

Acadia First Nation

Finance Policy

Approved by Council on June 11, 2019

Statement of Policy and Procedure	
Policy No.	
Department Ownership	
Issue/Effective Date	

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1. Definitions

“Annual Integrated Planning Process”	refers to the annual process whereby all planning and budgeting activities throughout every level of the organization are effectively linked, coordinated, and driven by Acadia First Nation’s vision and strategic objectives.
“Approved Travel Status”	Travel on official Acadia First Nation business that has been pre-approved by an individual’s immediate supervisor. Approved Travel Status begins once the individual leaves their place of residence for the approved destination and ends once they return to their place of residence or their regular place of employment (e.g. Acadia First Nation office).
“Arrears”	refers to an unpaid, overdue debt, or an unfulfilled obligation.
“Assets”	include Tangible Capital Assets such as equipment, buildings and land that have been purchased or constructed by Acadia First Nation.
“Asset Recognition Criteria”	means the criteria to be used to set the threshold for determining whether a tangible capital asset must be included in the tangible capital asset register and in the Life-Cycle Management Program.
“Best Value”	refers to the optimal combinations of experience, knowledge, expertise, geographic location, performance, quality, time, initial costs, operation and maintenance, cost, life cycle costs, service, performance characteristics, spare parts availability, warranties and guarantees etc.
“Capital Project”	means the construction, Rehabilitation or replacement of Acadia First Nation’s Tangible Capital Assets and any other major Capital Projects in which Acadia First Nation or its related bodies are investors.
“Capital Project Plan”	means a plan to carry out a Capital Project and an annual capital plan means all of the Capital Project Plans to be budgeted for undertaken in a fiscal year.
“cash”	is currency, cheques, money orders, and equivalent financial instruments.
“Cost”	is the gross amount of consideration given up to acquire, construct, develop or better a tangible capital asset, and includes all costs directly attributable to acquisition, construction, development or betterment of the tangible capital asset, including installing the asset at the location and in the condition necessary for its intended use. The cost of a contributed tangible capital asset, including a

	tangible capital asset in lieu of a developer charge, is considered to be equal to its Fair Value at the date of contribution. Capital grants would not be netted against the cost of the related tangible capital asset.
“Deferred Maintenance”	is maintenance that was not performed when it was scheduled, or that was delayed for a future period and may result in a decrease in service levels and can affect the life expectancy of the asset. It is noted in the asset register.
“Encumbrance Accounting”	refers to the process of setting money aside (to hold it) for a specific purpose. Money then, is essentially earmarked for certain future purposes and cannot be re-allocated for any other purpose than stated.
“Fairness”	refers to giving qualified firms and individuals an equal opportunity to compete for the contract work; and to evaluating tenders and proposals in accordance with accepted practices.
“Fair Value”	is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.
“Financial Institutions”	means Acadia First Nations Finance Authority, a bank, credit union or caisse populaire.
“Financial Reporting Risk”	is the possibility of an undetected material misstatement in financial information due to the existence of ineffective Internal Control or fraud resulting from manipulation or alteration of accounting records, misrepresentation or intentional omissions of transactions, or intentional misapplication of accounting principles.
“Financial Reports List”	means the list of financial statements and reports that are to be prepared on a regular basis.
“Fraud Risk”	is the potential for an employee, agent or other person connected to the financial administration of Acadia First Nation to use deception to dishonestly make a personal gain for oneself or a loss for another. This commonly includes activities such as theft, corruption, embezzlement, or bribery etc.
“Fraudulent Financial Reporting”	means an intentional act in financial reporting that is designed to deceive users of financial reports and that may result in a material omission from or misstatement of financial reports.
“Fraudulent Non-Financial Reporting”	means the intentional act in non-financial reporting that is designed to deceive users of non-financial reports.
“Indemnity”	refers to the right of a person to recover the amount of a financial loss or a liability to a third party.

“Internal Assessment”	is a review of an activity/process by an independent Acadia First Nation staff member (i.e. an individual not responsible for or involved in the activity) to determine the effectiveness and sufficiency of controls related to the specific activity or process.
“Internal Control”	is a process, effected by Acadia First Nation’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.
“Invited Tender”	refers to a tender that is distributed to a certain number of contractors who are invited to bid on a specific project. Industry standards indicate that at least three contractors should be invited to ensure that the process is fair and there is sufficient competition.
“Life-Cycle Management Program”	means the program of inspection, review and planning for the management of Acadia First Nation’s Tangible Capital Assets as described in the Financial Administration Law and this policy.
“Life-Cycle Planning”	is a key component of a Life-Cycle Management Program as it provides information for understanding the condition and assessing the performance of capital assets, anticipates the needs for replacements in the short and long term, and assesses the cost and sustainability of existing programs.
“Loan Guarantee”	is a promise to pay all or a part of the principal and/or interest on a debt obligation in the event of default by the borrower.
“Loan Receivable”	is a financial asset of Acadia First Nation (as the lender) represented by a promise by a borrower to repay a specific amount, at a specified time or times, or on demand, usually with interest.
“Misappropriation of Assets”	means the theft of Acadia First Nation assets in circumstances where the theft may result in a material omission or misstatement in financial reports.
“Net Book Value”	of a tangible capital asset is its cost, less both accumulated amortization and the amount of any write-downs.
“Open or Public Tender”	is the process by which tenders are advertised publicly. Open tenders should allow any qualified potential bidders the opportunity to bid on a project.

“Planning Documents”	are the combination of a strategic (community development) plan, capital budget, multi-year financial plan, and annual budget.
“Portfolio Rebalancing”	refers to the realigning of the weightings of Acadia First Nation’s portfolio of assets and involves periodically buying or selling assets in the portfolio to maintain the original desired level of asset allocation.
“PSAS”	refers to Public Sector Accounting Standards of the Canadian Public Sector Accounting Board, as amended or replaced from time to time.
“Rehabilitation”	includes alteration, extension and renovation but does not include routine maintenance.
“Replacement”	includes substitution, in whole or in part, with another of Acadia First Nation’s Tangible Capital Assets.
“Requisition”	refers to a purchase order used by Acadia First Nation when documenting expenditures.
“Residual Value”	is the estimated net realizable value of a tangible capital asset at the end of its Useful Life to Acadia First Nation.
“Restricted Investments”	are investments made with funds the source of which is either government transfers, local revenues, or other revenues with restrictions on use.
“RFP”	stands for Request for Proposal, which is the process generally followed before awarding a major service contract. RFPs identify the need and leave it up to the prospective contractors to make a proposal that is appropriate.
“Risk”	is defined as anything of variable uncertainty and significance that interferes with the achievement of a Acadia First Nation’s strategies and objectives. In insurance terms is the possibility of a loss or other adverse event that has the potential to interfere with an organization’s ability to fulfill its mandate, and for which an insurance claim may be submitted. ¹
“Risk Tolerance”	means the degree of uncertainty Acadia First Nation is willing to accept in the achievement of its goals.
“Sole Source”	means a person or company from whom Acadia First Nation may purchase goods and/or services.
“Special Purpose Report”	means the report described in subsection [10](2) of the Financial Administration Law. For the purpose of this policy it refers to the annual report on remuneration, and expenses

¹ Insurance Bureau of Canada: http://www.ibc.ca/en/Business_Insurance/Risk_Management/
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“Tangible Capital Assets”	<p>are non-financial assets having physical substance that:</p> <ul style="list-style-type: none"> • are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other Tangible Capital Assets; • have useful economic lives extending beyond an accounting period; • are to be used on a continuing basis; and • are not for sale in the ordinary course of operations.
“Tender Process”	<p>refers to the process where documents outlining the requirements and specifications of a project are put in the hands of prospective contractors or suppliers interested in submitting bids.</p>
“Terms of Reference”	<p>is a documented statement of the mandate, objectives, purpose, scope, functions and rules under which a Committee is expected to operate.</p>
“Unrestricted Investments”	<p>are investments made with funds the source of which is not government transfers or local revenues.</p>
“Useful Life”	<p>is the estimate of either the period over which a tangible capital asset is expected to be used by Acadia First Nation, or the number of production or similar units that can be obtained from the tangible capital asset by Acadia First Nation. The life of a tangible capital asset may extend beyond the Useful Life of a tangible capital asset to Acadia First Nation. The life of a tangible capital asset, other than land, is finite, and is normally the shortest of the physical, technological, commercial and legal life.</p>

2. Annual Planning and Budgeting

A. Policy

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

B. Purpose

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

C. Scope

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

D. Responsibilities

(1) Council is responsible for:

- a. reviewing and approving the annual budget and ensuring that it was prepared in accordance with Acadia First Nation's Financial Administration Law and other applicable Acadia First Nation laws, is based on plausible assumptions and provides for required program and services;
- b. reviewing and approving any circumstances that are expected to create a budget deficit including consideration of any recommendations from the finance and audit committee on plans to eliminate the budget deficit in a future period;
- c. reviewing and approving other Planning Documents including but not limited to a strategic (community development) plan, capital budget, and a multi-year financial plan;
- d. reviewing and approving any changes or amendments to the annual budget or other Planning Documents;
- e. establishing specific goals and service priorities to guide resource and allocation decisions during the budget planning sessions;
- f. ensuring that a process is in place to address membership priorities in the Strategic Plan and other Planning Documents as appropriate;
- g. ensuring that the membership of Acadia First Nation is informed about or involved in the preparation of the annual budget, multi-year financial plan, forecast budget deficits or forecast extraordinary expenditures as set out in Acadia First Nation's Financial Administration Law;
- h. establishing general budget policies or guidelines such as requirements for balanced budget and use of cash reserves.

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

- a. Reviewing the draft annual budget and multi-year financial plan and recommending them to Council for approval;
- b. Providing recommendations to Council respecting plans to eliminate any budget deficit in a future year;
- c. Reviewing any draft amendments of the annual budget and recommending them to Council for approval;
- d. Reviewing information, schedules and proposed budget for Rehabilitation or replacement of Tangible Capital Assets and plans for new construction of Tangible Capital Assets.

(3) The Band Manager is responsible for:

- a. arranging early budgeting planning sessions with Council and other key stakeholders essential in developing the budget;
- b. arranging and staffing planning sessions for the development of other key Planning Documents;
- c. ensuring that the budgeting calendar is met;
- d. reviewing draft budgets in consultation with the Finance and Audit Committee;
- e. reviewing other draft Planning Documents in consultation with the Finance and Audit Committee;
- f. communicating the approved budget to management and line staff;
- g. conducting regular financial monitoring to compare actual income and expenses to those budgeted;
- h. maintaining a current register of all Acadia First Nation's Tangible Capital Assets and arrange for an annual inspection of them.

(4) The Chief Financial Officer is responsible for:

- a. creating a budget development calendar and ensuring deadlines are met – subject to Acadia First Nation's Financial Administration Law;
- b. establishing the format for draft budgets;
- c. participating in budget planning sessions with Council, the Finance and Audit Committee, Band Manager and other key stakeholders;
- d. collaborating with department heads in setting draft expenses for their department;
- e. preparing the draft budget or consolidating and evaluating draft budgets from department heads for accuracy, reasonableness, applicable guidelines, and anticipated resources in accordance with Section [26] of the Financial Administration Law;
- f. developing revenue forecasts based on reviews of fiscal transfer agreements and collaboration with other officers on own source revenues forecasts;
- g. presenting draft annual budgets to the Band Manager and to the Finance and Audit Committee on an annual basis;
- h. Implementing financial monitoring, including preparing and analyzing budgeted versus actual revenue and expense reports for the Finance and Audit Committee use and overseeing any Council approved corrective action (i.e. budget amendments), after the annual budget is approved;
- i. Make forecasts and prepare budgets for Tangible Capital Assets; and
- j. Any other responsibilities as outlined in the Financial Administration Law.

E. Procedures

(1) Annual Integrated Planning Process

- a. An annual planning session will be held within 5 months prior to the start of the fiscal year being planned for. The planning session will generally include:
 - i. Council members, members of the Finance and Audit Committee, the Band Manager, the Chief Financial Officer, and other representatives from Department or functional areas of business;
 - ii. establishment or communication of current year and 5 year operational goals and objectives based on priorities established by Council;
 - iii. presentation of budget development calendar;
 - iv. establishment or update of key budgetary assumptions, budgetary constraints, and cost drivers for current year and the 5 year plan;
 - v. establishment or update of a multi-year capital plan schedule to ensure the effective management of capital assets which identifies and prioritizes expected needs, costs, and expected sources of financing;
 - vi. establishment or update of strategies, goals and objectives for the strategic plan – the plan that details Acadia First Nation's longer term priorities and the plan for resources needed to meet the objectives of the plan.

(2) Budget

- a. Based on the annual integrated planning session, the initial operating budget estimates will be prepared and the 5 year Capital budget estimates will be prepared or updated accordingly;
- b. Budget assumptions will be documented and updated throughout the budget preparation process with budget adjustments made as required;
- c. Capital budgeting estimates should include all capital improvement projects (purchase, construction, or renovation of physical facilities) and all capital equipment expenditures;
- d. Any projected deficit must be accompanied by a report that outlines the contributing factors and circumstances and the plan by which it will be eliminated in a future year;
- e. Chief Financial Officer will provide detailed financial information on staffing and benefits for each department;
- f. The draft budget will be presented for discussion at a Finance and Audit Committee meeting. The Committee may accept the estimates as presented or request amendments, within the context of the operating objectives and the strategic plan;
- g. Where a projected deficit exists, the Finance and Audit Committee will provide recommendations to Council on plans to eliminate the budget deficit in a future year;

- h. The final draft budget recommended for approval to Council by the Finance and Audit Committee will be approved by Council no later than March 31st of the fiscal year preceding the budget year;
- i. The draft budget must meet the requirements of Acadia First Nation's Financial Administration Law and the integrated planning process must comply with the schedule for planning activities set out in that Law.

(3) Strategic Plan

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

(4) Multi-Year Financial Plan

- a. Based on the annual integrated planning session, a multi-year financial plan that has a planning period of five years comprised of the current fiscal year and the four succeeding fiscal years will be prepared that will also include the following:
 - i. revenue projections by major revenue type that demonstrate trends in existing revenue streams;
 - ii. in respect of projected revenues sets out separate amounts for income from taxes, fees and charges, transfers from Canada or a provincial or territorial government, grants and business operations and proceeds from borrowing;
 - iii. in respect of projected expenditures, sets out separate amounts for payments, including payments of principal and interest on debt, payments required for Capital Projects as defined in the Financial Administration Law, payments required to address any deficits and payments for all other purposes;

- iv. is based on projections of revenues, expenditures and transfers between accounts;
 - v. in respect of transfers between accounts, sets out the amounts from the tangible capital asset reserve account;
 - vi. reserves/fund balances that estimate the available reserves available to help short-term fiscal shortfalls or unanticipated or planned expenditures;
 - vii. shows all categories of restricted cash;
 - viii. indicates whether in any of the five (5) years of the plan a deficit or surplus is expected from the projected revenues and expenditures that year; and
 - ix. a cover sheet that describes the broad assumptions and judgments used in the developments of the plan.
- b. The draft multi-year financial plan will be presented for discussion at a Finance and Audit Committee meeting. The Committee may accept the plan as presented or request amendments, within the context of the operating objectives and the strategic plan.
 - c. The final multi-year financial plan recommended for approval to Council by the Finance and Audit Committee will be adopted as a formal planning document no later than March 31st of each fiscal year.

(5) Adjustments to the Plans and Budgets

- a. An annual adjustment process in the Budget Calendar will be included to adjust the plans and budgets.
- b. The circumstances to make adjustments to budgets are limited to substantial change in the forecasted revenues or expenses of Acadia First Nation or in the expenditure priorities of the Council; which may include the following:
 - i. External factors that impact funding arrangements;
 - ii. impacts related to Capital Project adjustments;
 - iii. unforeseen changes to budget assumptions;
 - iv. Council approved changes to priorities or operating objectives.
- c. Proposed amendments to the strategic plan or multi-year plan will be brought forward to the next annual planning session.
- d. Significant time-sensitive adjustments should be brought to the Finance and Audit Committee for review and recommendation to Council.

F. References and Related Authorities

- (1) FMB's Financial Management System Standards
 - a. Standard 15.0 – Integrated Process
 - b. Standard 16.0 – Financial Plans

- c. Standard 17.0 – Budgets
 - d. Standard 24.3 – Life-Cycle Planning
 - e. Standard 24.4 – Capital Project Plans
- (2) FMB’s Financial Administration Law Standards
- a. Standard 14.0 – Financial Plans
 - b. Standard 15.0 – Budgets

G. Attachments

- (1) **Appendix A** – Planning and budgeting schedule template

3. Financial and Operational Reporting

A. Policy

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

B. Purpose

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

C. Scope

This policy applies to all of the financial operations and activities of Acadia First Nation including those operations that Acadia First Nation controls. The persons affected by this policy include the Council, Finance and Audit Committee, Band Manager, Chief Financial Officer and Directors/Officers/Managers of Acadia First Nation.

D. Responsibilities

(1) Council is responsible for:

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

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

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

(3) The Band Manager is responsible for:

- a. Coordinating with Chief Financial Officer to prepare and update the Financial Reports List
- b. Reviewing the financial statements and reports and making appropriate recommendations to the Finance and Audit Committee;

- c. Identifying, assessing, monitoring and reporting on Financial Reporting Risks to the Finance and Audit Committee;
 - d. Monitoring and reporting on the effectiveness of mitigating controls for the Financial Reporting Risks and Fraud Risks taking into consideration the cost of implementing these controls;
 - e. Ensuring that Financial Reporting Risk assessment and management practices have been performed in relation to quarterly and annual financial statements; and
 - f. Periodically reviewing these policies in consultation with the Chief Financial Officer and other staff as appropriate and recommending any updates to the Finance and Audit Committee.
- (4) The Chief Financial Officer is responsible for:
- a. Preparing and updating the Financial Reports List;
 - b. Preparing the financial statements and reports in accordance with PSAS and this policy and procedure;
 - c. Assessing and managing Financial Reporting Risk and reporting risks to the Band Manager and to the Finance and Audit Committee;
 - d. Developing and recommending procedures for identifying and mitigating Financial Reporting Risks and Fraud Risks and ensuring approved procedures are followed; and
 - e. Maintaining a complete set of all records respecting other revenues of Acadia First Nation, including all records referred to in section 5 of the *Local Revenue Management Implementation Regulation* as amended by the *Financing Secured by Other Revenues Regulations*.
- (5) Directors/Officers/Managers are responsible for:
- a. Providing all requested information in relation to the preparation of financial statements and reports and the assessment and management of Financial Reporting Risk.

E. Procedures

(1) Financial Reports List

- a. The Finance and Audit Committee, with the assistance of the Band Manager and Chief Financial Officer, is responsible for preparing a list of all financial statements and reports that are to be prepared on a regular basis.
- b. The Financial Reports List must include the required monthly information, as well as quarterly and annual financial statements.
- c. Monthly reports prepared by the Chief Financial Officer will be tailored to the needs of Acadia First Nation's management team for monitoring purposes in the form and content recommended by the Finance and Audit Committee and approved by Council.

- d. If Acadia First Nation has borrowed money from the FNFA secured by other revenues, these other revenues must be accounted for and reported on separately.
- e. For each report or financial statement listed, the following information must also be identified:
 - i. A brief description or contents of the report;
 - ii. The person responsible for its preparation;
 - iii. When it is to be made available and its frequency; and
 - iv. The report's distribution list.
- f. The Finance and Audit Committee will review and update the Financial Reports List quarterly and annually, and submit the list to Council quarterly and annually for their review and recommendation.
- g. Council will review and approve the Financial Reports List quarterly and annually.

(2) Financial statement preparation

- a. The Chief Financial Officer will prepare monthly information respecting the financial affairs of Acadia First Nation and its quarterly and annual financial statements. Other financial reports that are listed in the approved Financial Reports List will be prepared by the person identified as responsible for its preparation.
- b. Each quarterly financial statement will include the following for Acadia First Nation and all its related bodies:
 - i. A statement of revenue and expenditures containing a comparison to the approved annual budget;
 - ii. A statement of financial position;
 - iii. Financial institution account reconciliations;
 - iv. If Acadia First Nation has borrowed money from First Nations Finance Authority secured by other revenues: Financial information respecting these other revenues;
 - v. Any other information requested by the Finance and Audit Committee or Council.
- c. Each annual financial statement will include the following for Acadia First Nation:
 - i. The financial information and disclosures for Acadia First Nation for the fiscal year prepared in accordance with PSAS;
 - ii. A Special Purpose Report setting out all payments made to honour guarantees and indemnities;
 - iii. A Special Purpose Report setting out the information required in section [10] of the Financial Administration Law (Reporting of Remuneration and Expenses);
 - iv. A Special Purpose Report setting out all debts or obligations forgiven by the First Nation;

- v. If the First Nation has a land code in force, a report setting out moneys of the First Nation derived from First Nation lands, categorized and shown separately from other revenues and that includes a sub-category respecting revenues from natural resources obtained from First Nation lands; and
 - vi. Any other report required under the Act or an agreement.
- d. Annual financial statements will be prepared according to a standard “financial closing and reporting process checklist”.
- e. Annual financial statements, the corresponding completed financial closing and reporting process checklist, and the highlights memo (if applicable), will be signed by the Chief Financial Officer and presented to the Finance and Audit Committee along with his / her comment(s) and recommendation(s), no later than 110 days following the end of the fiscal year for which they were prepared.
- f. The Finance and Audit Committee will review the annual financial statements, the accompanying information, and the Chief Financial Officer’s comment(s) and recommendation(s). Subsequently, the Finance and Audit Committee will forward the financial statements, accompanying information, and its comment(s) and recommendation(s) to Council no later than 120 days following the end of the fiscal year for which they were prepared.
- g. Council will review the annual financial statements, the accompanying information, and the recommendation(s) of the Finance and Audit Committee and the Band Manager, and make a decision to approve or not approve the annual financial statements.
- h. In the event that the financial statements are not approved by Council, a documented rationale will be communicated to the responsible party(ies) for corrective action. The financial statements will be re-submitted for approval within the timeframe stated by Council.
- i. A “financial reporting record” file will be created for each annual financial statement. The financial statement record file will at a minimum contain the:
 - i. Financial statements presented to Council for approval;
 - ii. Record of, or reference to Council’s decision to approve or not approve the financial statements, the Finance and Audit Committee’s recommendation(s), and the Band Manager’s recommendation(s);
 - iii. Completed financial closing and reporting process checklist;
 - iv. Completed highlights memo (if applicable).
- j. The financial reporting record file will be classified as confidential and secure, and maintained according to the Records and Information Management Policy and Procedure. Retention period will be seven years unless otherwise specified by council policy

(3) Financial Reporting Risks

- a. The Chief Financial Officer will review the financial reporting list to ensure that all identified financial statements and reports have been prepared and submitted for review and approval by the dates specified.
- b. Annually, as part of the evaluation process, the Band Manager will ensure that the persons engaged in the financial management system:
 - i. Have the necessary knowledge, skills and competence to perform the services for which they have been engaged;
 - ii. Confirm in writing that they understand their responsibilities.
- c. The Chief Financial Officer will develop a “financial closing and reporting process checklist” for use at the end of each accounting period, which will include procedures to mitigate Financial Reporting Risk. The financial closing process checklist will include the following minimum procedures:
 - i. Reconciliation / analysis of all statement of financial position accounts with approval by the Chief Financial Officer. In those instances, where the Chief Financial Officer prepared the reconciliation or analysis, then the Band Manager will be required to approve the reconciliation or analysis (or alternatively a member of the Finance and Audit Committee);
 - ii. Review of trade, loan and other receivable balances to identify late payments. Late payments followed up on and have been reviewed for collectability. Any necessary adjustment to the allowance for doubtful accounts has been prepared;
 - iii. Reconciliation of general ledger balances with sub-ledger balances (e.g. trade accounts receivable, trade accounts payable, contribution receivable, etc.);
 - iv. Search for unrecorded liabilities and preparation of accrual journal entries, including:
 - a) Reconciliation of supplier statements;
 - b) Review of unmatched receiving information;
 - c) Review of unmatched purchase orders;
 - d) Review of numerical continuity of purchase orders;
 - e) Review of current contracts for supplies or services, including follow-up with supplier when necessary;
 - f) Enquiries of departmental managers for any invoices, expense reports, commitments or any other knowledge of liabilities incurred at reporting date.
 - v. Analysis of revenue and expense accounts for budgetary variances and for reasonability. Where necessary, an account analysis will be prepared.
 - vi. Reconciliation of payroll expense to the payroll register and bank account balance.

- vii. Preparation of non-recurring journal entries and journal entries not in the ordinary course of business, with supporting documentation.
 - viii. Approval of material non-recurring journal entries and journal entries that are not in the ordinary course of business by Finance and Audit Committee.
 - ix. Recurring journal entries have been prepared, approved by the Chief Financial Officer, and recorded.
 - x. The financial statements have been reviewed for accuracy, additions, and cross-references. The financial statements agree with the general ledger.
 - xi. The presentation of the financial statements has been reviewed. Necessary disclosures and reclassification entries have been prepared and have been approved by the Chief Financial Officer.
 - xii. Draft departmental financial statements have been provided to managers for their review, comment and budgetary variance explanations. Any issues or questions have been resolved.
 - xiii. The Chief Financial Officer is satisfied that the financial statements are accurate and presented in accordance with PSAS.
- d. The Chief Financial Officer will prepare a highlights memo for each set of quarterly and/or annual financial statements prepared. The highlights memo will, at a minimum, report
- i. Financial Performance, specifically:
 - a) An assessment of the overall financial situation for Acadia First Nation (i.e. surplus, deficit, adequate reserves, etc.);
 - b) A review of progress towards financial and operational goals set during the planning process;
 - c) Identification and explanation of material budgetary variances;
 - d) Current ratio and any ratios required to be maintained by contract (e.g. financial covenants contained in borrowing agreements);
 - e) Doubtful accounts receivable, with changes since last quarter summarized;
 - f) Payment status of statutory and contractual obligations. Specifically, a listing of all late payments with explanations;
 - g) Remediation options where financial performance is not in accordance with plans.
 - ii. Exceptions to expected financial and system performance. Specifically:
 - a) Unanticipated problems preparing the financial statements and the resolution;
 - b) Unusual or unexpected accounting balances or transactions;
 - c) Accounting entries not in the ordinary course of business;

- d) Explanation of transactions where measurement or accounting treatment was uncertain or where there were choices under PSAS;
 - e) Weaknesses in, and, suggestions to improve, the financial management system;
 - f) Instances of financial administration law or system non-compliance, fraud and / or unauthorized activities.
- iii. Forecast to end of year. Specifically:
- a) Forecast of annual operations and budgetary performance, and annual cash flow and expected cash surplus or financing requirement;
 - b) Statement of assumptions used in the budget process and any changes in assumptions that affect the budget;
 - c) Identification of emerging financial performance risks and opportunities;
 - d) Remediation options where forecast financial performance is not in accordance with plans.
- e. Changes to the accounting software (i.e. new system or major changes to the current system set-up) require authorization from the Chief Financial Officer and consultation and communication with the Finance and Audit Committee and Council. Changes such as the addition/deletion/ modification of general ledger accounts, customer/member accounts, or vendor accounts require approval from the Chief Financial Officer or designate.

(4) Fiscal year

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

(5) Annual Report

- a. The Council must prepare and publish an annual report within the earlier of 180 days after the fiscal year end, or the timeline specified in the Financial Administration Law, that details the progress towards the financial and operational goals of Acadia First Nation over the course of the fiscal year.
- b. The annual report will contain, at a minimum, the following:
 - i. A description of the services provided by Acadia First Nation and its operations;
 - ii. A review of Acadia First Nation's achievement towards its values, goals and objectives;
 - iii. A progress report on any established financial objectives and performance measures of Acadia First Nation;
 - iv. The audited annual financial statements for the previous fiscal year including any Special Purpose Reports.
- c. The annual report will be made available to all members of Acadia First Nation as required by the Financial Administration Law, and provided to all Council members, First Nations

Financial Management Board, First Nations Finance Authority, and other organizations as required no later than 180 days after the fiscal year end.

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

F. References and Related Authorities

(1) FMB's Financial Management System Standards

- a. Standard 14.0 - Fiscal Year
- b. Standard 19.6 - Financial Reporting Risks
- c. Standard 20.0 - Financial Reporting
- d. Standard 22.0 Annual Report

(2) FMB's Financial Administration Law Standards

- a. Standard 18.0 - Financial Reporting
- b. Standard 20.0 - Annual Report

G. Attachments

None

4. Financial Institution Account and Cash Management

A. Policy

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

B. Purpose

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

C. Scope

This policy and procedure applies to Council, the Band Manager, Chief Financial Officer, and any other Acadia First Nation employee who has been assigned financial institution account responsibilities.

D. Responsibilities

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

- g. reviewing and approving monthly bank reconciliations for each financial institution account;
 - h. ensuring that a reconciliation is performed each month for every financial institution account;
 - i. documenting and alerting the Finance and Audit Committee of any irregularities in the reconciliation process;
 - j. monitoring and forecasting Acadia First Nation's cash position; and
 - k. managing Acadia First Nation's short term liquidity and working capital including credit line facilities.
- (4) The accountant / finance staff / administrator is /are responsible for:
- a. recording revenue deposited in the accounting system; and
 - b. ensuring all anticipated recurring deposits have been received. The accountant will alert the Chief Financial Officer when expected receipts have not been received.
- (5) The employees assigned banking duties by the Chief Financial Officer are responsible for:
- a. receiving cheques and cash;
 - b. preparing cheques and cash for deposit to the appropriate financial institution account; and,
 - c. reconciling petty cash accounts on a regular basis.
- (6) The employee designated by the Chief Financial Officer to prepare financial institution account reconciliations is responsible for:
- a. preparing a reconciliation for each of Acadia First Nation's financial institution accounts;
 - b. ensuring that supporting documentation and records are retained for each reconciliation; and,
 - c. alerting the Chief Financial Officer of any irregularities.

E. Procedures

(1) Financial institution account management

- a. The Chief Financial Officer maintains correspondence and official documents relating to the opening, maintenance, and closing of all financial institution accounts.
- b. The Chief Financial Officer is Acadia First Nation's primary representative in dealing with Financial Institutions and at least annually provides the designated financial institution representative with necessary financial reporting information and updates on Acadia First Nation operations and forecasts in order for the Financial Institutions to respond to Acadia First Nation's financial service requirements.
- c. The Chief Financial Officer is the only individual authorized by Council to negotiate financial service agreements on behalf of Acadia First Nation.

- d. The Chief Financial Officer will develop a clear description of the purpose of each financial institution account and provide it to all employees who are responsible for depositing funds or reconciling the accounts.
- e. The list of individuals with authorized signing authorities for each financial institution account will be maintained by the Band Manager. All changes to signing authorities must be approved by Council.
- f. Online financial institution access will be permitted and controlled as follows:
 - i. the Chief Financial Officer or designate will be provided with online banking access to perform transactions;
 - ii. transaction completion activities, such as electronic funds transfers, will be controlled in a similar manner as cheques. One employee will upload the file and provide details to the Chief Financial Officer or Band Manager, who will in turn approve the payment for release. Each employee will have a separate login and individual password.

(2) Cash/Cheque receipts

- a. Cheques received will be recorded in a receipt log and endorsed (stamped) as “for deposit only” by a designated person. The log will include the date, source amount and reason for payment.
- b. A list of anticipated ongoing deposits (including direct deposits) will be maintained and reviewed on a monthly basis. Any expected deposits that have not been deposited in the financial institution account(s) will be reported by the accountant / finance staff / administrator to the Chief Financial Officer immediately.
- c. Cheques are delivered to the appropriate person to determine which account it should be deposited to, a journal entry is prepared, cheques are given to a designated person for deposit by cheque scanner. The deposits are reconciled during the bank reconciliation.
- d. All cash received will be stored in the First Nation’s safe or locked cabinet until it can be deposited in a financial institution account. Access to the secure storage should be limited to the employee responsible for making the deposit.

(3) Petty Cash

- a. Petty Cash will not be allowed. Any purchases must follow the Procurement Policy.

(4) Cheque stock

- a. Blank cheque stock is stored with the person(s) responsible for printing cheques (blank cheque stock will consist of cheque paper that is blank). Cheques will be printed using one of the designated cheque printers with MICR ink.

- b. No one person or employee will be allowed to enter invoices, select invoices for payment and then print and sign cheques. At minimum, this process requires at least two individuals to ensure a minimum segregation of duties.
- c. Cheque signers will not sign blank cheques under any circumstances.

(5) Credit Lines

- a. The Chief Financial Officer will authorize the draw down on any line of credit or overdraft facilities.

(6) Opening a Financial Institution Account

- a. A request to open a new financial institution account must be reviewed and approved by the Chief Financial Officer and must include the purpose of the account.
- b. Once the financial institution account has been approved, the Chief Financial Officer or designate prepares an account inventory form, which includes the following elements:
 - i. Name of account;
 - ii. Instructions regarding purpose of account;
 - iii. Names of signatories and authority limits;
 - iv. Address where all statements and correspondence is to be sent; and
 - v. The contact person or department at the financial institution.
- c. The account establishment letter must be signed by any two of the following: the Band Manager and any Councillor with signing authority.
- d. The financial institution accounts will be created such that all non-deposit transactions (such as cheques, electronic transfers, etc.) require two signatures for approval according to the Delegated and Assigned Responsibilities Policy.
- e. Once the financial institution account is opened, the Chief Financial Officer will activate the account in the general ledger.

(7) Closing a Financial Institution Account

- a. A written request to close a financial institution account must be reviewed and approved by the Chief Financial Officer.
- b. The request to close must include:
 - i. Name of account;
 - ii. Financial institution account number;
 - iii. Closing bank balance and statement; and
 - iv. Approval by appropriate Acadia First Nation personnel
- c. Upon approval, a financial institution account closing letter will be prepared and delivered to the financial institution with instructions to transfer any remaining account balance. The letter will be signed by at least two authorized signatories of Acadia First Nation.

- d. Once the financial institution account has been closed, the Chief Financial Officer will deactivate the account in the general ledger.

(8) Account Reconciliation

- a. Each of Acadia First Nation's financial institution accounts will be reconciled to the accounting system records on a monthly basis within 30 business days of the end of the month.
- b. Reconciliation records will be retained. Documentation to support the amounts recorded on the reconciliation, such as accounting system general ledger reports, financial institution statements, outstanding cheque reports, etc., will be included in the reconciliation file.
- c. The employee preparing the financial institution account reconciliation will monitor and investigate adjustments that carry over from month to month.
 - i. Outstanding cheques will be monitored and any cheques outstanding for more than four months will be investigated with the employee responsible for preparing cheques (i.e. Accounts Payable) to determine whether the cheques remain valid or if they should be stale-dated.
 - ii. In transit deposits will be investigated immediately if not cleared by the financial institution within one week.
 - iii. Unusual, or unresolved entries that carry over for more than one month, will be reported to the Chief Financial Officer.
- d. The employee preparing the reconciliation will print off the summary page from Xyntax and sign it as evidence that the reconciliation is complete and that they have carried out their duties as described in this policy.

(9) Independent Review

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

(10) Irregularities

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

F. References and Related Authorities

(1) FMB's Financial Management System Standards

- a. Standard 18.1 – Financial Institution Accounts
- b. Standard 18.2 – Account Deposits
- c. Standard 18.3 – Financial Institution Account Reconciliation

(2) FMB's Financial Administration Law Standards

- a. Standard 16.1 – Funds and Revenues
- b. Standard 16.2 – Expenditures

G. Attachments

- (1) **Appendix B** – Financial Institution Account Reconciliation Template

5. Procurement

A. Policy

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

B. Purpose

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

C. Scope

This policy applies to the Council, Band Manager and any other Acadia First Nation employees involved in purchasing goods, services and assets on behalf of Acadia First Nation.

D. Responsibilities

(1) The Council is responsible for:

- a. Ensuring effective control of procurement of goods, services and assets through documented policies and procedures.

(2) The Band Manager is responsible for:

- a. Ensuring the procurement process is fair, open, and demonstrates accountability to obtain the best value for time and money;
- b. Communicating the policies and procedures to all parties who are affected.
- c. Assisting in the selection, evaluation, and monitoring of contractors and suppliers;
- d. Ensuring that staff receives appropriate guidance and assistance in the performance of their duties.

(3) The Chief Financial Officer is responsible for:

- a. Developing, documenting and maintaining policies and procedures relating to the procurement process for goods, services, and assets;
- b. Managing and monitoring expenditures and identifying and reporting on budget variances;

E. Procedures

(1) Procurement of low value items goods and services

- a. Goods and services under the 'low' value threshold can be procured by the individuals noted in Appendix C for each threshold of value.
- b. The responsible employee noted in Appendix C will ensure that the goods or service selected is the best value for Acadia First Nation.
- c. The responsible employee noted in Appendix C will sign the invoice indicating that the goods or services have been received under the terms in the agreement between Acadia First Nation and the vendor.

(2) Procurement of moderate value goods and services

- a. The responsible employee noted in Appendix C will perform a documented analysis of the costs and benefits of at least two options to procure the good or service.
- b. Where practical, informal quotes will be obtained through advertisements, direct solicitations to contractors/suppliers and other methods in an effort to compare prices and select the best option for Acadia First Nation.
- c. When appropriate, Acadia First Nation will promote the use of local content in the procurement of goods and services in accordance with Appendix E.

(3) Procurement of moderate-high value goods and services

- a. The responsible employee noted in Appendix C will perform a documented analysis of the costs and benefits of at least two options to procure the good or service.
- b. Where practical, formal quotes will be obtained through advertisements, direct solicitations to contractors/suppliers and other methods in an effort to compare prices and select the best option for Acadia First Nation.
- c. When appropriate, Acadia First Nation will promote the use of local content in the procurement of goods and services in accordance with Appendix E.

(4) Procurement of high value goods and services

- a. Goods and services classified as high value according to Appendix C will be procured using a competitive tendering process.
- b. When appropriate, Acadia First Nation will promote the use of local content in the procurement of goods and services in accordance with Appendix E.
- c. Under a competitive tendering process, Acadia First Nation must use either an invited tender or an open tender to award a contract.
- d. For each tendering process a RFP will be issued and will include the following components:
 - i. Date by which proposals are due;

- ii. Background to the requirement (e.g., context, challenges);
 - iii. Specific requirements of the proposal including any requirements set out in Council policy for the management of Capital Projects (e.g. course of construction insurance, performance guarantees and bonding);
 - iv. Qualifications of the ideal supplier (e.g. track record, experience, integrated services);
 - v. Criteria and weighting (if applicable) by which proposals will be assessed;
 - vi. Planned contract award date;
 - vii. Process for entertaining questions regarding the RFP and sharing responses with other potential suppliers;
 - viii. Caveat providing Acadia First Nation with the right to pick any proposal or none;
 - ix. A checklist of other special terms and conditions (e.g., maximum price expected, delivery dates or constraints) that would be critical for an organization to build into their response to meet the needs of Acadia First Nation.
- e. The Band Manager, at least one representative from Council, and any required staff possessing relevant expertise will form a review panel and review the proposals received against the pre-determined selection criteria for the RFP. The review panel will provide Council with a recommended course of action.
- f. To maintain consistency in the procurement process, a standard methodology will be used to evaluate each contractor/supplier (Appendix D). The methodology will include, at a minimum, an evaluation of:
- i. How the contractor/supplier meets the RFP or tender requirements and specifications;
 - ii. The contractor/supplier's qualifications;
 - iii. The price quoted; and
 - iv. Results and quality of all work the contractor/supplier has previously done for Acadia First Nation.
- g. Other requirements will be added to the methodology as deemed necessary by the Band Manager.
- h. Normally an RFP process as described above will be followed to procure goods and services. Exceptions to this process (i.e. granting a sole source contract, non-competitive contract award) will be rare and limited to the following situations:
- i. If there were no bids received during the tender call or RFP process;
 - ii. When the good or service is available only through a sole source;
 - iii. In an emergency situation where a delay in procuring the good or service would result in severe loss or damage to Acadia First Nation.

- i. Any exceptions to the procurement process will be documented to demonstrate the rationale and approval of a non-standard procurement process.

(5) Approval, initiation and monitoring

- a. Approval of procurement decisions should be documented on the relevant purchasing document (i.e. Requisition, purchase order, or contract, depending on the nature of the procurement activity).
- b. Once approved, the Chief Financial Officer will ensure that an Encumbrance Accounting system is in place for each procurement activity over \$200,000 and for each contracted procurement so that money is set aside and used specifically for those goods or services.
- c. On a monthly basis, the Chief Financial Officer will review the status of procurement encumbrances, noting and investigating any over budget commitments. Procurement activities over budget by 5% will be reported to the Band Manager.
- d. At each Council meeting, the Band Manager or project designate, will report on the status of a Capital Project including a comparison of expenditures to date with the project budget and a detailed description of any identified legal, financial, technical, scheduling or other problems and the manner in which it has been or will be addressed.

(6) Documentation requirements

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

(7) Monitoring of Contractors/Suppliers

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

(8) Encouraging new contractors/suppliers

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

F. References and Related Authorities

- (1) FMB's Financial Management System Standards
 - a. Standard 18.6 - Procurement
 - b. Standard 18.7 - Procurement of suppliers
 - c. Standard 24.5 - Contract and tendering requirements
- (2) FMB's Financial Administration Law Standards
 - a. Standard 8.3 - Policies, Procedures and Directions
 - b. Standard 16.2.1 - Expenditure Controls
 - c. Standard 22.5 - Contracts and tendering provisions

G. Attachments

- (1) **Appendix C** – Purchasing Approval Limits
- (2) **Appendix D** – Sample Contractor/Supplier Evaluation Template
- (3) **Appendix E** – Local Content

6. Expenditures

A. Policy

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

B. Purpose

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

C. Scope

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

D. Responsibilities

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

- a. Providing pre-approvals for planned expenditures that have not been specifically addressed in this policy but that he/she deems to meet the intent of the policy and as are permitted in the Financial Administration Law; and
- b. Approving expenditures for emergency purpose that was not anticipated in the budget if the expenditure is not expressly prohibited by or under the Financial Administration Law or another Acadia First Nation law.

E. Procedures

(1) General and Operational Expenditures

- a. All purchases of goods or services will be made in accordance with the Procurement Policy and procedure and the table in Appendix P.
- b. In emergency situations, the Band Manager may approve the purchase of goods or services that were not anticipated in the budget and are not procured in accordance with the Procurement Policy and procedure and the table in Appendix P. The rationale for the purchases must be documented by the Band Manager and the purchases must be reported immediately to the Chief Financial Officer and to Council. If possible, the payment of the purchases should be in accordance with the Procurement Policy and procedure and the table in Appendix P.
- c. Receiving documents will be reviewed and initialed by the individual receiving the goods that all goods on the document have in fact been received in satisfactory condition, and that any goods not received are clearly identified as such. The receiving documentation should be forwarded with the requisition for payment to the employee responsible for accounts payable.
- d. If goods are received without receiving documents, the employee receiving those goods is to create a receiving slip noting what goods were received, date of receipt, delivery agent, Acadia First Nation contact person (normally the person who initiated the expenditure), and the supplier. The receiving document will be initialed by the delivery agent and the employee receiving the goods, and then forwarded with the requisition for payment to the employee responsible for accounts payable.
- e. All requests for payments for performance of work or services or supply of good must be initiated through a requisition for payment that includes a statement certifying that:
 - i. the work or services have been performed or the goods supplied, any conditions in an agreement respecting the work, services or goods have been met and the price charged or amount to be paid is in accordance with an agreement or, if not specified by an agreement, is reasonable; or
 - ii. if payment is to be made before completion of the work or services, delivery of the goods or satisfaction of any conditions in an agreement, the payment is in accordance with the agreement.

- f. All requisitions for payment must identify the appropriate or trust account out of which payment is to be made and must include a statement certifying that the expenditure is not prohibited and that it is
 - i. in accordance with the appropriation identified in the certified statement; or
 - ii. allowed without the authority of an appropriation under the Financial Administration Law.

(2) Payroll

- a. Employee payroll will be paid on a weekly/bi-weekly basis.
- b. Based on the weekly timesheets as per Acadia First Nation's Human Resources Policy, a payroll authorization sheet will be created listing all payment amounts and deductions for the previous pay period. The payroll authorization report will then be authorized (through signature and date) by the Chief Financial Officer.
- c. Payroll reconciliations will be performed by an individual independent of the payroll process on a monthly basis. The reconciliations will compare the payroll authorization reports, input instructions to the payroll administrator, financial institution account statement and the general ledger payroll accounts. Any irregularities will be reported to the Band Manager.

(3) Reimbursable Expenditures

- a. Employees will clearly demonstrate and document that all amounts they are claiming for reimbursement were directly related to authorized activities performed on behalf of Acadia First Nation.
- b. Expenses reimbursed by hosts or other third party funding arrangements must not be claimed. Declaration of such third party reimbursements must be made in accordance with Acadia First Nation's Conflict of Interest policy.
- c. Travel authorization: Prior to travel, employees will submit a request to their immediate supervisor stating the purpose, dates, and estimated costs for the proposed travel. The immediate supervisor will review it to ensure the proposed travel is in support of official Acadia First Nation business and that there is sufficient budget available.
- d. Treasury Board of Canada rates for reimbursable travel expenditures will be adjusted twice a year in April and October.
- e. Travel expenditures eligible for reimbursement include:

Transport

- i. Commercial transport will be the preferred method of travel for distances greater than 800 kilometres (the Maritime provinces). For each type of travel, the lowest price alternative will be purchased.
- ii. The standard class for rail or air travel will be economy or the equivalent.
- iii. The standard car rental vehicle class will be mid-size. Gas purchases and full vehicle insurance will be reimbursed for rental cars.

Private Vehicles

- iv. Private vehicle mileage will be reimbursed at the rate of set by the Treasury Board of Canada. All other non-business related vehicle costs are the responsibility of the individual.
- v. Individuals using a private vehicle for work related travel must have the minimum insurance coverage legally required for work related use by their province or territory of residence. Acadia First Nation will not be held responsible for any claims, accidents or damage to a private vehicle.

Per Diems and Incidentals

- vi. The standard for accommodation is a single room, in a safe environment, conveniently located and comfortably equipped.
- vii. Personal residence allowance will be reimbursed at the rates set by the Treasury Board of Canada.
- viii. A maximum per diem amount at the rates set by the Treasury Board of Canada will be reimbursed for each day on Approved Travel Status on behalf of Acadia First Nation to cover meal expenses and incidentals.
- ix. Meals will only be reimbursed for those incurred during Approved Travel Status. (i.e. if an individual begins travelling on behalf of Acadia First Nation 2 hours before the start of the work day or 2 hours after the end of the work day, the individual is only eligible for the appropriate meal allowance on that day)
- x. If a meal is provided as official hospitality from another individual/ organization in the course of their duties on Approved Travel Status, a meal allowance will not be claimed by the individual on travel status.
- xi. Incidentals can only be claimed for each night away on travel status. Part days on travel status will not be eligible for incidentals.
- xii. The purpose of the daily 'incidentals' amount is to cover general expenses during official travel. This amount covers items such as: dry cleaning, tips, phone calls, and other expenses incurred while on travel status.
- xiii. Receipts are not required for meals when per diems are claimed or for items that fall under the incidental category as noted above in statement xii.

Other Travel Expenses

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

(4) Meals and Entertainment (Hospitality)

- a. For meals and entertainment expenses, the individual requesting reimbursement must clearly document the purpose of the meal/event, objectives, and individuals (name, position, organization) that are in attendance. Documentation may be on the receipt(s) or in a memo attached to the expense report.
- b. Hospitality funds are available for official Acadia First Nation business only. Restrictions on hospitality fund usage include:
 - i. Family members must not benefit from hospitality funding;
 - ii. Gifts cannot be purchased using hospitality funds.
 - iii. Alcohol must not be purchased using hospitality funds.
- c. Hospitality expenses must include original supporting documentation demonstrating the goods or service received (original itemized receipts or invoices) and proof of payment.

(5) Memberships

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

(6) Other

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

(7) Expenditure Reporting and Documentation

- a. For general and operational expenditures, the following should be submitted to accounting for payment
 - i. Original contract/agreement (if applicable).
 - ii. Original invoice.
 - iii. Purchase order (if applicable).
 - iv. Receiving documents / packing slips.
 - v. For payroll: payroll authorization form, timesheets, and salaried employee adjustments.
 - vi. Requisition for payment that has signed approval according to the table in Appendix P and the Financial Administration Law.

- b. Reimbursable expense claims must be complete, sufficiently supported, and recorded on the prescribed expense claim form. Before submitting expenses to accounting for approval and payment, the employee will ensure that they have prepared a complete claim that includes:
 - i. The employee's signature and date signed, acknowledging that all amounts claimed are accurate and in support of Acadia First Nation official business;
 - ii. Original receipts for all amounts claimed. Depending on the nature of the claim, these can include
 - a) Invoices.
 - b) Itineraries for air/train travel.
 - c) Itemized restaurant bills (where per diems do not apply).
 - d) Support for any exchange rates used in the expense claim. Sufficient support includes receipts from exchange bureaus for money exchanged or credit card bills showing the exchange rate received. When neither is available, the Bank of Canada official rate shall be used.
 - e) Signed travel authorization from the employee's manager (for the Band Manager a member of Council will approve).
 - f) Proof of payment for items claimed, which includes credit card or debit receipts.
- c. Credit card receipts alone are not sufficient, the original itemized receipt or invoice from the supplier must be included in every reimbursement or expense claim.
- d. For all expenditures, claims with the appropriate support as described in section (7) b. above must be submitted to accounting within 30 days of the expense being incurred.

(8) Approval for Payment

- a. No money may be paid out of any account without a requisition for payment.
- b. Invoices received must be immediately forwarded to accounting with a requisition for payment who will then process them to
 - i. Match with the purchase order and the receiving document,
 - ii. Ensure that all required documentation has been submitted to support payment,
 - iii. Verify mathematical accuracy,
 - iv. Ensure that any taxes are correctly calculated and processed if applicable for tax exemption claims,
 - v. Confirm that funds are available to pay the invoice, and
 - vi. Identify and note the authorized general ledger account coding.
- c. Invoices for goods or services that have not been ordered through a purchase order or contracting process, will be approved for payment by the manager of the employee (for the

Band Manager a member of council will approve) who initiated the purchase. Approval for payment will

- i. Be evidenced by a dated signature or initials on the invoice,
 - ii. Attest that the good or service has been received in accordance with the terms and conditions of the purchase, and that the invoiced amount is accurate mathematically and also for any taxes calculation, and
 - iii. Identify and note the authorized general ledger account coding.
- d. The individual that approves the expenditure cannot be the same individual who approves the requisition for payment.
- e. Reimbursable expense claims will be reviewed by Accounting to ensure that
- i. The expense claim is mathematically correct and that taxes are identified and accounted for correctly,
 - ii. Authorized general ledger account coding instructions are identified,
 - iii. Expenses claimed are for authorized activities,
 - iv. The claimed expenses are eligible and comply with this policy and procedure, and
 - v. Adequate and sufficient supporting documentation is attached.
- f. Any exceptions to the above will require review and authorization from the Band Manager for payment.
- g. The accounting administrator(s) will enter invoices and reimbursable expense claims into the general ledger for payment only when they have been appropriately processed and approved according to this policy and procedure and the Financial Administration Law.
- h. Invoices or reimbursable expense claims that are still being processed or approved at the end of an accounting period will be recorded as an accrued liability.
- i. Claims that do not meet the requirements outlined in this policy will be denied reimbursement.

(9) Payments

- a. Accounts payable will be paid within thirty (30) days of the receipt of an invoice or reimbursable expense claim, with the exception of those invoices or expense claims which require management approval.
- b. Accounting will prepare cheques every Tuesday unless required by the Band Manager or Council.
- c. The payments package will be provided to two authorized signatories, and will be accompanied by
 - i. A listing of all payments prepared noting the payee, amount, and payment date,
 - ii. Supporting documentation for each payment (e.g. cheque, transfer) including

- a) Approved invoices, expense claims, purchase orders, and receiving documents, and
- b) Evidence that Accounting has completed the processing of the payment, including account coding.
- d. Payments will be initiated / distributed by Finance immediately upon receipt of the signed payments from two authorized signatories.
- e. All documentation supporting payment will be retained in accordance with the Information Policy. This will include purchase orders, invoices, contracts, packing slips, reimbursable expense claims with receipts, etc.
- f. Accounts Payable employees will notify the Chief Financial Officer immediately of any instances of
 - i. Non-compliance with policy requirements that cannot be resolved, and
 - ii. Suspected fraud.

F. References and Related Authorities

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

G. Attachments

- (1) **Appendix F** – Sample Reimbursable Expenses Claim Template

7. Long-Term Debt

A. Policy

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

B. Purpose

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

C. Scope

This policy applies to the Band Manager, Chief Financial Officer, Finance and Audit Committee, Council, and those persons with the authority to recommend or approve long-term debt.

D. Responsibilities

- (1) Council is responsible for
 - a. Reviewing and approving any proposed long-term debt financing, including the terms and conditions, recommended by the Finance and Audit Committee.
- (2) The Finance and Audit Committee is responsible for
 - a. Reviewing any long-term debt financing proposal report presented by the Band Manager and Chief Financial Officer and recommending a course of action to Council;
 - b. Monitoring borrowings, loans and payments in respect of each Capital Project.
- (3) The Band Manager is responsible for
 - a. Reviewing any long-term debt financing proposal report prepared by the Chief Financial Officer and recommending a course of action to the Finance and Audit Committee.
- (4) The Chief Financial Officer is responsible for
 - a. Preparing any long-term debt financing proposal report for each proposed financing and presenting it to the Band Manager for review and comment,
 - b. Ongoing monitoring and management of all long-term debt obligations, including timely payments, maintaining sufficient documentation, and performing regular reconciliations of debt transactions, and

- c. Reporting and disclosing the long-term debt obligations in the financial statements in accordance with PSAS, the Financial Administration Law and any agreements under which the long-term debt obligations were incurred.

E. Procedures

(1) Determination of need and evaluation of options

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

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

(2) Approval

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

(3) Management and monitoring of debt obligations

- a. The Council will manage and monitor the long-term debt obligation by:
 - i. Ensuring the multi-year financial plan of Acadia First Nation demonstrates how and when this deficit will be addressed and how it will be serviced;
 - ii. Ensuring the deficit does not have a negative impact on the credit worthiness of Acadia First Nation; and
 - iii. Ensuring that any financial covenants contained in lending agreements are reported upon to the appropriate stakeholders in a timely manner.
- b. The Chief Financial Officer will manage and monitor the long-term debt obligation by:
 - i. Ensuring that timely payments are made according to the terms and conditions/repayment schedule of the long-term debt obligation;
 - ii. Performing monthly/quarterly reconciliations between Acadia First Nation's financial records and statements from the lender; and
 - iii. Calculating any financial covenants contained in lending agreements and evaluating whether compliance with the terms of the covenants have been met.

(4) Reporting

- a. The Chief Financial Officer will deliver a report to each quarterly meeting of the Finance and Audit Committee summarising for each long-term debt obligation:

- i. the gross amount outstanding;
 - ii. the net amount reported on the consolidated statement of financial position;
 - iii. the gross interest paid or payable for the period related to the debt described in (a);
and
 - iv. the net amount of interest expense reported on the consolidated statement of operations.
- b. The Chief Financial Officer will ensure that the long-term debt obligation is reported on a quarterly basis in the financial statements in accordance with PSAS and any requirements of the Financial Administration Law.

(5) Records management

- a. The Chief Financial Officer will ensure that records pertaining to each long-term debt obligation are created, maintained and retained in accordance with the Information Policy. For each long-term debt obligation, the following will be documented:
- i. The loan agreement and any ancillary agreements;
 - ii. The long-term debt financing proposal report on which council based its decision;
 - iii. Documented council approval and required membership information or involvement;
 - iv. An interest and principal repayment schedule (if applicable) that includes the dates of all payments required under the loan agreement or plan for extinguishing the debt;
 - v. The cost of borrowing including interest payments and service or other charges;
 - vi. The purpose for which the long-term debt has been incurred;
 - vii. Reconciliations of the long-term debt with lender records.

F. References and Related Authorities

- (1) FMB's Financial Management System Standards
 - a. Standard 18.5 - Debt
- (2) FMB's Financial Administration Law Standards
 - a. Standard 16.3 - Borrowing

G. Attachments

None

8. Loans Receivable, Guarantees and Indemnities

A. Policy

Acadia First Nation will ensure that any loans receivable, Loan Guarantees and indemnities given will be made in accordance with written agreements which include standard clauses, are appropriately approved, are monitored for compliance with agreement terms regularly, and are reported to the Finance and Audit Committee on a regular basis.

B. Purpose

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

C. Scope

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

- (1) any business entity including government business enterprises.

D. Responsibilities

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

- a. Approving and signing Loan Receivable agreements;
- b. Approving and signing Loan Guarantee agreements;
- c. Approving and signing Indemnity agreements;
- d. Approving debt forgiveness;
- e. Approving the standard template, clauses, and interest rates (if applicable) to be applied to any other party with respect to loans receivable, Loan Guarantees and indemnities;

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

- a. Monitoring the status of Acadia First Nation's loans receivable, Loan Guarantees and indemnities and reporting to the Council;

- (3) The Band Manager is responsible for:

- a. Approving employee payroll and employee expense advances;
- b. Approving the loan forgiveness report.

- (4) The Chief Financial Officer is responsible for:

- a. Preparing loan, Loan Guarantee and Indemnity agreements using the standard clauses approved by Council;
- b. On a monthly basis, monitoring the status of loan repayments, overseeing the Loan Receivable collection procedures, evaluating the likelihood of collectability and risk of loss, approving any necessary loan valuation allowances to reflect loans receivable at the lower of cost and net recoverable value and reporting the results of this monitoring to the Finance and Audit Committee;
- c. On a ~~monthly~~ annual basis, preparing the loan valuation allowance, write-off and forgiveness report;
- d. Ensuring that Loan Receivable allowances and Loan Receivable write-offs and loan forgiveness are reported to the Finance and Audit Committee and accurately recorded and disclosed in the financial records and statements;
- e. Ensuring adequate supporting documentation is retained for all loans receivable, Loan Guarantees and indemnities;
- f. On an annual basis, preparing a report for the Finance and Audit Committee setting out all payments made to honour Acadia First Nation's Loan Guarantees and indemnities;
- g. On an annual basis, preparing a report for the Finance and Audit Committee setting out all loans or obligations forgiven by Acadia First Nation.

E. Procedures

(1) Requirements

- a. Subject to the Financial Administration Law, any authorized loans receivable issued by Acadia First Nation are subject to the following conditions:
 - i. Loan Receivables and all payments received from those loans must be set out in an annual report that includes details about
 - a) the amounts loaned;
 - b) the purposes of the loans;
 - c) the entity ~~subject to applicable privacy law, the names of those~~ receiving a loan; and
 - d) repayments of principal and interest on the loans.
 - ii. A binding legal written agreement will be made between Acadia First Nation and entity requesting the loan. The agreement will contain standard clauses that are consistently applied to every entity that applies for and secures a loan from Acadia First Nation. The following items, at a minimum, will be present in the agreement:
 - a) The name of the ~~individual~~ entity;
 - b) Amount of the loan;

- c) Nature and amount of any security over the loan pledged in favour of Acadia First Nation or provided as loan collateral;
 - d) Interest (if applicable);
 - e) Repayment schedule.
 - iii. Approval will be enacted by signing the agreement with the individual requesting the loan.
- b. Loan Guarantees will only be granted in the following circumstances:
 - i. Loan Guarantees will be approved by Council. Approval will be enacted by signing the agreement with the entity requesting the Loan Guarantee and will only be granted if the risk of non-payment or non-fulfillment of an obligation is at an acceptable level for Acadia First Nation.
 - ii. The report from the Chief Financial Officer must identify any risks associated with giving the Loan Guarantee, evaluate the likelihood of having to honour and make payments under the guarantee, describe information collected and any judgments or estimates used to make this evaluation and assess the financial ability of Acadia First Nation to honour the Loan Guarantee should it be required to do so.
 - iii. A binding legal agreement will be made between Acadia First Nation and individual requesting the Loan Guarantee. The agreement will contain standard clauses that are consistently applied to every individual that applies for and secures a Loan Guarantee from Acadia First Nation. The following items, at a minimum, will be present in the agreement:
 - a) Name of the individual;
 - b) Amount of the Loan Guarantee;
 - c) Duration of the Loan Guarantee agreement;
 - d) Amount, maturity and repayment terms of the underlying loan or obligation; and
 - e) Purpose and use of the underlying loan (e.g. details of the asset being acquired or leased or investment being made).
 - iv. Approval will be enacted by signing the agreement with the individual requesting the Loan Guarantee.
 - v. Acadia First Nation will obtain a copy of the legal asset purchase / lease, investment agreement requiring the issuance of a Loan Guarantee and retain on file with the Loan Guarantee agreement.
- c. In exceptional circumstances only, indemnities will be granted in the following circumstances:
 - i. Acadia First Nation must not give an Indemnity unless it is:

- a) Authorized to do so under section [106] of the Financial Administration Law (“FAL”);
 - b) Necessary and incidental to and included in another agreement to which Acadia First Nation is a party; or
 - c) In relation to a security granted by Acadia First Nation that is authorized under the Financial Administration Law or another Acadia First Nation law.
- ii. Acadia First Nation will obtain a copy of the asset agreement under Loan Guarantee and retain on file with the Loan Guarantee agreement.
- d. Standard agreement clauses for loans, Loan Guarantees, and indemnities (including interest provisions) will be reviewed and reported on by the Finance and Audit Committee and approved by Council as necessary and at least annually. Any deviations from the standard agreement clauses require Council approval and consultation with legal counsel.

(2) Leases

- a. Acadia First Nation must comply with the terms and conditions of any lease agreements it enters into.
- b. The Council [or the person with delegated authority] should ensure that Acadia First Nation enters into a lease agreement, provided that the amounts payable under the lease are within the budget for the related program or department.
- c. Lease agreements respecting Acadia First Nation must be made in accordance with the land code or applicable land management laws and policies.

(3) Collection

- a. On a monthly basis, the Chief Financial Officer will review the list of outstanding loans receivable and corresponding loan payments. The following actions will be taken to resolve overdue payments and delinquent accounts:
 - i. For loan payments that are between 30 and 60 days overdue, the entity holding the loan will be contacted in writing requesting that all overdue payments be made as soon as possible and no later than a specified date;
 - ii. For loan payments that are more than 60 days overdue, late payment interest will be charged on the outstanding loan balance in accordance with the loan agreement between the entity and Acadia First Nation. The entity will be contacted in writing and by phone and informed that interest will accumulate until all overdue payments have been received. Contact by writing and by phone will be made on a monthly basis thereafter if payment has not been received;
 - iii. For loan payments that are more than 120 days overdue, the Chief Financial Officer will determine whether the loan should be considered impaired and written off, if additional collection attempts will be made by AFN, or if it should be sent to an external collections agency. The Chief Financial Officer (or delegate) will inform the

individual in writing and by phone that the payments in Arrears have been transferred to an external agency for collection;

(4) Debt Forgiveness

- a. All reasonable steps should be taken to attempt to collect the outstanding balance. However, when it becomes evident that Acadia First Nation will be unable to collect the outstanding balance, a report should be compiled by the Chief Financial Officer and approved by the Band Manager detailing the following:
 - i. Entity and amount in Arrears;
 - ii. Principal and interest outstanding on the loan;
 - iii. Length of time in Arrears and measures taken to collect on payments in Arrears;
 - iv. Rationale for debt forgiveness.
- b. Any amounts require review and recommendation by the Finance and Audit Committee and approval by Council.

(5) Write-offs

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

(6) Monitoring and Reporting

- a. All loans, Loan Guarantees, and indemnities will be reported annually to the Finance and Audit Committee. The annual report will contain the following information for each loan, Loan Guarantee, and Indemnity:
 - i. Name of the entity;
 - ii. Purpose of the loan, Loan Guarantee or Indemnity;
 - iii. Amount of the original loan, Loan Guarantee or Indemnity;
 - iv. Repayments of principal on loans;
 - v. Interest earned and collected on loans;
 - vi. Actual payments made, if any, against Loan Guarantees;
 - vii. Actual payments made to compensate for damages, if any, against indemnities;
 - viii. List of payments in Arrears by individual, subject to applicable privacy law;
 - ix. Any expected payments required as a result of Acadia First Nation having to fulfill or honour a guarantee or Indemnity agreement based on the Chief Financial Officer's knowledge of the contracts in place and changes in their underlying financial condition.

(7) Record Keeping

- a. All agreements and payment records associated with loans, Loan Guarantees and indemnities will be stored in Acadia First Nation's financial records in accordance with the Records and Information Policy.
- b. Records of debt forgiveness will be retained in the event that in future, through changed circumstances, some or all of the debt may be repaid.

F. References and Related Authorities

(1) FMB's Financial Management System Standards

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

(2) FMB's Financial Administration Law Standards

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

G. Attachments

None

9. Investments

A. Policy

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

B. Purpose

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

C. Scope

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

D. Responsibilities

(1) Council is responsible for:

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

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

- a. providing Council with recommendations in relation to the funds to be invested;
- b. monitoring performance; and
- c. the redemption of invested funds.

(3) The Band Manager is responsible for:

- a. monitoring the performance of all parties to whom duties have been delegated;
- b. reporting any significant changes to the investment portfolio to Council;
- c. liaising with the Finance and Audit Committee, Investment Manager, Chief Financial Officer, and Investment Consultants as required; and

- d. providing the Finance and Audit Committee with recommendations in relation to preliminary risk assessment of funds, selection / de-selection of the investment manager(s) and custodian, funds to be invested, monitoring performance, and the redemption of invested funds.
- (4) The Chief Financial Officer is responsible for:
- a. analysis of proposals received from Investment Managers and Custodians;
 - b. performing a preliminary risk assessment analysis against criteria to be met prior to investing decisions made by Council;
 - c. executing transfers of funds to / from the investment account(s) according to Council instructions;
 - d. preparing an accounting for additions, withdrawals and balances in the investment account;
 - e. maintaining a record of the amount of, and market value of, the asset classes and units held within the investment portfolio; and
 - f. preparation of an annual investment monitoring report including investment performance and a summary of professional advisory fees attributed to the management of the portfolio;
 - g. recommending transfers, monitoring actions, Investment Manager changes, and any other recommendations relevant to the successful management of the investments.

E. Procedures

(1) Selection of Investment Manager(s) and Custodian

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

(2) Termination of Investment Manager(s)

- a. Council may terminate an Investment Management agreement for:
 - i. performance results, undue risks or fraud;
 - ii. changes in Acadia First Nation or its investment strategy which would no longer require the services of an Investment Manager;

- iii. changes in Investment Manager personnel, firm or ownership structure, investment philosophy, style or approach which might adversely affect the potential return and / or risk level; and
- iv. failure to adhere to this policy and procedure;
- v. any other reason identified by Council.

(3) Designation and transfers of investment funds

- a. The Chief Financial Officer will notify Council in writing when there is Acadia First Nation funds available for transfer to the investment account(s). The written notification must identify the source(s) of the available funds (i.e. government transfer, own source revenues, or unrestricted) and whether they are to be invested according to the short-term or long-term strategy.
- b. Council must approve the transfer of funds to and from the investment account(s) and authorize the creation of a new investment account if required.
- c. The Chief Financial Officer will transfer the approved funds into the designated investment account(s) and communicate to the Custodian and Investment Manager whether the funds are restricted or unrestricted, and whether they are to be invested over the short term or long term.
- d. The Chief Financial Officer will communicate and oversee approved requests to redeem investments and transfer the proceeds to Acadia First Nation.

(4) Permitted Investments

- a. Restricted funds may only be invested in:
 - i. securities issued or guaranteed by Canada or a province;
 - ii. securities of a local, municipal, or regional government in Canada;
 - iii. investments guaranteed by a bank, trust company or credit union;
 - iv. deposits in a bank or trust company in Canada or non-equity or membership shares in a credit union; or
 - v. securities issued by First Nations Finance Authority.
- b. Unrestricted funds may be invested in:
 - i. securities issued or guaranteed by Canada, or a province;
 - ii. fixed deposits, notes, certificates and other short term paper of, or guaranteed by a financial institution;
 - iii. securities issued by First Nations Finance Authority or by a local, municipal or regional government in Canada;
 - iv. commercial paper issued by a Canadian company that is rated in the highest category by at least two (2) recognized security-rating institutions;

- v. any class of investments permitted under an Act of any province relating to trustees;
- vi. any other investments or class of investments prescribed by a regulation under the Act;
- vii. a company that is incorporated under the laws of Canada or of a province or territory and in which Acadia First Nation is a shareholder;
- viii. a trust in which the Acadia First Nation is a beneficiary;
- ix. a limited partnership in which Acadia First Nation is a partner; and
- x. subject to the Financial Administration Law, a member investment program as described in section 64 of the Law.

(5) Monitoring of Investments

- a. The Chief Financial Officer will reconcile the investment and custodian accounts to the general ledger and financial statements in a timely manner (quarterly).
- b. The Chief Financial Officer will recalculate the investment management and custodian fees charged to ensure they are consistent with the underlying contracts.
- c. The Chief Financial Officer will prepare a quarterly monitoring report and provide that report to the Band Manager. The report will summarize:
 - i. the performance of the investments under management to relevant benchmark(s);
 - ii. the weighting of the investment portfolio and comparison to the target portfolio asset allocation;
 - iii. any relevant media or news articles about the Investment Manager and / or Custodian;
 - iv. any ownership and / or staffing changes within the Investment Manager organization;
 - v. any instances of non-compliance with the FSMA, the Financial Administration Law, or this policy and procedure;
 - vi. recommendations in relation to de-selection of the Investment Manager, or any other recommendation(s).
- d. The Band Manager will review the report, add his / her recommendation(s), and provide the report to the Finance and Audit Committee.
- e. The Finance and Audit Committee will review the quarterly monitoring report, add their recommendation(s), and provide the report to Council.
- f. The Council will review the quarterly monitoring report and accompanying recommendations and make any necessary decisions.
- g. The Investment Manager will be required at times to attend a Council meeting and discuss investment performance, and changes in strategy, approach or personnel.

(6) Re-balancing of the Investment Portfolio

- a. The Band Manager and Chief Financial Officer will transmit any rebalancing instructions to the Custodian and Investment Manager only if first approved by the Council.

F. References and Related Authorities

(1) FMB's Financial Administration System Standards

- a. Standard 19.3 – Investments

(2) FMB's Financial Administration Law Standards

- a. Standard 17.3 – Investments

G. Attachments

- (1) None

10. Tangible Capital Assets

A. Policy

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

B. Purpose

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

C. Scope

This policy applies to the Council, Finance and Audit Committees, Band Manager, Chief Financial Officer, and senior management of Acadia First Nation, as well as any employees directly involved in capital asset management.

D. Responsibilities

(1) Council is responsible for:

- a. Approving Capital Project Plans and tangible capital asset reserve fund transactions;
- b. Establishing a tangible capital asset reserve fund;
- c. Establishing Asset Recognition Criteria;
- d. Approving the Tangible Capital Assets register;
- e. Approving policies and procedures for Capital Projects to address the issues identified in the Financial Administration Law for the proper management of Capital Projects;
- f. Approving procedures for the safeguarding of Tangible Capital Assets;
- g. Ensuring Capital Project budgeting requirements are implemented.

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

- a. Reviewing on or before March 15 the financial information provided on the Life-Cycle Management Program by the Chief Financial Officer;
- b. Reviewing and recommending to Council the annual budget for Tangible Capital Assets;
- c. Reviewing and recommending to Council procedures for the safeguarding of assets;
- d. Reviewing status reports on the capital asset reserve fund and if necessary making a recommendation to Council relative to the funding contribution;
- e. Monitoring at each meeting the status of all Capital Projects including borrowings, loans and payments for each project, comparison of expenditures to date with the project budget,

details of identified problems with the project and how they will be addressed and steps taken for each Capital Project to comply with Council policies for management of Capital Projects;

- f. Reviewing the Band Manager's recommendations on Asset Recognition Criteria and making recommendations to Council for approval;
- g. Reviewing any scheduled Capital Project Plans including supplemental information and their budgets and developing recommendations for Council.

(3) The Band Manager is responsible for:

- a. Developing the Life-Cycle Management Program in accordance with the requirements of this policy and the Financial Administration Law and making recommendations to the Finance and Audit Committee and Council on matters concerning the management of Acadia First Nation's Tangible Capital Assets;
- b. Ensuring Acadia First Nation members are informed and involved in tangible capital asset projects and borrowings for construction as required in the Financial Administration Law;
- c. Developing and recommending to the Finance and Audit Committee the Asset Recognition Criteria and reviewing the criteria annually for possible recommended changes;
- d. Serving as a point of contact to retain Capital Project consultants to assist the Band Manager, Finance and Audit Committee and Council.

(4) The Chief Financial Officer is responsible for:

- a. Maintaining the Tangible Capital Assets register as required in this policy and the Financial Administration Law,
- b. The accurate and timely recording and reporting of Tangible Capital Assets in the financial statements in accordance with PSAS;
- c. Monitoring the application of this policy and updating the policy on a regular basis;
- d. Preparing on or before February 28 of each year the financial information related to routine maintenance and Rehabilitation or replacement of Tangible Capital Assets as required in the Financial Administration Law and this policy;
- e. Monitoring the tangible capital asset protection insurance program and making recommendations to the Band Manager in adequate time before each annual renewal, or sooner if circumstances warrant;
- f. Preparing the maintenance and quarterly reporting to the Finance and Audit Committee, or more frequently if necessary on the status of the capital asset reserve fund;
- g. Developing and recommending procedures for the safeguarding of assets and ensuring approved procedures are followed;
- h. Developing the budget for Capital Project Plans and annual capital plan.

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

- a. Maintaining tangible capital asset information and implementing asset security and safeguarding measures as provided through the application of these policies and safeguarding procedures approved by Council;
- b. Arranging for an annual inspection to obtain updated information of each capital asset (e.g. physical condition, remaining useful life, etc.);
- c. Recording and reporting periodic changes in Tangible Capital Assets to the Band Manager;
- d. Ensuring Tangible Capital Assets are accurately tracked and inventoried using the pre-numbered asset control tagging system.

E. Procedures

(1) Tangible Capital Asset Register

- a. A detailed tangible capital asset register is to be established, maintained and kept current by the Band Manager (or assigned employee). The asset register will facilitate the Life-Cycle Management Program with maintenance, rehabilitation, and replacement activities as well as providing an accurate inventory of Tangible Capital Assets.
- b. The register will include the information required in the Financial Administration Law and, at a minimum, the following information:
 - i. Location and intended purpose of the asset;
 - ii. Ownership and restrictions over ownership (e.g. pledges or collateral agreements);
 - iii. Date of acquisition;
 - iv. Previous inspection date;
 - v. Original expected life of the asset at the time of acquisition;
 - vi. Most recent assessment of the condition of the asset and its expected remaining useful life²;
 - vii. Original cost to acquire or develop the asset;
 - viii. Any costs capitalised subsequent to the initial acquisition or development of the asset (e.g. additions, betterments);
 - ix. Any amounts de-recognised as a result of the sale or disposal of the asset;
 - x. Any proceeds received as a result of the sale of the asset;
 - xi. The amount of amortization expense calculated for the current period;
 - xii. The total accumulated amortization expense as at the end of the current period;
 - xiii. Any increase to accumulated amortization made during the current period to reflect an impairment in the carrying value of the asset;

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

- xiv. The total cost, accumulated amortization and carrying value (i.e. Net Book Value) of the asset as at the end of the current period;
 - xv. Estimated Residual Value of the asset (i.e. the estimated net realizable value of the tangible capital asset at the end of its useful life to Acadia First Nation);
 - xvi. Insurance coverage details for the asset;
 - xvii. Any other information required by the Council.
- c. An electronic 'asset notification' record will be prepared by the Finance Department from the accounting records when an asset is acquired that captures the key information required for the tangible capital asset register as described above.
 - d. An asset tracking (i.e. serial) number will be assigned and an activity center code (for the purposes of accounting for amortization) to each of Acadia First Nations Tangible Capital Assets which is to be recorded in the tangible capital asset register and communicated to the department manager for which the management of the asset is assigned.
 - e. Department managers will be provided with an annual copy of the tangible capital asset register listing the assets assigned to their respective departments. It is the responsibility of the department manager to regularly report any changes (e.g. additions, disposals, indicators of impairment, changes to estimated useful life, etc.) that are to be made to the register to the Finance Department.
 - f. The Finance Department will regularly reconcile the general ledger to the tangible capital asset register. Please refer to Appendix G for additional guidance on the Tangible Capital Asset Register.

(2) Amortization / Depreciation

- a. A suitable method for amortizing (or depreciating) each category of Tangible Capital Assets should be selected to form part of Acadia First Nation's accounting policies.
 - i. Different methods of amortizing a tangible capital asset result in different patterns of cost recognition. The objective is to provide a systematic and rational basis for allocating the cost of a tangible capital asset, less any residual value, over its useful life. A straight-line method reflects a constant charge for the service as a function of time. A variable charge method reflects service as a function of usage. Other methods may be appropriate in certain situations.
- b. The cost, less any residual value, of a tangible capital asset with a limited life should be amortized over its useful life in a rational and systematic manner appropriate to its nature and use by Acadia First Nation. Amortization (or depreciation) expense should be calculated and recorded on a monthly basis.
 - i. The amortization of the costs of Tangible Capital Assets should be accounted for as expenses in the statement of operations.
 - ii. Land normally has an unlimited life and would not be amortized.

- iii. Where Acadia First Nation expects the Residual Value of a tangible capital asset to be significant, it would be factored into the calculation of amortization.
- iv. The Useful Life of a tangible capital asset depends on its expected use by Acadia First Nation. Factors to be considered in estimating the Useful Life of a tangible capital asset include:
 - a) expected future usage;
 - b) effects of technological obsolescence;
 - c) expected wear and tear from use or the passage of time;
 - d) the maintenance program;
 - e) studies of similar items retired; and
 - f) the condition of existing comparable items.
- c. The amortization method and estimate of the useful life of the remaining unamortized portion of a tangible capital asset should be reviewed on a regular basis and revised when the appropriateness of a change can be clearly demonstrated.

(3) Annual inspection and review

- a. On or before December 31, the Band Manager will initiate an annual inspection of Acadia First Nation's capital asset inventory. Employees in the property management department will be assigned by the Band Manager to complete the inspection under his/her supervision. Where appropriate or necessary the Band Manager may choose to engage the services of an external specialist to assist in the valuation of certain specialised assets (e.g. land, buildings, etc.).
- b. Any changes necessary to the tangible capital asset register will be documented by the employee noting the changes, and communicated to the Band Manager for review and approval. Once reviewed and approved by the Band Manager, the changes will be input in the tangible capital asset register by the employee responsible for the register.
- c. The Band Manager will report to the Finance and Audit committee on the outcome of the annual inspection and review of assets, noting any significant developments or findings.
- d. In the event that there is evidence of damage to or a loss of an asset identified during the inspection process or at any other time of the year, the Band Manager will investigate the matter and initiate the insurance claim process if applicable. The tangible capital asset register will be updated based on this new information.
- e. When conditions indicate that a tangible capital asset no longer contributes to Acadia First Nation's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its Net Book Value, the cost of the tangible capital asset should be reduced to reflect the decline in the asset's value.
 - i. The net write-downs of Tangible Capital Assets should be accounted for as expenses in the statement of operations.

- ii. A write-down should not be reversed.

(4) Safeguarding Assets

- a. The Chief Financial Officer will ensure that there is a tagging or marking identification system in place for all Tangible Capital Assets subject to the risk of theft (e.g. equipment, vehicles, furniture, etc.). Markers should include the date of purchase and an asset identification (reference) number that identifies the asset to be property of Acadia First Nation.
- b. Physical security arrangements over capital assets will be reviewed annually³ by the Chief Financial Officer and the results of this review will be reported to and reviewed by the Finance and Audit Committee with any recommendations to Council.
- c. Insurance coverage for Tangible Capital Assets will be obtained and remain in force unless an asset is to be self-insured based on a risk management assessment that balances any potential loss with the cost of insurance, replacement value of items, etc. Insurance will be obtained in accordance with the Insurance Policy.

(5) Maintenance of Assets

- a. Employees in the appropriate department will provide the Finance and Audit Committee with an annual update on the condition of Tangible Capital Assets over \$5,000 and preventative maintenance reports (including machine and vehicle logs) showing maintenance completed compared to scheduled maintenance.
- b. A list of any Tangible Capital Assets identified as no longer in use will be prepared and reported to the Band Manager. Steps will be taken to decommission and appropriately dispose of the assets in accordance with any applicable laws or regulations.
- c. All warranty and related work including inspections will be undertaken in a timely manner.
- d. The Band Manager will recommend that any critical Tangible Capital Assets of an unsafe nature, based on the annual review, are given a priority for replacement (or rehabilitation) in future planning.
- e. The Band Manager, with the assistance of employees in the appropriate department, will ensure that appropriate staff training on the use of the particular tangible capital asset will be provided to ensure safety.
- f. For Tangible Capital Assets over \$10,000, periodic maintenance assessments will be performed. Assessments should include:
 - i. Any deferred maintenance;
 - ii. A description of the performance and condition of the asset;
 - iii. An overall rating based on the following scale: Excellent, Good, Fair, Poor, or Failing;
 - iv. A forecast of the maintenance, repairs, betterment, and replacement costs over the course of the remaining useful life of the asset.

³ This may occur at the same time as the physical inspection of asset condition is performed
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- g. The Department managers will retain a copy of the condition assessment(s) and will provide an electronic copy to the Finance Department.
- h. The Band Manager will ensure the tangible capital asset register and accounting records are updated, and, in conjunction with the Chief Financial Officer, will make recommendations to the Finance and Audit Committee for changes to the annual capital plan based on the results of the condition assessments performed for the year.

(6) Life Cycle Management Program

- a. Based on the information in the tangible capital asset register and consultations with the Band Manager and property management employees, the Chief Financial Officer will prepare the annual capital plan by December 31st of each year.
- b. The annual capital plan will include short and long term forecasts for asset rehabilitation and/or replacement. The plan will include the information that the Chief Financial Officer is required to prepare in the Financial Administration Law and, at a minimum, the following details:
 - i. A description of each asset to be replaced or refurbished;
 - ii. The rationale for the replacement or refurbishment;
 - iii. Estimated cost, including contingencies, of each proposed acquisition or refurbishment project;
 - iv. Estimated timeframe and schedule for completion of each asset acquisition or proposed refurbishment project;
 - v. Ongoing maintenance requirements and costs and the impact on Acadia First Nation's budget.
- c. The Finance and Audit Committee will review the annual capital plan, in conjunction with the Tangible Capital Assets register. The objective of this review is to:
 - i. Identify any means to reduce costs of each Capital Project;
 - ii. Understand the effect that each proposed Capital Project (rehabilitation, replacement) on the annual operating costs and routine maintenance costs in future years;
 - iii. Determine whether any significant savings might be affected by coordinating the scheduling of Capital Projects, deferring any projects, or carrying out rehabilitation projects rather than replacement projects.
- d. The Finance and Audit Committee will review by the annual capital plan by January 15 and report to Council on its findings and recommendations by February 15 for review and consideration of the annual budget for the upcoming fiscal year.

(7) Capital Projects

- a. The Band Manager, with input from the Chief Financial Officer, will develop an annual capital plan for all capital projects that exceed \$200,000 in cumulative value. The plan will include a business case for the Capital Project, that will contain, at a minimum, the following:

- i. The financial viability of the project (i.e. how it will be financed, what the expected return on investment will be, etc.);
 - ii. Project operating requirements (e.g. annual operating and maintenance costs, cash flow considerations, etc.);
 - iii. Evaluation of all other options considered;
 - iv. A project risk assessment.
- b. The annual capital plan will be integrated with Acadia First Nation's strategic plan.
 - c. The Band Manager will coordinate project planning, design, engineering, tendering, bid selection, and environmental requirements for each Capital Project in accordance with Council policies and procedures for management of Capital Projects. Capital Project consultants, including engineers, may be engaged to carry out these obligations at the discretion of the Band Manager.
 - d. The Chief Financial Officer will coordinate project costing, budgeting, financing and approval for each Capital Project in accordance with Council policies and procedures for management of Capital Projects.
 - e. To coordinate project management of each Capital Project, an ad hoc working committee - project planning and implementation - may be established as necessary with the Band Manager and Chief Financial Officer as members.
 - f. The annual capital plan and recommendations from the working committee will be provided to the Finance and Audit Committee. Scope adjustments, modifications and other significant adjustments made to the projects will be identified and a rationale provided.
 - g. The Finance and Audit committee will review the annual capital plan on or before January 15 and forward their recommendation to Council for approval.
 - h. The Council must take reasonable steps to ensure that Capital Projects for construction of buildings or other improvements are financed, planned and constructed in accordance with procedures and to standards that generally apply to the financing, planning and construction of public builds and other improvements of organized communities in the region in which the majority of Acadia First Nation's lands are located. The Band Manager will report to the Finance and Audit Committee on steps taken to ensure these results are met for every Capital Project.

(8) Construction management

- a. The Band Manager will procure appropriate construction insurance for each Capital Project in accordance with the Insurance Policy and will require contractors to have project performance guarantees or bonding for each project when required by Council or as otherwise permitted or required in the Council policies and procedures for management of Capital Projects.
- b. Depending upon the size of the project, an independent project manager may be retained to provide contract management and control.

- c. The Chief Financial Officer will process contractor progress payments, manage construction holdbacks and payment as required in the Council policy and procedure on management of Capital Projects and will organize audit procedures in conjunction with the annual audit.
- d. The Chief Financial Officer will report to every meeting of the Finance and Audit Committee on each Capital Project respecting
 - i. Year to date borrowings, loans and payments;
 - ii. The status of the project including
 - a) A comparison of the expenditures to date against the project budget,
 - b) A detailed description of any identified problems with the project, and
 - c) The manner in which a problem identified has been or will be addressed, and
 - iii. Steps taken to ensure compliance with Council policies and procedures for management of Capital Projects.
- e. Work approvals, including change orders, will be signed off by the project manager or designate and forwarded to the finance office for retention and clearance against the contractor's invoice.

(9) Life Cycle Policy Directives

- a. All assets that meet the definition of a tangible capital asset, meet the Council approved Asset Recognition Criteria, fall within the categories outlined in Appendix G based on their nature, characteristics and useful life, shall be recorded in the accounts of Acadia First Nation in accordance with this policy.

(10) Acquisition of Tangible Capital Assets

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

(11) Tangible Capital Asset Reserve Fund

- a. The Council will establish a Tangible Capital Asset Reserve Fund to be applied for the purposes of construction, acquisition, maintenance, rehabilitation and replacement of Acadia First Nation's Tangible Capital Assets.
- b. The Chief Financial Officer and the Acadia First Nation's Finance Department will manage the Tangible Capital Asset Reserve Fund.
- c. All withdrawals from the tangible capital asset reserve fund must be approved via a Band Council Resolution at a duly convened Council meeting and in accordance with the annual budget and approved annual capital plan.
- d. Contributions are to be budgeted and made to the tangible capital asset reserve fund on an annual basis and those amounts required in the annual budget and annual capital plan.

(12) Disposal of Tangible Capital Assets

- a. Department managers will identify to the Band Manager the asset to be disposed of, and the method of disposal, as part of the annual budget and capital plan. It is recognized however that unforeseen asset disposals will occasionally be necessary.
- b. The fair market value must be determined for all disposals as a prior condition of approval. The Band Manager shall have the authority to determine the fair market value for all disposals. The Band Manager will consult with external specialists in establishing the fair market value, where appropriate.
- c. All disposals of Acadia First Nation's Tangible Capital Assets with a fair market value in excess of \$25,000 must be approved by Band Council at a duly convened Council meeting prior to disposal of said assets, on the recommendation of the Band Manager and the Finance and Audit Committee.
- d. The difference between the net proceeds on disposal of a tangible capital asset and the Net Book Value of the asset should be accounted for as a revenue or expense in the statement of operations.
- e. Any item determined to be of no value or unsafe must be disposed of as waste in an appropriate manner that meets all regulatory or statutory requirements.
- f. Members of Acadia First Nation shall have an equal opportunity to purchase surplus assets through a competitive disposal process.
- g. All items, where possible, to be sold are on an "as is, where is" basis with no warranties or guarantees expressed or implied.

F. References and Related Authorities

(1) FMB's Financial Management System Standards

- a. Standard 24.0 - Tangible Capital Assets Including Capital Projects

(2) FMB's Financial Administration Law Standards

- a. Standard 22.0 - Tangible Capital Assets Including Capital Projects

G. Attachments

- (1) **Appendix G** – Tangible capital asset categories
- (2) **Appendix H** – Presentation and disclosure requirements

11. Insurance Policy

A. Policy

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

B. Purpose

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

C. Scope

This policy and procedure applies to Council, the Finance and Audit Committee, the Band Manager, the Chief Financial Officer, and all other employees involved in insurance matters at Acadia First Nation.

D. Responsibilities

(1) Council is responsible for:

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

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

- a. Providing its insurance coverage recommendation to Council (The Finance and Audit Committee may retain external expertise to assist in its deliberations given the technical nature of insurance decisions).
- b. On an annual basis reviewing insurance coverage to ensure that it continues to meet the needs of Acadia First Nation.

(3) The Band Manager is responsible for:

- a. Leading and managing the risk identification and assessment process;

(4) The Chief Financial Officer is responsible for:

- a. ~~Selecting~~ Recommend an insurance broker;
- b. Evaluating options from insurance providers, as provided by the insurance broker, to address the risks that require insurance coverage;

- c. Recommending a preferred option to the Finance and Audit Committee and council that meets the needs of Acadia First Nation;
- d. Monitoring insurance coverage expiration and payment dates to ensure coverage does not lapse; and

E. Procedures

(1) Identify significant material risks

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

(2) Identify and procure insurance products

- a. Based on the risk analysis performed, the Band Manager will identify the risks where insurance coverage is appropriate.
- b. In accordance with the Procurement Policy, the Band Manager will review options from several different insurance providers, as provided by Acadia First Nations insurance broker, and will make a recommendation to the Finance and Audit Committee on which to accept. The Band Manager's determination of a recommended option will take into consideration the following:
 - i. Cost of the coverage;
 - ii. Attributes and features of the proposed coverage including what is and is not covered and any gaps or exclusions; and
 - iii. Independent advice on the reputation and strength of proposed insurance providers.
- c. Where appropriate, legal advice will be sought as required to ensure that the terms and conditions of coverage sought are appropriate for Acadia First Nation.

(3) Approval for insurance coverage

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

(4) Maintenance of insurance coverage

- a. The Chief Financial Officer will maintain a schedule of insurance policy expiration dates and payment dates and monitor on a regular basis to ensure that coverage does not lapse.
- b. The Finance and Audit Committee will review insurance coverage on an annual basis to ensure that it continues to adequately address the risks and meet the needs of Acadia First Nation.

F. References and Related Authorities

(1) FMB's Financial Management System Standards

- a. Standard 19.4 - Insurance

(2) FMB's Financial Administration Law Standards

- a. Standard 17.5 - Insurance

G. Attachments

None

12. Risk Management

A. Policy

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

B. Purpose

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

C. Scope

This policy and procedure applies to Council, the Finance and Audit Committee, the Band Manager, the Chief Financial Officer, and all other employees involved in risk management at Acadia First Nation.

D. Responsibilities

(1) Council is responsible for:

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

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

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

(3) The Band Manager is responsible for:

- a. Managing the annual risk assessment process and preparing the Risk Management Plan;
- b. Managing the annual Fraud Risk assessment process and preparing the Fraud Risk assessment;

- c. Identifying and assessing risks associated with specific material business activities, loans, guarantees, indemnities, investments, general operations, financial reporting and fraud risks;
 - d. Preparing risks associated with proposed for-profit business activity, steps taken to limit the risks, approvals required to undertake for-profit activity and monitoring of any approved for-profit activity.
 - e. Reviewing and updating the Risk Management Plan and Fraud Risk assessment on a regular basis;
 - f. Immediately reporting any significant changes to the Risk Management Plan and Fraud Risk assessment to the Finance and Audit Committee;
 - g. Preparing documentation that assesses qualification of individuals engaged in control activities in Acadia First Nation's financial management systems; and
 - h. Obtaining a written confirmation from the persons engaged in Acadia First Nation's financial management system that they understand their responsibilities.
- (4) The Chief Financial Officer is responsible for:
- a. Ensuring all for-profit and not-for-profit business activities are separately reported in the monthly, quarterly and annual financial statements and management reports;
 - b. Developing and recommending procedures for identifying and mitigating risks for the annual Risk Management Plan;
 - c. Developing and recommending procedures for identifying and mitigating Financial Reporting Risks and Fraud Risks;
 - d. Reviewing and recommending approval for loan, guarantee or indemnity requests;
 - e. Preparation of Acadia First Nation investment strategy, insurance coverage and emergency plans; and
 - f. Monitoring the control activities and its impact on Acadia First Nation and the Risk Management Plan.

E. Procedures

(1) Annual Risk Management Plan

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

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

(2) Fraud Risk Assessment

- a. On an annual basis as part of the integrated planning process, a Fraud Risk assessment will be performed by the Band Manager. (Refer to documents in Appendix J and the Fraud Risk Assessment template example in Appendix I)
- b. Fraud Risk assessment will include identification and assessment of following types of fraud in Acadia First Nation:
 - i. Fraudulent Financial Reporting;
 - ii. Fraudulent Non-Financial Reporting;
 - iii. Misappropriation of Assets; and
 - iv. Corruption and illegal acts.
- c. Fraud Risk assessment will include identification of risks arising from the following:
 - i. Incentives and rewards associated with achievement of objectives; and
 - ii. Pressures associated with achievement of objectives.
- d. Fraud Risk assessment will also include identification of opportunities for fraud created by the following:
 - i. Ineffective design and monitoring control activities as it relates to the following:
 - a) Unauthorized acquisition, use of disposal of Acadia First Nation assets;
 - b) Poor management oversight;
 - c) Management override of internal control; and
 - d) Ineffective technology systems;
 - ii. Willful violation of laws that could have a material direct or indirect impact on financial reporting.

- e. Fraud Risk assessment will also identify the risk of fraud resulting from attitudes of and rationalizations by individuals justifying inappropriate actions.
- f. Fraud Risks assessment will include various ways that fraudulent reporting can occur taking into account the following:
 - i. Management bias;
 - ii. The degree of estimates and judgements used in financial reporting;
 - iii. Possible fraud schemes and scenarios in Acadia First Nation communities;
 - iv. The geographic region where Acadia First Nation lands are located;
 - v. The nature of technology and management's ability to manipulate information using that technology;
 - vi. Any unusual or complex transactions which are subject to significant management influence; and
 - vii. The vulnerability of internal controls to management override and potential schemes to circumvent existing control activities.
- g. On an annual basis, the Band Manager will prepare documentation that assesses the qualification of individuals engaged in Fraud Risk control activities in Acadia First Nation's financial management system.
- h. On a periodic basis, the individuals involved in the Fraud Risk controls must confirm in writing that they understand their responsibilities.

(3) For-profit and not-for-profit business activity risk management considerations

- a. Prior to beginning any for-profit business activity, the Band Manager will lead the preparation of a business case supporting the activity. The business case should contain, at a minimum, a detailed description of the proposed activity, costs, projected revenues and benefits, funding arrangements, strategic impact, and a risk assessment (including whether the activity will result in a material liability of Acadia First Nation or expose Acadia First Nation's financial assets, property or resources to significant risk).
- b. The risk assessment should address all risks related to the project and the resulting overall impacts on Acadia First Nation.
- c. For each risk, a detailed mitigation plan with assigned responsibility will be developed.
- d. The complete business case and risk assessment will be presented to the Finance and Audit Committee for review and recommendation to Council for approval.
- e. The Band Manager, or designate, will be responsible for ongoing monitoring of the for-profit business activity. Deviations from the approved business plan will be presented to the Finance and Audit Committee for review and recommendation to Council.
- f. The Band Manager, or designate must report on the for-profit business activity separately in the monthly reports, quarterly, and annual financial statements.

(4) Loans, guarantees and indemnities

- a. For any loans, guarantees or indemnities, the Chief Financial Officer must annually document his or her evaluation of the risks to Acadia First Nation of extending credit to the requesting individual/group. Risks which should be considered include, but are not limited to, the following:
 - i. Ability of the individual or group to repay Acadia First Nation;
 - ii. Potential for negative impact on Acadia First Nation's reputation;
 - iii. Extent of other similar situations / agreements Acadia First Nation has entered into;
 - iv. Ability of Acadia First Nation to honour the guarantee or indemnity should it be required to do so;
 - v. In the case of a program for lending to members of Acadia First Nation, the risks associated with the program and the costs of administering the program.
- b. Approval and management of loans, guarantees and indemnities is detailed in the Loans, Guarantees and Indemnities Policy.

(5) Investment Risk Assessment

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

(6) Financial Reporting Risks

- a. Acadia First Nation will follow the documented procedures in the Financial Reporting and Operations Policy to identify and mitigate the risk of a material misstatement in the quarterly and annual financial statements.

(7) Insurance and Emergency Plans

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

F. References and Related Authorities

- (1) FMB's Financial Management System Standards
 - a. Standard 19.0 - Risk Management
- (2) FMB's Financial Administration Law Standards
 - a. Standard 17.0 - Risk Management

G. Attachments

- (1) **Appendix I** – Fraud Risk Assessment Template
- (2) **Appendix J** – Fraud Risk Assessment Guidelines

(3) **Appendix K** – Risk Management Plan Template

13. Emergencies

A. Policy

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

B. Purpose

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

C. Scope

This policy applies to Acadia First Nation council, committee members, staff and Acadia First Nation members.

D. Responsibilities

- (1) Council is responsible for:
 - a. Approving the emergency response plan.
- (2) The Band Manager is responsible for:
 - a. Creating an emergency planning committee;
 - b. Ensuring that an emergency response plan is prepared and approved;
 - c. Ensuring that the emergency response plan is communicated to the affected Acadia First Nation staff and members as part of its implementation along with any necessary training;
- (3) The emergency planning committee members are responsible for:
 - a. Preparing the emergency plan.
 - b. Updating the emergency response plan on an annual basis.

E. Procedures

(1) Analyze the current situation

- a. The Band Manager will create an emergency planning committee which will consist of the Band Manager, and other key staff across all areas of Acadia First Nation as deemed appropriate. External groups, such as representatives from the local fire or police services, will be invited to participate as required.

- b. The emergency planning committee will conduct a risk assessment to identify all risks that could have an impact on the operations and finances of Acadia First Nation, including potential threats such as fires, natural disasters, and environmental risks.
- c. For each of the risks identified, the emergency planning committee should determine the likelihood of the threat occurring and the potential impact on Acadia First Nation's operations.

(2) Develop the emergency plan

- a. Based on the likelihood and impact, the Band Manager, with input from outside expertise as required, and the emergency planning committee will determine which risks will be addressed in the business continuity plan. The plan should identify critical systems or operations and how these will be managed in the event of an emergency to minimize effects on Acadia First Nation's overall operations and finances.
- b. Areas which should be examined and examples of issues to address for each risk include the following:

Buildings and sites

- i. How will operations continue if the site is inaccessible or destroyed?
- ii. What safety precautions need to be taken in the event of damage to the building?

Critical equipment

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

Information Technology

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

People

- ix. How will Acadia First Nation communicate with staff/members during the emergency?
- x. Do the critical finance and operations staff members have designated and trained back-ups?
- xi. Is there an offsite location where limited but critical operations can continue during an emergency?
- xii. Are there any potential health and safety issues associated with a particular risk? How would these be dealt with?

- c. Responsibilities for each component of the emergency plan will be clearly identified and communicated with the assigned individuals. Alternates for key individuals will be identified and provided with information on their duties.
- d. The emergency planning committee will develop an emergency notification procedure to explain how to enact the plan should an emergency occur.
- e. Documented approval of the plan will be obtained from council.

(3) Implement the plan

- a. The Band Manager will develop a communication strategy to ensure all affected staff and Acadia First Nation members have access to the emergency plan.
- b. All staff who have been assigned responsibilities within the emergency plan will be provided training to carry out their role in the event of an emergency.
- c. The emergency plan will be tested by the emergency planning committee. Testing could include mock disaster exercises, communication and off site computing tests, fire drills, etc.
- d. Emergency plan documentation will be maintained at all Acadia First Nation's site locations and key staff members will keep a copy at home. It should include all required information to enact the plan (i.e. Emergency contact & responsibilities lists, vendor lists, fire drill routes, etc.).

(4) Annual review

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

F. References and Related Authorities

- (1) FMB's Financial Management System Standards
 - a. Standard 19.5 - Emergencies

G. Attachments

- (1) Appendix L – Examples of risks to consider
- (2) Appendix M – Sample risk assessment template
- (3) Appendix N – Emergency planning resources
- (4) Appendix O – Emergency plan template

14. Financial Management System Improvement

A. Policy

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

B. Purpose

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

C. Scope

This policy applies to the Chief Financial Officer, Finance and Audit Committee, and the Financial Management System Assessment Committee.

D. Responsibilities

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

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

- e. Reporting to council, the Finance and Audit Committee, and the internal/external auditors on the results of their reviews.

(4) The Chief Financial Officer is responsible for:

- a. Ensuring issues and concerns regarding the financial management system are collected, tracked, managed, reported and resolved as required in this policy;
- b. Participating in the Financial Management System Assessment Committee.

E. Procedures

(1) Financial Management System Assessment Committee

- a. The Financial Management System Assessment Committee (“the Assessment Committee”) will be composed of the Chief Financial Officer, Band Manager, and other finance and operations staff designated by the Finance and Audit Committee.
- b. The Assessment Committee will meet at least once annually.
- c. Annually on a date scheduled by the Finance and Audit Committee, the Assessment Committee will review the financial management system for the period of the previous four quarters and up to the date of the meeting.
- d. The Assessment Committee agenda items will include, but are not limited to, the following:
 - i. Review of the system’s processes and procedures;
 - ii. Review of applicable laws for compliance;
 - iii. Review of external and internal assessment results;
 - iv. Review of identified process improvement opportunities including their resolution;
 - v. Review of all committees’ Terms of Reference;
 - vi. Review of Acadia First Nation’s corporate and personnel organization charts.
- e. The Assessment Committee must prepare a report for distribution to the Finance and Audit Committee and internal/external auditors that includes the following:
 - i. A statement of whether the financial management system has, during the review period, been operated in compliance with all applicable laws, policies, procedures and directions;
 - ii. Recommendations for any changes to those laws, policies, procedures and directions that, in the opinion of the Committee, would be beneficial to the financial management system.

(2) Internal Assessments

- a. At the beginning of each fiscal year, the Assessment Committee will prepare an assessment plan which identifies critical or significant activities which should undergo an Internal Assessment in the current year. The criteria for identifying these issues are as follows:
 - i. Risk – likelihood and potential impact if the process/controls in a specific area are not functioning properly;
 - ii. Activities with previously identified problems – Any areas that have been identified in past internal assessments with recurring issues will be considered for review in the current year.
- b. The assessment plan will contain a schedule and timeframe for completion of each internal assessment identified.
- c. The assessment plan proposed by the Assessment Committee will be approved by the Finance and Audit Committee. Approval will be documented in the Finance and Audit Committee minutes.
- d. The individual performing the Internal Assessment (“the Assessor”) will be independent of the operations or activities being assessed. This individual will be assigned by the Assessment Committee and can be an Acadia First Nation staff member so long as the individual is independent of the operation or activity under review.
- e. A documented report will be prepared by the Assessor for each internal assessment performed. The report will contain the Assessor’s findings and resolutions of any concerns identified in the findings.
- f. Reports will be issued to the Chief Financial Officer, to individuals responsible for the area/activities assessed, the Assessment Committee and the Finance and Audit Committee.

(3) Continual improvement process

- a. The Chief Financial Officer will be responsible for ensuring that any concerns or issues regarding the financial management system of Acadia First Nation and brought to his/her attention are tracked, managed, and resolved on an ongoing basis.
- b. Based on the Chief Financial Officer’s analysis of the concern or issue, the following steps will be taken:
 - i. For items that relate to improvements in efficiency and/or effectiveness, the Chief Financial Officer will consider the cost versus benefit of implementing the changes and act accordingly;
 - ii. For any other issues, such as minor instances of non-compliance with policy, the Chief Financial Officer will take the necessary steps to remediate and will report the findings and actions taken to the Band Manager;
 - iii. All items will be tracked and records maintained of all actions taken.

- c. On a yearly basis, a report of the concerns or issues raised, actions taken, and any remaining potential process improvement opportunities will be submitted to the Assessment Committee.

(4) Review of Financial Administration Law

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

(5) Membership information or involvement

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

(6) Requirements Specific to Borrowing Members

- a. The Assessment Committee will determine whether Acadia First Nation is in compliance with the First Nation Financial Management Board Standards. This will be performed through a self-assessment that compares Acadia First Nation's financial management systems and practices to the First Nation Financial Management Board's Standards.
- b. The self-assessment should include the following:
 - i. Identification of all significant activities and a schedule of critical dates for completion of these activities;
 - ii. Assignment of the responsibilities and authority for all significant activities;
 - iii. A description of all records to be maintained including records of response to any non-compliance.
- c. Any gaps or areas of non-compliance between Acadia First Nation's financial management systems and practices and the First Nation Financial Management Board Standards will be corrected as soon as possible.
- d. The results of the self-assessment exercise and actions being taken to remediate the gaps or areas of non-compliance identified will be reported to the Finance and Audit Committee by the Chief Financial Officer.
- e. In addition to the self-assessment process to be conducted by the Assessment Committee as set out in this policy, if the Chief Financial Officer becomes aware at any time of any circumstances that could be considered a gap or area of non-compliance between Acadia First Nation's financial management systems and practices and the First

Nation Financial Management Board Standards, the Chief Financial Officer will report these circumstances to the Finance and Audit Committee as soon as practicable along with the actions to be taken to remedy those circumstances.

F. References and Related Authorities

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

G. Attachments

None

Appendix A – Planning and budgeting schedule template

Task	Individual(s) responsible	Deadline
Plan and hold annual planning kickoff meeting to present major budget policies, multi-year financial plan direction and guidelines for the strategic plan.	Band Manager, Chief Financial Officer, Finance and Audit Committee, Council	November 15
Inspect and review of all Tangible Capital Assets to establish or update information.	Band Manager	November 30
Each Department prepares a thorough analysis and projection of all expenses for the budget year	Department Heads; Chief Financial Officer	December 1
Consolidate all draft budgets including capital budget into one master budget;	Chief Financial Officer	December 15
Multi-year plan and strategic plan developed or updated.	Chief Financial Officer; Band Manager, Senior officers	December 15
Schedule of annual routine maintenance, other than Rehabilitation, for Tangible Capital Assets. Five (5), ten (10) and thirty (30) year forecasts for the estimated cost for Rehabilitation or replacement of the Tangible Capital Assets. The proposed budget for Rehabilitation and replacement of Tangible Capital Assets for the next fiscal year.	Chief Financial Officer	December 31
Senior management reviews draft budgets, multi-year plan, and strategic plan and discusses (iterative process) with Chief Financial Officer.	Band Manager; Chief Financial Officer;	January 15
Present budget, multi-year plan, and strategic plan to Finance & Audit Committee for review, discussion, and modification.	Chief Financial Officer, Band Manager, Finance & Audit Committee.	January 31
Incorporate Finance & Audit Committee changes to any of Planning Documents	Chief Financial Officer, Band Manager, Finance & Audit Committee.	February 15

Task	Individual(s) responsible	Deadline
<p>Inform the membership or involve the membership in consideration of the annual budget and the multi-year financial plan as required in the Financial Administration Law or Council policy including giving notice to the membership of the Council meeting when the budget and multi-year financial plan are presented for approval.</p>	<p>Band Manager, Chief Financial Officer</p>	<p>March 1</p>
<p>Council receives budget/ multi-year plan / strategic plan and recommendation from the Finance and Audit Committee. Council approves budget/multi-year plan/strategic plan based on recommendation from the Finance and Audit Committee.</p>	<p>Finance and Audit Committee; Council</p>	<p>March 31</p>
<p>Distribute approved budget and strategic plan to Department Heads and any other appropriate staff.</p>	<p>Chief Financial Officer</p>	<p>April 15</p>

Appendix B – Financial Institution Account Reconciliation Preparation and Review Template

Monthly Financial Institution Account Reconciliation

Account Name: _____

Account Number: _____

GL Number: _____

Month: _____

Ending Bank Balance: _____

Prepared by: _____ Title: _____ Date: _____

Approved by: _____ Title: _____ Date: _____

Appendix C – Purchasing Approval Limits

Purchase Values for items included within the Council approved budget		Process to be followed:	Who is responsible:
Less than \$100		Petty Cash (eliminate)	Office Administrator
Greater than \$100	Less than or equal to \$1,000	Low Value ²	Division Manager ¹
Greater than \$1,000	Less than or equal to \$10,000	Low Value ²	Division Manager
Greater than \$10,000	Less than or equal to \$50,000	Moderate value: Informal Quotation ³	Band Manager
Greater than \$50,000	Less than or equal to \$200,000	Moderate-High value: Formal Quotation	Band Manager
Greater than 200,000		High value: Tender Call/Request for Proposal	Council

**** Any purchases for items over \$1,000 that are not included within the Council approved budget require Council approval.

1. Division Manager = Department Manager or equivalent.
2. Low Value = Contractual arrangement for low value procurement process: in this, employees with appropriate authority as set out in this policy may sign an invoice indicating that the goods or services have been received and the contractor/supplier may be paid.
3. Informal Quotation = obtaining informal quotes where practicable through advertisements, direct solicitations to contractors/suppliers and other methods in effort to compare prices.

Appendix D – Sample Contractor/Supplier Evaluation Template

Supplier Evaluation				
Organization name:				
Service / goods to be provided:				
RFP / Tender reference #:				
Value of contract:				
Criteria	Details / Comments	Value	Score	
1. RFP or other requirements (list here) xxx xxx xxx	<i>Describe any areas of concern or where requirements were not met....</i>	##	##	
2. Qualifications and experience	<i>Do they have the appropriate qualifications and experience to perform the work?</i>	##	##	
3. Terms and conditions	<i>Are their terms and conditions acceptable to Acadia First Nation?</i>	##	##	
4. Has the organization worked previously with Acadia First Nation? Provide details and an evaluation of the work.	<i>Evaluate Acadia First Nation's previous experience with this supplier</i>			
5. xxxx				
6. xxxx				
7. xxxx				
8. xxxx				
9. xxxx				
10. xxxx				
11. Price	<i>Evaluation of the price, results of previous criteria.</i>			
12. Other considerations?	<i>Anything not covered above that should be included in evaluation the supplier i.e. inclusion of local content</i>			
Evaluation		Score:	##/##	

Overall comments / recommendation:

%

Attachments:

- € Contractor/Supplier response to RFP/Tendering
- € Results of any previous contractor/supplier evaluations
- € Other supporting information as required

Appendix E – Local Content

Acadia First Nation should promote the use of local content when appropriate in the procurement of goods and services. For construction contracts on reserve lands, Acadia First Nation may include a clause that requires the contractor to employ local labour and resources. Another option is to add a training component to the contract that requires the contractor to train local labourers. Where applicable, the tender package should also require bidders to stipulate the extent to which they will use local materials, local equipment, and provide a formal training program for local labour employed by the contractor.

Pre-tender Considerations for Local Content

Before developing the tender documents, Acadia First Nation should establish:

- The extent of labour and trades available locally
- Quantities and firm prices of locally available materials
- Local equipment available and firm rental rates
- Training requirements and trade apprenticeships

Once the contract has been awarded, special clauses reflecting the agreed upon local content requirements will be incorporated in the contract with the successful vendor.

Appendix F - Reimbursable Expenses Claim Template



Name: _____

Date of Travel: _____

Mileage	\$ 0.525	kms	\$ -
Breakfast	\$ 20.25	Days	\$ -
Lunch	\$ 19.85	Days	\$ -
Dinner	\$ 50.00	Days	\$ -
Incidentals	\$ 17.30	Days	\$ -
Private/Own Accomodations	\$ 50.00	Days	\$ -
Reimbursements	(Receipts Attached)		\$
Total			\$ -

Comments: _____

Submitted By: _____

Approved By: _____

Direct Deposit (Y/N)	_____
2nd Approval	_____

Date: _____

Cheque #: _____

Appendix G – Tangible capital asset categories

The following table lists capital asset categories and examples of assets and costs included in each category. This is not intended to be a complete list and is for illustrative purposes only. The decision by Acadia First Nation to capitalise costs as tangible fixed assets must be made in reference to PSAS accounting requirements, specifically those contained in PS 3150, *Tangible Capital Assets*.

Capital Asset Category	Examples of Capital Assets
Land	<ul style="list-style-type: none">• land acquired for parks and recreation and recreation, conservation purposes, building sites and other programs• land purchased for construction of road surface, drainage areas and allowances or future expansions
Land improvements	<ul style="list-style-type: none">• fencing and gates, parking lots, paths and trails, landscaping, swimming pools and playgrounds• Site preparation in advance of commercial or residential development
Buildings	<ul style="list-style-type: none">• buildings with fireproofed structural steel frames with reinforced concrete or masonry floors and roofs• buildings with reinforced concrete frames and concrete or masonry floors and roofs• buildings with masonry or concrete exterior walls, and wood or steel roof and floor structures, except for concrete slabs on grade• operational storage facilities, sheds, small buildings, salt sheds, asphalt tanks, inventory storage buildings and pump houses
Building improvements	<ul style="list-style-type: none">• major repairs or upgrades that increase the value or Useful Life of the building or which reduce future operating costs such as structural changes, installation or upgrade of heating and cooling systems, plumbing, electrical, telephone systems
Leasehold and occupancy improvements	<ul style="list-style-type: none">• improvements that increase the functionality of leased or similar accommodations (refer to the assets listed under the "building improvements" category)

Operating equipment	<ul style="list-style-type: none"> equipment specific to maintenance, shop and sanitation, laboratories, medical, dental, safety, appliances, scientific research, hospitals, education and communication such as forklifts, welding machines, utility trailers, security systems, snowploughs, radios, freezers, refrigerators, washers, meters, defibrators
Heavy equipment	<ul style="list-style-type: none"> power and construction equipment such as graders, tractors, cranes, drill rigs, caterpillars, and trucks one tonne and over
Vehicles	<ul style="list-style-type: none"> used primarily for transportation purposes such as automobiles, trucks under one tonne, vans, boats, all-terrain vehicles, snowmobiles, motorcycles, and ambulances
Marine vessels - vessels and towers	<ul style="list-style-type: none"> construction and replacement of vessels and towers
Computer software	<ul style="list-style-type: none"> off the shelf software and related upgrades, software licenses after removing any maintenance or similar charges
Computer hardware	<ul style="list-style-type: none"> servers, voice logging equipment, scanners, printers, hard drives, external hard drives, and plotters
Office furniture and equipment	<ul style="list-style-type: none"> desks, tables, chairs, filing cabinets, fax machines, photocopiers, videoconferencing stations, projectors, and digital cameras
Assets under construction	<ul style="list-style-type: none"> roads, buildings or other Tangible Capital Assets that are under construction and have not yet been placed into service
Roads/Streets	<ul style="list-style-type: none"> roads or streets light systems (traffic, pedestrian), signals for railways, new signage initiative, traffic calming (e.g. rumble strips, speed bumps)
Water and sewer infrastructure	<ul style="list-style-type: none"> dams, drainage facilities, docks, sewer systems, sewage lagoons, marinas, reservoirs, pumping facilities, tanks and associated infrastructure
Other infrastructure	<ul style="list-style-type: none"> landfills, tanker bases, helipad, dump stations

Appendix H – Presentation and disclosure requirements

The following requirements relate to the preparation of Acadia First Nation's annual financial statements in accordance with PSAS and are based on PS 3150, *Tangible Capital Assets*. Readers are advised to consult with the current version of this accounting standard for the most recent accounting and disclosure requirements.

The financial statements should disclose, for each major category of Tangible Capital Assets and in total:

- (a) cost at the beginning and end of the period;
- (b) additions in the period;
- (c) disposals in the period;
- (d) the amount of any write-downs in the period;
- (e) the amount of amortization of the costs of Tangible Capital Assets for the period;
- (f) accumulated amortization at the beginning and end of the period; and
- (g) net carrying amount at the beginning and end of the period. [APRIL 2005]

Major categories of Tangible Capital Assets would be determined by type of asset, such as land, buildings, equipment, roads, water and other utility systems, and bridges.

Financial statements should also disclose the following information about Tangible Capital Assets:

- (a) the amortization method used, including the amortization period or rate for each major category of tangible capital asset;
- (b) the Net Book Value of Tangible Capital Assets not being amortized because they are under construction or development or have been removed from service;
- (c) the nature and amount of contributed Tangible Capital Assets received in the period and recognized in the financial statements;
- (d) the nature and use of Tangible Capital Assets recognized at nominal value;
- (e) the nature of the works of art and historical treasures held by the government; and
- (f) the amount of interest capitalized in the period.

Appendix I – Fraud Risk Assessment

I d e n t i f i e d Fraud Risks and Schemes¹	Likelihood²	Significance³	People/ Department⁴	Existing Anti- Fraud Controls⁵	Assessment of Anti- Fraud controls⁶	Fraud Risk Response⁷
<i>Conflict of Interest – Contracts improperly awarded</i>	<i>Remote</i>	<i>Material</i>	<i>Accounting</i>	<i>Council reviews and approves awarded contracts prior to payment.</i>	<i>Evidenced by council meeting minutes.</i>	<i>Risk of council override exists.</i>
<i>Recording of rent receipts in incorrect periods</i>	<i>Remote</i>	<i>Insignificant</i>	<i>Accounting</i>	<i>Year-end reconciliation of the rent revenue and receivables</i>	<i>Risk of override still exists</i>	<i>No further action, receipts are minimal.</i>
<i>Unauthorized payroll adjustments</i>	<i>Reasonably Possible</i>	<i>Material</i>	<i>Payroll</i>	<i>Finance Manager approves periodic payroll registers and reviews one-time payment queries</i>	<i>Adequately mitigated by control</i>	<i>N/A</i>

[The following is an example of a Fraud Risk assessment. This example does not list all possible Fraud Risks that a Acadia First Nation may have. Each Acadia First Nation is encouraged to brainstorm to come up with their own identification of risks by considering questions noted above.]

1. **Identified Fraud Risks and Schemes:** This column should include a full list of the potential Fraud Risks and schemes that may face Acadia First Nation. This should be formed by discussions with employees, officers and councilors and brainstorming sessions.
2. **Likelihood of Occurrence:** To design an efficient Fraud Risk management program, it is important to assess the likelihood of the identified Fraud Risks so that Acadia First Nation establishes proper anti-fraud controls for the risks that are deemed most likely. For purposes of the assessment, it should be adequate to evaluate the likelihood of risks as remote, reasonably possible, and probable.
3. **Significance to Acadia First Nation:** Quantitative and qualitative factors should be considered when assessing the significance of Fraud Risks to Acadia First Nation. For example, certain Fraud Risks may

only pose an immaterial direct financial risk to Acadia First Nation, but could greatly impact its reputation, and therefore, would be deemed to be a more significant risk. For purposes of the assessment, it should be adequate to evaluate the significance of risks as immaterial, significant, and material.

4. People and/or Department Subject to the Risk: As Fraud Risks are identified and assessed, it is important to evaluate which people inside and outside Acadia First Nation are subject to the risk. This knowledge will assist in tailoring its Fraud Risk response, including establishing appropriate segregation of duties, proper review and approval chains of authority, and proactive anti-fraud procedures.
5. Existing Anti-Fraud Internal Controls: Map pre-existing controls to the relevant Fraud Risks identified. Note that this occurs after Fraud Risks are identified and assessed for likelihood and significance. By progressing in this order, this framework intends for Acadia First Nation to assess identified Fraud Risks on an inherent basis, without consideration of Internal Controls.
6. Assessment of Mitigating Controls: Acadia First Nation should evaluate whether the identified controls are operating and mitigating Fraud Risks as intended.
7. Fraud Risk Response: Residual risks should be evaluated by the organization and Fraud Risk responses should to address such remaining risk. The Fraud Risk response could be implementing additional controls.

Appendix J – Fraud Risk Assessment Guidelines

This document provides examples and considerations for Acadia First Nation with respect to the risk of fraud and antifraud programs and controls and is written in the context of the Committee of Sponsoring Organizations (“COSO”) of the Treadway Commission’s Internal Control – Integrated Framework.

Below are the five components derived from COSO’s 2013 Internal Control – Integrated Framework that Acadia First Nation may consider with respect to their responsibilities for designing and evaluating antifraud programs and controls.

1. Performing Fraud Risk Assessments
2. Creating Control Environment
3. Designing and Implementing Antifraud Control Activities
4. Sharing Information and Communication
5. Monitoring Activities

Performing Fraud Risk Assessments

Fraud Risk assessments are designed to identify and evaluate Fraud Risk factors that could enable fraud to occur within Acadia First Nation. Every organization has inherent Fraud Risks that arise from internal and external conditions relative to Acadia First Nation’s operations, geographical location, size, organizational structure and general economic conditions.

Fraud Risk assessments are more than a process to identify risks of theft and should also address other frauds, including Fraudulent Financial Reporting, Misappropriation of Assets and corruption and illegal acts. The Fraud Risk assessment involves an expanded focus on considerations of where Fraud Risk factors may exist within the entity and the potential fraud schemes that could be perpetrated.

Risk Assessment Team

A good risk assessment requires input from various sources. The Band Manager has the primary responsibility for performing Fraud Risk assessments. Ideally, the Band Manager should identify a risk assessment team to conduct the risk assessment. Individuals from throughout Acadia First Nation’s financial management systems with different knowledge, skills, and perspectives should be involved in the risk assessment. Such members of the risk assessment teams should include personnel such as:

- Band Manager and Chief Financial Officer;
- Finance Staff who are familiar with the financial reporting process and Internal Controls;
- Non-financial information technology personnel, to leverage their knowledge of day-to-day operations; and
- External legal or accounting advisors.

The Finance and Audit Committee should have an active role in the oversight of process, understand identified Fraud Risks, and evaluate Acadia First Nation’s implementation of antifraud measures. The Finance and Audit Committee, together with Band Manager and the risk assessment team, should also consider the potential risk of management’s override of controls or other inappropriate influence over the financial reporting process.

Questions to Consider

There is no one standard method by which Acadia First Nation may evaluate and implement its Fraud Risk assessment. The following is a list of some of the questions management to consider when completing Fraud Risk Assessment template.

- Are there events or conditions that indicate an incentive or pressure to commit fraud? These incentives, rewards and pressures are associated with achievement of objectives.
- Are there circumstances that allow employees and councillors to commit fraud? These opportunities are greatest in areas with weak Internal Controls and a lack of segregation of duties.
- Are there opportunities for unauthorised acquisition, use or disposal of assets, altering Acadia First Nation's reporting records or committing other inappropriate acts?
- Are there indications of an attitude, character or set of ethical values that allow employees or councillors to commit fraud?
- Has there been past allegations of fraud or fraud within the associated membership, partnership or in Acadia First Nation?
- Are there unusual financial trends or relationships identified in the past and potential role of weak information technology controls that could play in enabling fraudulent activity to occur?
- Are there controls that mitigate the risk of management and council's override of controls? Does the Fraud Risk assessment include the vulnerability of Internal Controls to management override and potential schemes to circumvent existing control activities?
- What is the degree of estimates and judgement used in financial reporting that may result in fraudulent reporting?
- What is the nature of technology and management's ability to manipulate information?
- Are there unusual or complex transactions subject to significant management influence?
- Do the Finance and Audit Committee members have sufficient oversight of management's antifraud programs and controls?
- Does Acadia First Nation have a code of conduct with provisions related to conflicts of interests, related-party transactions, illegal acts and fraud, made available to all personnel? Do personnel have to confirm their individual compliance with this code of conduct on an annual basis?
- Does the chief and council have a proper tone at the top? Does the management assess the tone of the leadership of Acadia First Nation to determine if the culture encourages ethical behaviour, consultation and open communication? This assessment can be made through anonymous surveys (i.e. Third-party whistleblower service providers), inquiries, interviews or by external auditors during their annual financial statement audit engagements.
- Does Acadia First Nation have whistleblower policy with adequate procedures to handle anonymous complaints and accept confidential submission of concerns about questionable accounting, control and financial and non-financial matters?

- Does the management design and implement preventative and detective controls? Preventative controls are designed to stop fraud from occurring and detective controls are designed to identify the fraud if it occurs.
- Are Fraud Risk assessments updated periodically to include considerations of changes in operations, new information systems, changes in roles and responsibilities and revisions to identified Fraud Risks within Acadia First Nation?
- Is information on ethics and management and council's commitment to antifraud programs and controls effectively communicated throughout Acadia First Nation to all employees?
- Has management linked identified existing Fraud Risks to existing Internal Control and documented mitigating existing or new antifraud control activities related to the Fraud Risks?

Creating a Strong Control Environment

Emphasis should be placed on Acadia First Nation's control environment as it influences the tone of the entire organization. Control environment factors include the integrity, ethical values, and competence of Acadia First Nation's management and employees and have a pervasive effect on Acadia First Nation's operations and governance structure.

The control environment should set the proper "tone at the top" which includes a culture and work environment that promotes open communication, consultation and ethical behaviour. It should:

- Create and maintain a culture of honesty, high ethical standards, and behaviour;
- Provide discipline for violations of the code of conduct / ethics;
- Set an appropriate tone for Acadia First Nation's attitude towards fraud and fraud prevention; and
- Promote effective controls to prevent, deter and detect fraud.

All employees of Acadia First Nation have a role in the control environment. Management, councillors and Finance and Audit Committee members have the primary responsibility of creating the tone at the top. The Finance and Audit committee should take an active role in the oversight of management's efforts to design and implement Internal Controls, including antifraud programs and controls and should challenge management to ensure that Fraud Risks are identified and that appropriate control activities are implemented and monitored.

Designing and Implementing Antifraud Control Activities

After Fraud Risk assessments are performed, Band Manager should address each identified Fraud Risk by determining whether control activities exist and mitigate the risks. Control activities are policies and procedures designed to address risks and help ensure the achievement of Acadia First Nation's objectives.

Where control activities are not already present, Band Manager should design and implement additional controls to specifically address the identified Fraud Risks.

Special consideration should be given to the risk of override of controls by management and council. Some antifraud programs and controls will include active oversight from the Finance and Audit Committee; whistleblower programs and system to receive and investigate anonymous complaints; reviewing Financial Reporting Risks for evidence of possible material misstatements due to fraud.

Sharing Information and Communication

Effective communication is an important element to all phases of the implementation of antifraud programs and controls.

Acadia First Nation's code of conduct or ethics is often the first line of communication concerning its philosophy on fraud prevention. Other communication methods should be used to create awareness of antifraud programs and controls. Examples would include Acadia First Nation's newsletters, intranet sites, training and through presentations led by Council or management.

Monitoring Activities

Band Manager and the Finance and Audit Committee should monitor the quality and effectiveness of antifraud programs and controls. Ongoing monitoring procedures should be built into operating activities. Examples include:

- Reconciliations of operating and financial reports;
- Regular communications with employees as well as external auditors; and
- Periodic planning and training sessions to identify Fraud Risks and assess implementation effectiveness of preventative and detective control activities.

Some monitoring activities can be automated in nature and as such may involve information technology systems. Effective antifraud programs are dynamic, where the information obtained through the monitoring process is fed back into the risk assessment and the entire process begins anew.

Appendix K – Risk Management Plan Template

#	I d e n t i f i e d Risks	Potential Impact	Likelihood	Significance	Mitigation / action plan	Individual responsible
<i>Risk category (i.e. For-profit business, loans, indemnities, investments, insurance and emergency)</i>						
1	<i>Provide a description of the risk and date identified</i>	<i>Provide estimates of the impact of the risk – quantitative/ qualitative as appropriate</i>	<i>An estimation of the likelihood, from remote, reasonably possible, and probable.</i>	<i>Significance of the potential impact identified as immaterial, significant, and material.</i>	<i>Specific steps to either reduce or eliminate the impact/ likelihood of the risk</i>	<i>Name of who will implement and monitor the action plan</i>
2						
3						
<i>Risk Category (i.e. For-profit business, loans, indemnities, investments, insurance and emergency)</i>						
1						
2						
3						

Appendix L – Examples of risks to consider

Types / Causes	Examples	
Natural Events	Flooding Earthquake Hurricane Landslide	Snow / ice storm Tornado Windstorm
Human Events	Disease outbreak Bomb threat Computer crime / theft Hazardous-material spill Fire Fraud Hacking Human error	Extortion / embezzlement Loss of key personnel Non-compliance (ignorance or willful) Riot / civil disorder Sabotage Labour strike Theft / loss
Technological Events	Alteration of data Alteration of software Disclosure Hardware failure Power failure / fluctuation	Explosion / Fire Malicious code Software error Telecom outage Vandalism / cyber-vandalism

Appendix M – Sample risk assessment template

Risk	Description / Operations affected	Impact	Likelihood	Overall risk level	Plan required?
		1 low – 5 high	1 low- 5 high	(average of i m p a c t / likelihood)	
Fire at the ♦ Acadia First Nation office	a. Building could be inaccessible for a long period b. Financial records may be destroyed c. IT systems damaged / destroyed d. Threat to health and safety of staff	5	1	3	Yes

Appendix N – Emergency plan resources

Plan creation resources:

Government of British Columbia – Community Emergency Planning Toolkit

<http://www.pep.gov.bc.ca/Community/planningtk.html>

Government of Alberta – Alberta Emergency Management Agency

http://aema.alberta.ca/tr_index.cfm

Government of Manitoba – Emergency Measures Organization

<http://www.gov.mb.ca/emo/community/index.html>

Government of Ontario – Emergency planning guidance for municipalities

<http://www.mah.gov.on.ca/AssetFactory.aspx?did=5413>

[Acadia First Nation]

EMERGENCY PLAN

[2013]

Last updated: [xx, Month, Year]

Approved by Council: [xx, Month, Year]

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- 6.3 Program Assessment
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Appendices

- Acadia First Nation Contact Information (Key staff members)
- Emergency organizations contact information (i.e. Emergency Services – Fire, Police, Hospitals)
- Evacuation routes and shelters
- List of key suppliers and contact Information
- Specific plans for each major risk
- [Other appendices as appropriate for Acadia First Nation]

1. Introduction

1.1 Purpose

The purpose of this plan is to ensure that the ♦ Acadia First Nation has the tools and resources to plan for, react to, and resolve emergency situations that could affect finances, operations, and/or the health and safety of employees.

1.2 Scope

This policy applies to all Acadia First Nation staff, committee, and Council members.

1.3 Emergency Planning Committee

The Emergency Planning Committee meets X times per year to create, maintain and improve the emergency plan to ensure it remains relevant and useful for the ♦ Acadia First Nation. Committee members represent all functions of the ♦ Acadia First Nation and include:

Name – Band Manager (Chair)	Name – Title/Information Technology
Name – Chief Financial Officer	Name – Title/Community Relations
Name – Title/Human Resources	Name – Title/Function
Name – Title/Property Management	Name – Title/Function

1.4 External planning resources

The Emergency Planning Committee works with the following external individuals/agencies to provide advice and input in the emergency planning process:

Name – Officer, Local Police Department	Name – Title/Insurance provider
Name – Officer, Local Fire Department	Name – Title/Function
Name – Nurse, Public Health	Name – Title/Function
Name – Hydro/Electricity/Utility provider(s)	Name – Title/Function

2. Emergency Events

2.1 Risk Assessment

#	Description
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1	Forest fires – <i>provide detail</i>
2	Disease outbreak – <i>provide detail</i>
3	Natural disaster – <i>provide detail</i>
4	Environmental risk – <i>provide detail</i>
5	

Based on an assessment of the risks facing the ♦ Acadia First Nation and the likely impact of those risks, the following have been identified as part of our plan:

Other requirements (regulatory, specific to Acadia First Nation):

List

3. Emergency Operations

3.1 Authority

The following individuals/groups have the authority to declare an emergency and enact the contents of this plan:

- Council
- Name, Band Manager
- Name, Backup for Band Manager.

3.2 Emergency Responsibilities

Band Manager

- Creating an emergency planning committee;
- Ensuring that an emergency response plan is prepared and approved;
- Ensuring that the emergency response plan is communicated to the affected Acadia First Nation staff and members;
- Updating the emergency response plan on an annual basis.
- *Others, as determined by Acadia First Nation, including ‘Alternates’ for key individuals...*

Emergency Planning Committee

Describe...

Other Support Staff

Individuals within Acadia First Nation that have been assigned emergency planning responsibilities...

External Organizations

Such as Fire, Policy, Health care...

3.3 Emergency Assessment and Notification

Once an emergency is declared, the following individual(s) and organization(s) will be notified:

- Individual/Organization – contact information
-

3.4 Emergency Declaration and Communications Plan

- Describe how Acadia First Nation staff and Council Members will be informed and what communication tools (cell phones, email, radio, etc.) will be used to do so.
- Describe how any outside parties will be informed of an emergency, if applicable.
- Describe how

3.5 Incident Response

- Describe the specific response to each of the major risks identified.

4. Facilities and Equipment

4.1 Building(s):

- Describe how the building will be protected or evacuated in an emergency, any safety precautions necessary, etc.

4.2 Information technology:

- Describe how critical systems and computer hardware/software will be protected.
- Describe what will happen if Acadia First Nation's computers are destroyed, where backups are located.

4.3 Records back up

- State the name of the individual responsible for backing up the accounting system and other critical records such as payroll.
- Describe the backup procedures for records of key financial data (such as bank account records, computer system backups, insurance policies, etc.). State where the backups are kept, both onsite and offsite.

5. Recovery Operations

- Describe the process for recovering operations after an emergency.

6. Emergency Plan Maintenance

6.1 Documentation

- Describe how documentation will be maintained, where it will be stored, and how it will be distributed to staff.

6.2 Documentation

- Describe type and frequency of drills (quarterly). These could include mock disaster exercises, fire drills, communication and offsite computing tests, etc.

6.3 Program Assessment

This plan will be reviewed and updated by the Emergency Planning Committee on an annual basis. A revised version will be communicated to all staff, committee, and Council members. The Emergency Planning Committee will coordinate and communicate with external parties (i.e. police) as required.

6.4 Training

- Define any training requirements for staff and specific training required for any individuals assigned emergency responsibilities.

6.5 Periodic Emergency Drills

- Define frequency of emergency drill requirements for staff.

Appendices:

Acadia First Nation Contact Information (Key staff members)

Emergency organizations contact information (i.e. Emergency Services – Fire, Police, Hospitals)

Evacuation routes and shelters

List of key suppliers and contact information

Specific plans for each major risk

Other appendices as appropriate for Acadia First Nation...