |
| <p>Declaration: I disclose the following actual, potential or apparent conflicts of interest:</p> |
| <p>Employee name (print):</p> |
| <p>Employee signature:</p> |
| <p>Title:</p> |
| <p>Date:</p> |

Appendix F – Finance and Audit Committee Terms of Reference

Acadia First Nation Finance and Audit Committee Terms of Reference

Composition: At least one (1) councillor must be a member of a committee consisting of three members and at least two (2) councillors must be members of a committee consisting of four or more members. Council will appoint Committee members, including a chairperson and a vice-chairperson one of whom must also be a member of Council. Each Committee member will perform their role in an objective, fair, and impartial manner. The majority of the Committee members must have Financial Competency and all of the members must have Independence and all members must be eligible to be members of the committee.

Criteria of Eligibility All members of the FAC must meet the eligibility criteria defined as:

An individual must not have a role in the financial management of the Acadia First Nation involving the planning organizing, directing, or controlling of its financial activities, including budgeting, financial accounting, financial reporting, procurement and utilization of funds;

The following individuals do not meet the eligibility criteria:

An individual who has the status of an undischarged bankrupt;

An individual who provides consulting, advisory or other services to the Acadia First Nation or its related bodies as a contractor;

An individual who has a dependent who provides consulting, advisory or other services to the Acadia First Nation or its related bodies as a contractor; or

An individual who is a partner, owner or officer of an entity which provides accounting, consulting, legal or any financial services to the Acadia First Nation or to a related body of the Acadia First Nation.

Criteria for

Independence

All members of the FAC must meet the Independence criteria as defined as:

An individual does not have a direct or indirect financial relationship with the Acadia First Nation government that could, in the opinion of council, reasonably

interfere with the individual’s exercise of independent judgment as a member of the Finance and Audit Committee.

Criteria for Financial Competency

Majority of FAC members must meet the criteria for Financial Competency defined as:

Some experience in reviewing and/or preparing financial statements, budgets, strategic plans and/or policies and procedures.

All members of the FAC are required to take a two day training program in financial literacy at the beginning of their term. Any training programs identified by the FAC (eg. updates on reporting, etc.), will be required to be attended by all FAC members.

Confirmation is required before appointment, and annually thereafter (by way of signature of the “Annual Declaration by FAC Committee Members” that each member of the Committee is eligible to be a member and is independent.

Quorum: Quorum necessary for the transaction of business at Committee meetings will be fifty percent (50%) of the total number of Committee members, including at least one (1) councillor.

Voting Rules: Unless a Committee member is not permitted to participate in and vote on a motion because of a conflict of interest, every member has one vote in all Committee decisions. In the event of a tie vote, the chairperson may cast a second tie-breaking vote.

Committee Term: The Finance and Audit Committee is a standing committee established by the *Acadia First Nation Financial Administration Law*.

Member Term: The members of the Finance and Audit Committee must serve staggered terms, as follows:

- a) non-Councillor members shall serve three-year terms, appointed in opposing years of Council elections; and

- b) Councillor members must be appointed to the Finance and Audit Committee as soon as practicable following their election to the Council, and shall serve on the Finance Committee to the end of their term on Council.

Chairperson: Appointed by Council. Either the Chairperson or the Vice-Chairperson must be a Councillor.

Vice-chairperson Appointed by Council. Either the Chairperson or the Vice-Chairperson must be a Councillor.

Mandate: The Finance and Audit Committee is responsible to review and make recommendations to Council on the financial administration matters of the Nation. The Finance and Audit Committee will assist the Council in fulfilling its oversight responsibilities for the financial reporting process, the system of Internal Control, the audit process, and the process for monitoring compliance with laws and regulations and the code of conduct on the AFN Website.

Meetings: The Committee will meet not less than quarterly and immediately following completion of the annual audit, with the chairperson having authority to convene additional meetings as circumstances require.

All Committee members are expected to attend each meeting, in person or via tele/video-conference. The Committee will invite members of the management, auditors, or others to attend meetings as necessary.

The Band Manager and Chief Financial Officer must be notified of all meetings and must attend those meetings, subject to reasonable exceptions.

The auditor of the Acadia First Nation must receive notices of all meetings and may attend and be heard at such meetings upon invitation by the Finance and Audit Committee and/or Council.

Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared. The Chairperson will report key decisions and areas of discussion or concern to Council at the next Council meeting immediately following each Finance and Audit Committee meeting or in writing if the information needs attention in a timely manner.

The Band Manager or Chief Financial Officer may be excluded from all or any part of a Committee meeting at the discretion of the Committee - decided by a recorded vote.

Responsibilities: **Financial Accounting and Reporting Oversight**

- a) Review monthly financial information of the Acadia First Nation;
- b) Subject to the Acadia First Nation's Financial Administration Law, review draft annual budgets and multi-year financial plans and recommend them to Council for approval;
- c) Monitor the financial performance of the Acadia First Nation against the budget and report any significant variations and their reasons to Council;
- d) Review the quarterly and annual financial statements of the Acadia First Nation and recommend them to Council for approval;
- e) Review the annual financial statements of the Acadia First Nation's registered companies and recommend them to Council for approval, if applicable;
- f) Review the annual Special Purpose Reports of the Acadia First Nation and recommend them to Council for approval;
- g) Review the annual report of the Acadia First Nation and recommend it to Council for approval;
- h) Make any other recommendations to Council on any matter respecting the financial administration of the Acadia First Nation;
- i) Review managements approach for safeguarding the Acadia First Nation's assets and information systems, the adequacy of staffing of key financial functions and their plan for improvements;
- j) Review with management and the external auditors emerging accounting issues and their potential impact on the Acadia First Nation's financial reporting;
- k) Review with management the Acadia First Nation's financial policies and compliance with such policies.

Auditor Oversight

- a) Make recommendations to Council on the selection, engagement and performance of the Acadia First Nation's independent auditor;
- b) Receive assurances on the Independence of a proposed or appointed auditor;
- c) Review and make recommendations to Council to approve the annual audit plan of the external auditor, including the scope of the audit to be performed and the estimated audit fees;

- d) Review and make recommendations to Council respecting the audited annual financial statements, including any registered company and Special Purpose Reports;
- e) Review any management letters containing recommendations of the external auditor and management's response;
- f) Recommend to Council pre-approval of all audit, audit-related and non-audit services to be provided to the Acadia First Nation by the external auditor;
- g) Periodically review, and make recommendations to Council respecting policies, procedures and directions on reimbursable expenses and perquisites of Councillors, officers and employees;
- h) Monitor Financial Reporting Risks and Fraud Risks and the effectiveness of Internal Control designed to mitigate those risks taking into consideration the cost of implementing any change to Internal Control;
- i) Review the Acadia First Nation's *Financial Administration Law* and recommend amendments to Council;
- j) Review, and make recommendations to Council on, the Terms of Reference of the Finance and Audit Committee.

Risk Management

- a) Review the annual Risk Management Plan and Fraud Risk Assessment completed by the Band Manager and provide input to the identification, monitoring and reviewing of the annual risk assessment process.
- b) Provide recommendations to Council regarding the annual Risk Management Plan and Fraud Risk Assessment.
- c) Provide updates to the Council of any significant changes to the assessment and adequacy of monitoring activities.
- d) Review requests for non-budgeted funding requests from the Acadia First Nation's business enterprises and make recommendations to Council.

Other

- a) Review expenses of Councillors and Senior Management and assess the Acadia First Nation's policies with respect to expense reimbursement or allowances;

- b) Evaluate at least annually, the adequacy of these Terms of Reference.

Authority

- a) The Committee is empowered to make such inquiry and investigation and require such information and explanation from management as it considers reasonably necessary and to require management to promptly inform the Committee of any material misstatement in the financial statements following discovery of such situation;
- b) After consultation with the Band Manager, the Committee may retain a consultant to assist in the performance of any of its responsibilities.

Approved: _____ (date)

Quorum: 5 (five) _____

Chief

Councillor

Councillor

Councillor

Councillor

Councillor

Councillor

Councillor

Councillor

Appendix G – Financial Competency Guidelines

Majority of FAC members must meet the criteria for Financial Competency defined as:

Some experience in reviewing and/or preparing financial statements, budgets, strategic plans and/or policies and procedures.

All members of the FAC are required to take a two day training program in financial literacy at the beginning of their term. Any training programs identified by the FAC (eg. updates on reporting, etc.), will be required to be attended by all FAC members.

Appendix H – Disclosure Statement

AFN’s policy number [●] requires completion of this Disclosure Statement by all Councillors.

Definitions:

“entity” means a corporation or a partnership, a joint venture or any other unincorporated association or organization, the financial transactions of which are consolidated in the financial statements of AFN in accordance with Public Sector Accounting Standards;

“expenses” includes the costs of transportation, accommodation, meals, hospitality and incidental expenses, and

“remuneration” means any salaries, wages, commissions, bonuses, fees, honoraria and dividends and any other monetary and non-monetary benefits.

Disclosures:

1) Based on the above definitions, I am disclosing the following remuneration paid and expenses reimbursed by AFN or by any entity during the fiscal year ending March 31, 201[●]:

| | Name of Entity | Remuneration Received | Expenses Reimbursed | Comments |
|--|--------------------------------------|------------------------------|----------------------------|--|
| | [Example – ABC First Nation] | \$(●) | \$(●) | Council honoraria and reimbursement of eligible expenses |
| | [Example – ABC First Nation Venture] | \$(●) | \$(●) | Contracting fees paid by ABC First Nation Venture and reimbursement of eligible expenses |
| | [Example – XYZ First Nation Venture] | \$(●) | \$(●) | Dividends paid by XYZ First Nation Venture and reimbursement of eligible expenses |

I certify that I have disclosed all “remuneration” paid and “expenses” reimbursed as defined above during the fiscal year ending March 31, 201[●].

Signature _____ **Date** _____

Printed Name _____

Appendix I – Special Purpose Report – Reporting of Remuneration and Expenses

Acadia First Nation
For the year ended March 31, 201X

| Name of Individual | Position Title | Number of Months [Note 1] | Salaries [Note 2] | Honoraria [Note 2] | Other Remuneration [Note 2] | Total Remuneration [Note 2] | Expenses [Note 3] |
|--------------------|----------------|---------------------------|-------------------|--------------------|-----------------------------|-----------------------------|-------------------|
| | | xx | \$xx,xx x | \$x,xxx | \$x,xxx | \$xx,xx x | \$x,xxx |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

Notes:

1. The number of months during the fiscal year that the individual was a chief or councillor.
2. "Remuneration" means any salaries, wages, commissions, bonuses, fees, honoraria and dividends and any other monetary and non-monetary benefits.
3. "Expenses" includes the costs of transportation, accommodation, meals, hospitality and incidental expenses.