

**KITSUMKALUM FIRST NATION, ALSO KNOWN AS
THE KITSUMKALUM INDIAN BAND
FINANCIAL ADMINISTRATION POLICY 2016**

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SCHEDULE "A" – INVESTMENT POLICY

**KITSUMKALUM FIRST NATION ALSO KNOWN AS
THE KITSUMKALUM INDIAN BAND
FINANCIAL ADMINISTRATION POLICY 2016**

WHEREAS:

- A. The Band wishes to improve and streamline its financial administration;
- B. The Council of the Band deems it to be in the best interests of the Band to make a financial administration policy for such purposes,

NOW THEREFORE the Council of the Band, at a duly convened meeting, enacts as follows:

**PART I
INTERPRETATION AND APPLICATION**

Short Title

- 1. (1) This policy may be cited as the *Kitsumkalum Financial Administration Policy, 2016*.

Definitions

- 2. (1) Unless the context indicates the contrary, in this policy:

“Act” means the *Indian Act*;

“agent” means a person, who may or may not be an employee, who has been appointed by resolution to represent the Band in dealing with third parties;

“annual financial statements” mean the annual financial statements of the Band, prepared by the Chief Financial Officer, in accordance with section 61;

“appropriation” means an allocation of money under a budget to the purposes for which it may be used;

“auditor” means the person appointed by Council as the auditor for the Band in accordance with section 62;

“Band” means the Kitsumkalum First Nation, also known as the Kitsumkalum Indian Band, a band as that term is defined in the Act and any successor thereto.

“Band’s financial assets” means non-physical assets held by the Band, including any interest, and any related security or collateral, in any

- (a) debt owing to the Band, receivable, account, claim or other right to payment, and

- (b) contract or obligation that generates or secures anything referred to in paragraph (a).

"Band's lands" means all of the Band's reserves, within the meaning of subsection 2(1) of the *Indian Act*, and includes all lands that are added to reserve and which may become subject to a Land Code;

"Band Manager" means the person appointed by the Council as the band manager;

"Band's tangible capital assets" means all non-financial assets of the Band having physical substance that

- (a) 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,
- (b) have useful economic lives extending beyond one accounting period;
- (c) are to be used on a continuing basis, and
- (d) are not for sale in the ordinary course of operations;

"budget" means the annual budget of the Band that has been approved by the Council in accordance with section 24;

"capital project" means the construction, rehabilitation or replacement of the Band's tangible capital assets and any other major capital projects in which the Band or its related bodies are investors;

"Chair" means the Chair of the Finance Committee, appointed by the Council in accordance with section 11;

"Chief Financial Officer" means the person appointed by the Council as the chief financial officer in accordance with section 16;

"contractor" means a person who is not an employee of the Band, but who works for the Band under a contract for services;

"Council" has the meaning given to that term in the Act;

"Councillor" means a member of Council;

"FNFA" means the First Nations Finance Authority established under the *First Nations Fiscal Management Act*;

"FNTC" means the First Nations Tax Commission established under the *First Nations Fiscal Management Act*;

"FNTC standards" means the standards established from time to time by the FNTC under the *First Nations Fiscal Management Act*;

"FNFMA" means the *First Nations Fiscal Management Act*;

"financial administration" means the management, supervision, control and direction of all matters relating to the financial affairs of the Band;

"financial institution" means the FNFA, a bank, credit union trust company or other financial institution regulated under the laws of Canada or the Province of British Columbia;

"Finance Committee" means the Finance Committee established under section 10;

"financial competency" means the ability to read and understand financial statements that present accounting issues reasonably expected to be raised by the Band's financial statements;

"financial records" mean all records respecting the financial administration of the Band, including the minutes of relevant meetings of the Council or the Finance Committee;

"fiscal year" means the 12 month period of time that the Band uses for accounting purposes, set out in section 21;

"GAAP" means generally accepted accounting principles adopted by the Chartered Professional Accountants Canada or other organization, that are at least comparable to the standards generally accepted for governments in Canada, as amended or replaced from time to time;

"guarantee" means a promise or agreement by a person to be liable for the debt or obligation of another person who is primarily responsible for the debt or obligation;

"Human Resource Manager" means the person appointed by the Council as the human resource manager, which may be the Band Manager;

"INAC" means Indigenous and Northern Affairs Canada which is under the auspices of the Department of Indian Affairs and Northern Development;

"indemnity" means

- (a) a promise to make a person whole from specified losses or costs they may suffer; or
- (b) payment of compensation to make a person whole from a loss they have already suffered;

"Investment Policy" means the Band's investment policy passed by the Council in conjunction with this policy on _____, 2016 and attached as Schedule "A" as may be amended from time to time by way of a resolution;

"Land Code" means a land code that may be adopted by the Band under the *First Nations Land Management Act* or by the Band pursuant to an agreement with Canada;

"law of the Band" means any law, bylaw, Land Code or other enactment that is made by the Council or, if required through a voting or referendum process by members of the Band;

"life-cycle management program" means the program of inspection, review and planning for management of the Band's tangible capital assets as described in section 75;

"local revenue account" means an account or accounts of the Band held at a financial institution into which are placed property taxation revenues received by the Band;

"local revenue policy" means the Property and Assessment Law of the Band enacted pursuant to section 83 of the *Act* and any successor thereof;

"multi-year financial plan" means the plan prepared in accordance with section 22, and approved by the Council pursuant to section 24;

"natural resource" means any material, in its natural state, found on or under the Band's lands which, when extracted, has economic value;

"officer" means the Band Manager, Human Resources Manager, Chief Financial Officer, tax administrator and any other employee of the Band designated by the Council as an officer;

"Personnel Policy" means the Band's personnel policy adopted by the Council, which governs the relationship between the Band and its employees;

"policy" means this Financial Administration Policy 2016;

"record" means anything on which information is recorded or stored by any means whether graphic, electronic, mechanical or otherwise;

"records of the Band" mean all records respecting the governance, management, operations and financial administration of the Band;

"rehabilitation" includes alteration, extension and renovation but does not include routine maintenance;

"related body" includes

- (a) any agency of the Band,
- (b) any corporation in which the Band has a material interest or that is controlled by the Band;
- (c) any partnership in which the Band, an agency of the Band, or a corporation of the Band is a significant partner, or

(d) a trust of the Band;

"replacement" includes substitution, in whole or in part, with another of the Band's tangible capital assets;

"representative of the Band" means a current or former Councillor, officer, or designated employee of the Band;

"requisition for payment" means an authorization or payment including an approved cheque requisition, an approved electronic funds transfer or an invoice supported by an authorized purchase order;

"resolution" means a motion passed and approved by a majority of the Council not in conflict present at a duly convened meeting;

"spouse" means, in relation to an individual, a person to whom the individual is married or with whom the individual has lived as a common policy partner, in a marriage-like relationship, for at least one year;

"substantial change:" means a change in the forecasted revenues or expenses of the Band, or in the expenditure priorities of the Council, which results in a cumulative change in the budget of \$10,000 or more, or which requires additional financial reporting to a third party such as a funding agency;

"tax administrator" means the person appointed as tax administrator under the Band's local revenue policy; and

"Vice-Chair" means the Vice-Chair of the Finance Committee, appointed by the Council in accordance with section 11.

- (2) Except as otherwise provided in this policy, words and expressions used in this policy have the same meanings as in the *Act*.
- (3) Unless word or expression is defined under subsection (1) and (2) or another provision of this policy, the definitions in the *Interpretation Act* apply.
- (4) All references to named enactments in this policy are to enactments of the Government of Canada.

Interpretation

3. (1) In this policy, the following rules of interpretation apply:
 - (a) words in the singular include the plural, and words in the plural include the singular;
 - (b) if a word or expression is defined, other parts of speech and grammatical forms of the same word or expressions have corresponding meanings;

- (c) unless the context indicates otherwise, "including" means "Including, but not limited to", and "includes" means "includes, but not limited to";
 - (d) where a provision in this policy is expressed in the present tense, the provision applies to the circumstances as they arise;
 - (e) headings form no part of this policy and must be construed as being inserted for convenience of reference only; and
 - (f) a reference to a document or an enactment includes any amendment or replacement of it and, in the case of an enactment, includes every regulation made under it.
- (2) In this policy, references to a Part (e.g. Part IV), Division (e.g. Division One), section (e.g. section 8), subsection (e.g. subsection 2(1)), paragraph (e.g. paragraph 3(4)(a)) or subparagraph 3(4)(a)(i) is a reference to the specified Part, Division section, subsection, paragraph or subparagraph of this policy, except where otherwise stated.
 - (3) Provisions that apply to an officer, by name of office or otherwise, also apply to any person designated, assigned or delegated under this policy to act in the officer's place.
 - (4) The provisions of this policy are severable, and where any provision of this policy is for any reason held to be invalid by a decision of a court of competent jurisdiction, the invalid portion must be severed from the remainder of this policy and the decision that it is invalid must not affect the validity of the remaining portions of this policy.
 - (5) This policy must be construed as being remedial and must be given such fair, large and liberal construction and interpretation as best ensures the attainment of its objectives.

Posting of Public Notice

4. (1) Unless expressly provided otherwise, if a public notice must be posted under this policy,
 - (a) the notice must be posted at least 30 days before the date of the meeting; and
 - (b) the public notice is properly posted if a written notice is placed in the reception area of the Band office and the mail shed and be posted on the Band's website and placed in the Band's community newsletter.

Calculation of Time

5. In this policy, time must be calculated in accordance with the following rules:
 - (a) where the time limited for taking an action ends or falls on a holiday, the action may be taken on the next day that is not a holiday;

- (b) where there is a reference to a number of days, not expressed as "clear days", between two events, in calculating that number of days the day on which the first event happens is excluded and the day on which the second event happens is included;
- (c) where a time is expressed to begin or end at, on or within a specified day, or to continue to or until a specified day, the time includes that day;
- (d) where a time is expressed to begin after or to be from a specified day, the time does not include that day;
- (e) where anything is to be done within a time after, from, of or before a specified day, the time does not include that day.

Conflict of Laws

- 6. (1) If there is a conflict between this policy and another policy or regulation of the Band, other than a Land Code or a local revenue policy, this policy prevails to the extent of the conflict.
- (2) If there is a conflict between this policy and the *Act*, the *Act* prevails to the extent of this conflict.
- (3) If there is a conflict between this policy and a Land Code enacted by the Band, the Land Code prevails to the extent of the conflict.
- (4) If there is a conflict between this policy and a local revenue policy, the local revenue policy prevails to the extent of the conflict.

Scope and Application

- 7. This policy applies to the financial administration of the Band.

PART II ADMINISTRATION

Division One – Council

Responsibilities of Council

- 8. (1) The Council is responsible for all matters relating to the financial administration of the Band, whether or not they have been assigned or delegated to an officer, employee, committee, contractor or agent by or under this policy.
- (2) Notwithstanding subsection (1), this policy and any other applicable policy or law of the Band, the Council may delegate to any of its officers, employees, committees, contractors or agents any of its functions under this policy except the following:
 - (a) the approval of Council policies, procedures or directions;

- (b) the appointment of members of the Finance Committee;
- (c) the appointment of the Chair of the Finance Committee;
- (d) the approval of budgets and financial statements of the Band;
- (e) the approval of borrowing by the Band.

Council Policies, Procedures and Directions

9. (1) Subject to subsection (2), the Council
- (a) may establish policies and procedures and give directions respecting any matter relating to the financial administration of the Band by way of resolution; and
 - (b) must establish policies or procedures or give directions respecting the acquisition, management and safeguarding of the Band's assets by way of resolution.
- (2) The Council must not establish any policies or procedures or give any directions relating to the financial administration of the Band that are in conflict with this policy, the *Act* or GAAP.
- (3) The Council must ensure that all human resources policies and procedures are designed and implemented to facilitate effective internal financial administration controls.
- (4) The Council must document all its policies, procedures and directions and make them available to any person who is required to act in accordance with them or who may be directly affected by them.
- (5) The Council may, by resolution, make and amend policies respecting:
- (a) conflicts of interest; or
 - (b) any other matter related to the financial administration of the Band as the Council deems necessary. The Council may consider or request recommendations from the Finance Committee in this regard.

Division Two – Finance Committee

Finance Committee Established

10. (1) The Council may establish a Finance Committee. If it does:
- (a) the Council must appoint not less than three members to the Finance Committee, a majority of whom must be financially competent;

- (b) at least 25% of the Committee members must be Councillors, and
 - (c) all candidates for the Finance Committee must undergo a criminal record check, the results of which are satisfactory to the Council, before they can be considered for an appointment to the Finance Committee.
- (2) Subject to subsection (3), the Council must appoint Finance Committee members to hold office for staggered terms, as follows:
- (a) Councillors must be appointed to the Finance Committee as soon as practicable following Council elections and must sit on the Finance Committee until the next election;
 - (b) non-Councillors must be appointed for three year terms, beginning on September 1 and ending on August 31 three years thereafter; and
 - (c) notwithstanding subsections (a) and (b), for their first terms only, Council must appoint Finance Committee members as soon as practicable after this policy comes into effect, who will serve until
 - (i) the next Council election, in the case of Councillors, and
 - (ii) August 31 of the second full fiscal year after their appointment, in the case of non-Councillors.
- (3) The Council may terminate the appointment of a member of the Finance Committee for cause, including where a member
- (a) is charged with an offence under the *Criminal Code* or the Narcotics Control Act or be civilly sued for fraud;
 - (b) is an undischarged bankrupt;
 - (c) has unexcused absences from two (2) consecutive Finance Committee meetings;
 - (d) fails to perform any of their duties under this policy in good faith and in accordance with the terms of this policy; or
 - (e) the Chair of the Finance Committee recommends removal.
- (4) The Council may develop policies regarding the composition of the Finance Committee and the criteria for eligibility for appointment to the Finance Committee.

Chair and Vice-Chair

11. (1) The Council must appoint the Chair of the Finance Committee.
- (2) The Committee members may appoint one of their members a Vice-Chair of the Finance Committee.

Finance Committee Procedures

12. (1) The quorum of the Finance Committee is a majority of those members of the Finance Committee who are not in a conflict of interest.
- (2) Unless a Finance Committee member is not permitted to participate in a decision because of a conflict of interest, every Finance Committee member has one vote in all Finance Committee decisions.
- (3) In the event of a tie vote in the Finance Committee, the Chair, or Vice-Chair in the absence of the Chair, may cast a second tie breaking vote.
- (4) Subject to subsection (5), the Band Manager and the Chief Financial Officer must be notified of all Finance Committee meetings and the Chief Financial Officer must attend those meetings, subject to reasonable exceptions.
- (5) The Band Manager or the Chief Financial Officer may be excluded from all or any part of a Finance Committee meeting if
 - (a) the subject matter relates to a confidential personnel or performance issue respecting the Band Manager or the Chief Financial Officer; or
 - (b) it is a meeting with the auditor;
- (6) The Finance Committee must meet
 - (a) at least once every three months in each fiscal year as necessary to conduct the business of the Finance Committee; and
 - (b) as soon as practical after it receives the draft audited annual financial statements and report from the auditor.
- (7) The Finance Committee must provide minutes of its meetings to the Council and report to the Council on the substance of each Finance Committee meeting as soon as practicable after each meeting.
- (8) Subject to this policy and any directions given by the Council, the Finance Committee may make rules for the conduct of its meetings.
- (9) The Finance Committee may, if authorized by Council by resolution, retain a consultant to assist in the performance of any of its responsibilities.

Financial Planning Responsibilities

13. (1) The Finance Committee must carry out the following activities in respect of the financial administration of the Band:
 - (a) at least annually review, and recommend to the Council for approval, multi-year financial plans, projections and priorities;

- (b) review draft annual budgets and recommend them to the Council for approval;
 - (c) on an ongoing basis, monitor the financial performance of the Band against the budget and report any significant variations to the Council;
 - (d) review the quarterly financial statements and recommend them to the Council for approval; and
 - (e) direct and monitor the investment management of various fund assets in accordance with the Band's Investment Policy and report to Council as directed within the Band's Investment Policy.
- (2) The Finance Committee may make a report or recommendations to the Council on any matter respecting the financial administration of the Band that is not otherwise specified to be its responsibility under this policy.

Audit Responsibilities

14. The Finance Committee must carry out the following audit activities in respect of the financial administration of the Band:
- (a) make recommendations to the Council on the selection, engagement and performance of an auditor;
 - (b) receive assurances on the independence of a proposed or appointed auditor;
 - (c) review, and make recommendations to the Council on the planning, conduct and results of audit activities;
 - (d) review, and make recommendations to the Council on the audited annual financial statements, including the audited local revenue account financial statements and any special purpose reports;

Council Assigned Responsibilities

15. The Council may assign to the Finance Committee the following activities in respect of the financial administration of the Band:
- (a) to develop, and recommend to Council for approval, performance measurements and goals designed to confirm that management activities, including financial management, occur as planned;
 - (b) to review, monitor and report to the Council on, the financial content of any reports of the Band;

- (c) to review, monitor and report to the Council on the appropriateness of the Band's accounting and financial reporting systems, policies and practices;
- (d) to review, and recommend to the Council for approval, any proposed significant changes in the Band's accounting or financial reporting systems, policies, procedures or directions;
- (e) to review, and report to the Council on the Band's risk management policies and control and information systems and, where appropriate, recommend improvements to the Council;
- (f) to review the adequacy of security of information, information systems and recovery plans and, where appropriate, recommend improvements to the Council;
- (g) to review, monitor, and report to the Council on the adequacy and appropriateness of the Band's insurance coverage respecting significant risks to the Band;
- (h) monitor financial reporting risks and fraud risks and the effectiveness of mitigating controls for those risks taking into consideration the cost of implementing those controls; and
- (i) conduct a review of this by-policy under section 83 and, where appropriate, recommend amendments to the Council.

**Division Three – Chief Financial Officer,
Tax Administrator and Employees**

Chief Financial Officer

16. (1) The Council must appoint a person as Chief Financial Officer of the Band and may set the terms and conditions of that appointment.
- (2) Reporting to the Council, but with lateral lines of communication to and from the Band Manager, the Chief Financial Officer is responsible for the day-to-day management of the systems of the financial administration of the Band including the following duties:
- (a) to administer and maintain the accounts of the Band, with the exception of the local revenue account;
 - (b) to ensure that the financial administration systems, policies procedure, directions and internal controls are appropriately designed and operating effectively;
 - (c) to prepare the draft annual budgets;
 - (d) to prepare the monthly financial information required in section 59, the quarterly financial statements required in section 60 and the annual financial statements required in section 61;

- (e) to prepare the financial components of reports to the Council and of any short, medium and long term plans, projections and priorities referred to in subsection 13(1);
 - (f) to actively monitor compliance with any agreements and funding arrangements entered into by the Band;
 - (g) to administer and supervise the preparation and maintenance of financial records and the financial administration reporting systems;
 - (h) to administer and supervise the maintenance of the records of all receipts and expenditures of the Band to facilitate the annual audit;
 - (i) to actively monitor compliance with all financial aspects of the Band's legal obligations, and with any policies, procedures and directions of the Council respecting the financial administration of the Band other than those matters that are the responsibility of the tax administrator under this policy, another policy or law of the Band or the Act;
 - (j) to prepare or provide any documentation and financial information required by the Council or the Finance Committee;
 - (k) to evaluate the financial administration systems of the Band and recommend improvements;
 - (l) to develop and recommend procedures for the safeguarding of assets, and ensure that approved procedures are followed;
 - (m) to develop and recommend procedures for identifying and mitigating financial reporting and fraud risks, and ensure that approved procedures are followed;
 - (n) to perform any other duties of the Chief Financial Officer under this policy; and
 - (o) to carry out any other activities specified by the Council that are not inconsistent with the Chief Financial Officer's duties under this policy.
- (3) With the approval of the Band Manager, the Chief Financial Officer may assign the performance of any of the duties or functions of the Chief Financial Officer to any officer, employee, contractor or agent of the Band but this assignment does not relieve the Chief Financial Officer of the responsibility to ensure that these duties or functions are carried out properly.

Tax Administrator

17. (1) The Council must, under its local revenue policy, appoint a person as tax administrator of the Band and may set the terms and conditions of that appointment once the local revenue policy begins to be utilized;

- (2) Reporting to the Council, but with lateral lines of communication to and from the Band Manager, the tax administrator is responsible for the day-to-day management of the local revenue system of the Band undertaken pursuant to the local revenue policy including the following duties:
- (a) to administer and maintain the Band's local revenue account;
 - (b) to administer all local revenues of the Band;
 - (c) to prepare any draft amendments to the component of the annual budget respecting the Band's local revenue account;
 - (d) to actively monitor compliance with the Band's legal obligations, and with any policies, procedures and direction of the Council respecting the Band's local revenue system undertaken pursuant to the local revenue policy, other than those matters that are the responsibility of the Chief Financial Officer under this policy, another policy or law of the Band or the *Act* or the *First Nations Fiscal Management Act*;
 - (e) to prepare or provide any documentation and financial information required by the Council or the Finance Committee;
 - (f) to evaluate the local revenue system of the Band and recommend improvements;
 - (g) to perform any other duties of the tax administrator under this policy or under the Band's local revenue policy; and
 - (h) to carry out any other activities specified by the Council that are not inconsistent with the tax administrator's duties under this policy or under the Band's local revenue laws.
- (3) The tax administrator may assign the performance of any of his or her duties or functions to any officer, employee, contractor or agent of the Band but his assignment does not relieve the tax administrator of the responsibility to ensure that these duties or functions are carried out properly.

Organizational Structure

18. (1) The Council must establish and maintain a current organization chart for the governance, management and administrative systems of the Band.
- (2) The organization chart under subsection (1) must include the following information:
- (a) all governance, management and administrative systems of the Band;
 - (b) the organization of the systems described in paragraph (a) including the linkages between them;
 - (c) the specific roles and responsibilities of each level of the organization of the systems described in paragraph (a);

- (d) all governance, management and administrative positions at each level of the organization of the systems described in paragraph (a) including
 - (i) the membership on the Council, Finance Committee and all other committees of the Council and the Band;
 - (ii) the Band Manager, the Chief Financial Officer, the tax administrator and other officers of the Band, and
 - (iii) the principal lines of authority and the responsibility between the Council, the committees referred to on subsection (1) and the officers referred to in paragraph (d)(ii).
- (3) On request, the Chief Financial Officer must provide a copy of the organization chart under subsection (1) to a Councillor, a member of a committee, an officer, employee or contractor or agent of the Band and a member of the Band.
- (4) The Council must take all reasonable steps to ensure that the Band hires or retains qualified and competent personnel people to carry out the financial administration activities of the Band.

Division Four – Conduct Expectations

Conduct of Councillors

19. (1) When exercising a power, duty or responsibility relating to the financial administration of the Band, a Councillor must
- (a) comply with this policy, any other applicable policy, and any applicable policies;
 - (b) act honestly, in good faith and in the best interests of the Band;
 - (c) exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances; and
 - (d) avoid conflicts of interest and comply with the requirements of the *Band's Conflict of Interest Policy*.

Conduct of Officers, Employees, Contractors, etc.

20. (1) Any

- (a) officer, employee, contractor and agent of the Band;
- (b) person acting under the delegated authority of the Council or the Band; or
- (c) member of a committee of the Council or the Band who is not a Councillor;

who exercises a power, duty or responsibility relating to the financial administration of the Band must,

- (d) comply with this policy, any other applicable policy, and any applicable Band policies;
 - (e) comply with all policies, procedures and direction of the Council; and
 - (f) avoid conflicts of interest and comply with any applicable requirements of the *Band's Conflict of Interest Policy* including required disclosure of potential conflicts of interest.
- (2) The Council must incorporate the relevant provisions of this section into
- (a) the terms of employment or appointment of every officer or employee of the Band;
 - (b) the terms of every contract of a contractor of the Band;
 - (c) the terms of appointment of every member of a committee who is not a Councillor; and
 - (d) the terms of appointment of every agent of the Band.
- (3) If a person contravenes subsection (1), the following actions may be taken:
- (a) an officer or employee may be disciplined, up to and including dismissal, in accordance with the Personnel Policy;
 - (b) a contractor's contract may be terminated;
 - (c) the appointment of a member of a committee may be revoked; and
 - (d) the appointment of an agent may be revoked.

PART III FINANCIAL MANAGEMENT

Division One – Financial Plans and Annual Budgets

Fiscal Year

21. The fiscal year of the Band is April 1 to March 31 of the following year.

Multi-Year Financial Plan

22. No later than March 31 of each year, the Council must approve a multi-year financial plan that
- (a) has a planning period of five years comprised of the current fiscal year and the four succeeding fiscal years;

- (b) in respect of projected revenues, sets out separate amounts for income from taxes, fees and charges, transfers from Canada or British Columbia grants and business operations, and proceeds from borrowing;
- (c) 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 Part IV, payments required to address any deficits and payments for all other purposes;
- (d) in respect of transfers between reserve accounts, sets out the amounts from the Band's reserve accounts;
- (e) shows all categories of restricted cash; and
- (f) indicates whether in any of the five years of the plan a deficit or surplus is expected from the projection of revenues and expenditures for that year.

Content of Annual Budget

23. (1) The annual budget must encompass all the operations for which the Band is responsible and must identify:
- (a) each anticipated source of revenue and estimate the amount of revenue from each of these sources including taxes, fees and charges, transfers from Canada or British Columbia grants and business operations, and proceeds from borrowing;
 - (b) each anticipated category of expenditure and estimate the amount of expenditure for each category including those for payments of principal and interest on debt, payments required for capital projects set forth in Part IV, payments required to address any deficits and payments for all other purposes; and
 - (c) any anticipated annual and accumulated surpluses or annual and accumulated deficits and the application of year end surpluses.
- (2) If the Band enacts a Land Code, then the revenue category of moneys derived from the Band's lands must be shown separately in the annual budget from other revenues and must include a sub-category for revenues from natural resources obtained from the Band's lands.

Budget and Planning Process Schedule

24. (1) On or before January 31 of each year, each senior manager must prepare and submit, to the Band Manager and to the Chief Financial Officer, a preliminary work plan and budget for their department for the next fiscal year.
- (2) On or before February 28 of each year, the Finance Committee, once established, must review
- (a) the draft annual budget and recommend an annual budget to the Council for approval;

(b) the draft multi-year financial plan and recommend a multi-year financial plan to the Council; and

(c) comments submitted by members pursuant to section 28

and may recommend to Council revisions to the budget and financial plan.

(3) On or before March 31 of each year, the Council must review and approve the annual budget for the Band for the next fiscal year.

(4) On or before June 15 of each year, the tax administrator must prepare and submit to the Finance Committee for review a draft amendment of the component of the annual budget respecting the Band's local revenue account.

(5) On or before June 30 of each year, the Finance Committee must review the draft amendment of the component of the annual budget respecting the Band's local revenue account and recommend an amendment to the annual budget to the Council for approval.

(6) No later than July 15 of each year, the Council must approve the amendment of the component of the annual budget respecting the Band's local revenue account.

Additional Requirements for Budget Deficits

25. If a draft annual budget contains a proposed deficit, the Council must ensure that:

(a) the multi-year financial plan of the Band demonstrates how and when this deficit will be addressed and how it will be serviced; and

(b) the deficit does not have a negative impact on the credit worthiness and financial solvency of the Band.

Amendments to Annual Budgets

26. (1) The annual budget of the Band must not be changed without the approval of the Council by resolution;

(2) Subject to subsection 24(6) and to sections 33 and 34, if there is a substantial change in the forecasted revenues or expenses of the Band, or in the expenditure priorities of the Council, the Council must authorize an appropriation and amend the annual budget of the Band by resolution.

Local Revenue Account Budget Requirements

27. Despite any other provisions of this policy, any part of a budget relating to the local revenue account must be prepared, approved and amended in accordance with applicable provision of the *Act* or the *Fiscal and Statistical Management Act* if the Band has agreed that the *Fiscal and Statistical Management Act* will apply to it.

Informing and Involving Members of the Band

28. (1) The Council must establish policies or procedures or give directions respecting the means by which members of the Band must be informed about or involved in consideration of:
- (a) the annual budget including any component of the annual budget respecting the Band's local revenue account; and
 - (b) the multi-year financial plan.
- (2) The Council must post a public notice of each Council meeting when each of the following is presented for approval:
- (a) the multi-year financial plan;
 - (b) the annual budget; and
 - (c) an amendment to the annual budget.
- (3) Members of the Band may attend that part of the Council meeting when the matters referred to in subsection (2) are being considered. Discussion of other financial matters may be held in camera.

Division Two – Financial Institution Accounts

Financial Institution Accounts

29. (1) No account may be opened for the receipt and deposit of money of the Band unless the account is:
- (a) in the name of the Band;
 - (b) opened in a financial institution; and
 - (c) authorized by the Council by resolution, on the recommendation of the Finance Committee if the Finance Committee has been established.
- (2) Where moneys exist, the Band must establish the following accounts in a financial institution:
- (a) a general account for money from any sources other than those described in paragraphs (b) to (e);
 - (b) a local revenue account for money from local revenues, which funds must be kept separate from other moneys of the Band;
 - (c) a trust account;

- (d) a land and resources account for money from revenues from the Band's lands, and
 - (e) a tangible capital asset reserve fund account for money set aside for purposes of funding expenditures for capital projects carried out under Part IV.
- (3) Council may, by resolution, establish any other accounts not referred to in subsection (2) as may be necessary and appropriate to manage the Band's financial assets.

Accounts Management

30. (1) The Chief Financial Officer must exercise due diligence to ensure the safekeeping of all money received by the Band.
- (2) The Chief Financial Officer must ensure that all the moneys received by the Band are deposited as soon as practicable into the appropriate accounts described in section 29.
- (3) The Council must not authorize payment of money from an account described in section 29 unless the payment relates to the subject matter for which the account was established and is otherwise authorized or permitted under this policy.

Division Three – Expenditures

Prohibited Expenditures

31. (1) Money or financial assets in a trust account must not be used for a purpose other than that specified in respect of the creation of that trust account.
- (2) Money in a local revenue account must not be used for any purpose other than that permitted under a local revenue policy.

No Expenditure Without Appropriation

32. (1) Money must not be paid out of any account unless the expenditure is authorized under an appropriation.
- (2) Subsection (1) does not apply to expenditures from a trust account where the expenditure is specified in respect of the creation of that trust account.

Appropriations

33. Every person who is responsible for managing an appropriation pursuant to section 32 must establish and maintain a current record of commitments chargeable to that appropriation.

Payments After Fiscal Year End

34. (1) Money appropriated in a budget for a fiscal year must not be expended after the end of the fiscal year except to discharge a liability incurred in that fiscal year.

- (2) If the liabilities for an appropriation under subsection (1) exceed the unexpended balance of the appropriation at the end of the fiscal year, the excess must be reported in the financial statements for the fiscal year in which the liability was incurred.

Division Four – General Matters

Advances

35. (1) The Band Manager or the Chief Financial Officer may approve an advance to prepay expenses that are chargeable against an appropriation in the current fiscal year or an appropriation in the next fiscal year.
- (2) The tax administrator may approve an advance to prepay expenses that are chargeable against an appropriation from the local revenue account in the current fiscal year or an appropriation from that account in the next fiscal year.

Holdbacks

36. If the Band withholds an amount payable under an agreement, the payment of the amount withheld must be charged to the appropriation from which the agreement must be paid even if the fiscal year for which it was appropriated has ended.

Deposit Money

37. (1) Money received by the Band as a deposit to ensure the doing of any act or thing must be held and disposed off in accordance with:
- (a) the agreement under which the deposit has been paid; and
 - (b) in the absence of any provisions respecting that matter, any policy or direction of the Council.
- (2) The Council must, by resolution, make policies or procedures or give directions in respect of the disposition of deposit money referred to in subsection (1).

Interest

38. (1) All interest earned on the accounts described in section 29, other than a trust account, local revenue account or tangible capital asset reserve account, if they exist, must be deposited in the general account referred to in section 29.
- (2) All interest earned on
- (a) a trust account must be retained in that account;
 - (b) the local revenue account must be retained in that account; and
 - (c) the tangible capital asset reserve fund account must be retained in that account.

- (3) Subject to the *Interest Act*, the Band may charge interest at a rate set from time to time by the Council, by resolution, on any debts or payments owed to the Band that are overdue.

Extinguishment of Debts

39. All or part of a debt or obligation owed to the Band may be written off and/or extinguished only if approved by the Council, by resolution, on written recommendation of the Finance Committee, the Band Manager or the Chief Financial Officer.

Year End Surplus

40. (1) Subject to subsection (2) and (3), an operating surplus at the end of the fiscal year that is maintained in a bank account other than the general account described in section 29 may, by a resolution of Council, be paid into the general account.
- (2) An operating surplus in the local revenue account at the end of the fiscal year must be retained in that account.
- (3) An operating surplus in the tangible capital asset reserve account at the end of the fiscal year must be retained in that account.

Division Five – Borrowing

Limitations on Borrowing

41. (1) Except as specifically authorized in this policy or in a local revenue policy, the Band must not borrow money or grant security.
- (2) If the Band is authorized in this policy to borrow money or grant security, the Council may, by resolution, authorize the borrowing of moneys or granting of security in the name of the Band by the Band Manager or the Chief Financial Offer, or both.

Borrowing for Ordinary Operations

42. (1) The Band may incur trade accounts or other current liabilities payable within normal terms of trade for expenditures provided for in the budget for the fiscal year if the debt will be repaid from money appropriated under an appropriation of the fiscal year or is in respect of an expenditure that may be made without the authority of an appropriation under this policy.
- (2) The Band may enter into agreements with financial institutions for overdrafts or lines of credit and, for the purpose of securing any overdrafts or lines of credit they may grant security to the financial institution in form, amount and on terms and conditions that the Council approves by resolution.

- (3) The Band may enter into a general security agreement or a lease for the use or acquisition of lands, materials or equipment required for the operation, management or administration of the Band if Council approves of same by resolution.

Financial Agreements

43. For the purpose of efficient management of the Band's financial assets, the Band may, if approved by Council by way of a resolution, enter into agreements with financial institutions and related services agreements in the name of the Band.

Borrowing for Authorized Expenditures

44. (1) If the general account described in section 29 is not sufficient to meet the expenditures authorized to be made from it and the Chief Financial Officer recommends that money be borrowed to ensure that the general account is sufficient for these purposes, the Council may, by resolution, authorize the Band to borrow an amount not exceeding a maximum amount specified by the Council in that resolution and to be repaid within a specified period of time.
 - (2) Despite the repayment terms specified in subsection (1), if the money borrowed under subsection (1) is not longer required for the purpose for which it was borrowed, the money must be repaid as soon as is practicable.

Borrowing Member Requirements

45. (1) The Band may only secure long-term financing secured by property tax revenues as permitted under its local revenue laws.

Borrowing for Repayment of Debts

46. The Band may not borrow money to repay or refinance a debt of the Band unless the result of the borrowing is a net savings to the Band.

Use of Borrowed Money

47. (1) Subject to this section and any local revenue w money borrowed by the Band for a specific purpose must not be used for any other purpose.
 - (2) All or some of the money borrowed for a specific purpose by the Band and not required to be used immediately for that purpose may be temporarily invested in accordance with subsection 55(1) until required for that purpose.
 - (3) If some of the money borrowed for a specific reason is no longer required for that purpose, that money must be applied to repay the debt from the borrowing as soon as practicable.

Execution of Security Documents

48. (1) Subject to subsection (2), a security granted by the Band must be signed by a majority of the Council not in conflict following approval by resolution.

- (2) A security granted by the Band in respect of local revenues must be signed by a majority of the Council not in a conflict following approval by resolution and by the tax administrator.

Operational Controls

49. The Council must establish, by resolution, policies or procedures or give directions respecting the establishment and implementation of an effective system of internal controls that ensures the orderly and efficient conduct of the Band's operations.

Division Six – Risk Management

Investments in Member Activities

50. (1) Subject to subsection (2), the Band must not make a loan to a member or employee of the Band, or to a person related to a member or employee, or to any business a majority of which is owned, legally or beneficially, or both, by a member, employee or person that is related to the member or employee.
- (2) The Band may make a loan to a member where the loan is a part of a lending program approved by Council by resolution.

Risk-Management of For-Profit Activities

51. (1) Subject to subsections (2) and (3), the Band must not
 - (a) carry on business as a proprietor;
 - (b) acquire an interest in a partnership as a general partner; or
 - (c) act as a trustee respecting property used for, or held in the course of, carrying on a business.
- (2) The Band may carry on a business that:
 - (a) is ancillary or incidental to the provision of programs or services or other functions of the governance of the Band or in which the Band has a beneficial interest; or
 - (b) derives income from the granting of a lease or licence of or is in respect of
 - (i) an interest in, or natural resources on or under, the Band's lands owned in fee simple by or in trust for the Band, or
 - (ii) any other property of the Band.
- (3) The Band may carry on business activities for the primary purpose of profit if the Council determines that the business activities:
 - (a) do not result in a material liability for the Band; or

- (b) do not otherwise expose the Band's financial assets, property or resources to significant risk.
- (4) The Council may, by resolution, impose terms and conditions on the conduct of any business activity permitted under this section in order to manage any risks associated with that activity.

Guarantees

- 52. (1) The Band must not give a guarantee unless the Council has considered the report of the Chief Financial Officer under subsection (2).
- (2) Before the Council authorizes a guarantee by way of resolution under subsection (1), the Chief Financial Officer must prepare a report for Council identifying any risks associated with giving the guarantee and assessing the ability of the Band to honour the guarantee should it be required to do so.
- (3) The Council must establish, by resolution, policies, procedures or directions specifying any terms or conditions under which a guarantee may be given and the records to be maintained of all guarantees.

Indemnities

- 53. (1) The Band must not give an indemnity unless it is:
 - (a) necessary and incidental to and included in another agreement to which the Band is a party; or
 - (b) in relation to a security granted by the Band that is authorized under this policy or another policy or law of the Band.
- (2) The Council must establish policies or procedures or give directions respecting guarantees and indemnities as follows:
 - (a) specifying circumstances under which an indemnity may be given without Council approval;
 - (b) designating the persons who may give an indemnity on behalf of the Band and specifying the maximum amount of any indemnity which may be given by them;
 - (c) specifying any terms or conditions under which an indemnity may be given; and
 - (d) specifying the records to be maintained of all indemnities given by the Band.

Authority to Invest

- 54. (1) Except as specifically authorized in this policy or another policy or law of the Band, the Band must not invest the Band's financial assets.

- (2) a majority of the Council may, by resolution:
- (a) in accordance with Council policies or procedures; or
 - (b) on the recommendation of the Chief Financial Officer
- invest the Band's financial assets.

Approved Investments

55. (1) Money in an account described in section 29 that is not immediately required for expenditures may be invested by the Band in accordance with the Band's Investment Policy which provides an investment structure to establish an investment mix or asset allocation model to assist the Band in achieving its overall goals and its short and long term financial needs.:
- (2) Subject to the terms of the trust, money held in trust that is not immediately required for expenditures may be invested by the Band as permitted under the terms of the trust.
- (3) If the Band has established an investment account under section 29, the Band may, by way of a resolution, invest money in the account in:
- (a) a company that is incorporated under the laws of Canada or of a province or territory and in which the Band is a shareholder;
 - (b) a trust in which the Band is a beneficiary;
 - (c) a limited partnership or limited liability partnership in which the Band is a partner; or
 - (d) any other entity in which the Band has a legal or beneficial interest

Risk Assessment and Management

56. (1) On a regular basis, the Chief Financial Officer with input from the officers, must identify and assess any significant risks to the Band's
- (a) financial assets;
 - (b) tangible capital assets as defined in Part IV; and
 - (c) operations.

In furtherance of this, the Chief Financial Officer will meet with the officers and managers of the Band's departments at least quarterly.

- (2) The Chief Financial Officer must regularly, and not less than monthly, report to the Finance Committee on proposed plans to mitigate the risks identified in subsection (1) or, where appropriate, to manage or transfer those risks by agreement with others or by purchasing insurance.

Insurance

57. (1) The Band, on the recommendation of the Band Manager or the Chief Financial Officer and approved by Council by resolution, must procure and maintain in force all insurance coverage that is appropriate with the risks identified in section 56 and any other risks associated with any assets, property or resources under the ownership, care or control of the Band.
- (2) The Band may purchase and maintain insurance for the benefit of a Councillor or an officer or their personal representatives against any liability arising from that person being or having been a Councillor or an officer.

Division Seven – Financial Reporting

Accounting Practices

58. All accounting practices of the Band must comply with GAAP.

Monthly Financial Information

59. No more than 45 days following the end of each month, the Chief Financial Officer must:
- (a) prepare financial information respecting the financial affairs of the Band, in the form and with the content approved by the Council, as set forth in the Band's financial procedures policy; and
 - (b) provide the information in paragraph (a) to the Council and Finance Committee.

Quarterly Financial Statements

60. (1) No more than 45 days after the end of each quarter of the fiscal year, the Chief Financial Officer must:
- (a) prepare financial statements for the Band for that quarter in the form and with the content approved by the Council as set forth in the financial procedures policy; and
 - (b) provide the information in paragraph (a) to the Council and the Finance Committee.
- (2) The quarterly financial statements in subsection (1) must be:
- (a) reviewed by the Finance Committee; and
 - (b) reviewed and accepted by the Council by resolution.

Annual Financial Statements

61. (1) At the end of each fiscal year the Chief Financial Officer must prepare the annual financial statements of the Band for that fiscal year in accordance with GAAP.
- (2) The annual financial statements must include the following information:
- (a) the financial information of the Band and its related bodies for the fiscal year which may be presented by the Chief Financial Officer in the form of consolidated and combined financial statements;
 - (b) the financial information for the local revenue account that is required to meet applicable standards respecting audit of the local revenue account; and
 - (c) if the Band has enacted a Land Code the revenue categories for the Band's lands referred to in subsection 23(2).

Appointment of Auditor

62. (1) The Council must appoint an auditor for each fiscal year to hold office until the later of:
- (a) the date the Council approves the audited annual financial statements for that fiscal year; or
 - (b) the date the auditor's successor is appointed.
- (2) The terms and conditions of the appointment of the auditor must be set out in an engagement letter agreed to by a majority of the Council and signed by the Chief of the Band.
- (3) To be eligible for appointment as the auditor of the Band, an auditor must:
- (a) be a member in good standing of
 - (i) the Certified General Accountants Association of Canada;
 - (ii) the Society of Management Accountants of Canada;
 - (iii) the Canadian Institute of Chartered Accountants;
 - (iv) an associate of accountants or auditors incorporated under the laws of a province or territory; or
 - (v) any successor body of (3)(ii), (iii) and (iv); and
 - (b) be independent of the Band.
- (4) If the auditor ceases to be independent, the auditor must, as soon as practicable after becoming aware of the circumstances:

- (a) advise the Band in writing of the circumstances; and
- (b) eliminate the circumstances that resulted in loss of independence or resign as the auditor.

Audit Requirements

63. (1) The auditor must audit the annual financial statements of the Band, in accordance with generally accepted auditing standards and with any applicable INAC reporting requirements;
- (2) The auditor must conduct the audit of that part of the annual financial statements respecting the local revenue account in accordance with applicable standards for the audit of local revenue accounts and must report on that account separately from other accounts;
 - (3) When conducting the audit, the auditor must provide an audit opinion of the annual financial statements; and
 - (4) The auditor must provide an audit opinion or review comments on special purpose reports as required by INAC's reporting requirements.

Auditor's Authority

64. (1) To conduct an audit of the annual financial statements of the Band, the auditor must be given access to:
- (a) all records of the Band for examination or special inspection and given copies of these records on request;
 - (b) any Councillor, officer, employee, contractor or agent of the Band to ask any questions or request any information; and
 - (c) the minutes of all meetings of the Finance Committee and minutes of all Council meetings that were not held in camera where financial matters were discussed.
- (2) On request of the auditor, every person referred to in paragraphs 1(b) and (c) must:
- (a) make available all records referred to in paragraph (1)(a) that are in that person's care or control; and
 - (b) provide the auditor with full information and explanation about the affairs of the Band as necessary for the performance of the auditor's duties.
- (3) The auditor may call a meeting of the Finance Committee to discuss any subject that concerns the audit of the Band.

- (4) The auditor may be excluded, by a recorded vote of the majority in attendance, from all or any part of a meeting of the Finance Committee or the Council to which the auditor has been invited, if the subject matter relates to the retaining or dismissal of the auditor.

Review of Audited Annual Financial Statements

65. (1) The audited annual financial statements must be provided to the Finance Committee for its review and consideration no later than 110 days after the fiscal end for which the statements were prepared.
- (2) The Council must review and approve the audited financial statements by resolution no later than 115 days after the fiscal year end for which the statements were prepared.

Access to Annual Financial Statements

66. (1) Before the annual financial statements may be published or distributed, they must:

- (a) be approved by the Council by resolution; and
- (b) be signed by
 - (i) the Chief of the Band or Council chairperson;
 - (ii) the Chair of the Finance Committee if the Finance Committee has been established; and
 - (iii) the Chief Financial Officer.

if one or more of the persons referred to in (i), (ii) or (iii) refuse to sign the annual financial statements that, and the reasons for the refusal, shall be noted in the annual financial statements.

- (2) The audited annual financial statements and special purpose reports must be available for inspection by members of the Band at the principle administrative offices of the Band during normal business hours. All disclosures shall be in compliance with the *Financial Transparency Act*.
- (3) The audit report relating to the local revenue account must be available for inspection by
- (a) the members of the Band; and
 - (b) the Minister responsible for INAC,

at the principal administrative office of the Band during normal business hours.

- (4) If applicable, the audit report relating to the local revenue account must be available for inspection by the First Nations Tax Commission at the principal administrative

offices of the Band during normal business hours in accordance with section 14(2) of the FNFMA.

Division Eight – Information and Information Technology

Ownership of Records

67. (1) All records of the Band that are produced by or on behalf of the Band or kept, used or received by any person on behalf of the Band are property of the Band.
- (2) The Council must, by resolution, establish policies or procedures or give directions to ensure that the records referred to in subsection (1) remain the property of the Band.

Operations Manual

68. (1) The Band Manager must prepare and maintain a current operations manual respecting every element of the Band's administrative systems including any financial administration systems referred to in this policy.
- (2) The operations manual under subsection (1) must be made available to Councillors, members of the Finance Committee and all other Council committees and officers and employees of the Band subject to reasonable exceptions determined at the discretion of the Band Manager.
- (3) If any part of the operations manual under subsection (1) is relevant to the services being provided by a contractor or agent of the Band, that part of the operations manual may be made available to the contractor or agent.

Record Keeping and Maintenance

69. (1) The Band Manager must ensure that the Band prepares, maintains, stores and keeps secure all records of the Band that are required under this policy or any other applicable policy, financial policy or law of the Band.
- (2) No record of the Band may be destroyed or disposed of except as permitted and in accordance with this policy, any other applicable policy or law of the Band, and the policies, procedures or directions of the Council.
- (3) All financial records must be stored for at least seven years after they were created.

Local Revenue Account Records

70. The tax administrator must prepare, maintain, store and keep all records respecting the local revenue system of the Band for at least seven years after they were created.

Confidentiality of Information

71. (1) No person may be given access to records of the Band containing confidential information except as permitted in and in accordance with the policies, procedures and directions of the Council made by way of resolution, and all applicable laws of the Band.
- (2) All persons who have access to records of the Band must comply with all policies, procedures or directions of Council respecting the confidentiality, control, use, copying or release of that record or information contained in those records.

Information Technology

72. The Council must establish policies or procedures or give directions by way of resolution respecting information technology used by the Band in its operations to ensure the integrity of the Band's financial administration system and its database.

PART IV CAPITAL PROJECTS

Council General Duties

73. The Council must take reasonable steps to ensure that
- (a) The Band's tangible capital assets are maintained in a good and safe condition;
 - (b) the rehabilitation, maintenance or replacement of the Band's tangible capital assets is done in accordance with section 75; and
 - (c) capital projects for the construction of buildings or other improvements are financed, planned, managed and constructed in accordance with procedures and to standards that generally apply to the financing, planning and construction of public buildings and other improvements of organized communities in the region in which the majority of the Band's lands are located.

Reports on Capital Projects

74. At least quarterly, the Chief Financial Officer must report to the Finance Committee, once it has been established, on the following subjects:
- (a) the status of a capital project including
 - (i) year to date borrowings, loans and payments,
 - (ii) a comparison of expenditures to date with the project budget,
 - (iii) a detailed description of any identified legal, financial, technical, scheduling or other problems, and
 - (iv) the manner in which a problem identified in subparagraph (iii) has been or will be addressed,

- (b) steps taken to ensure compliance with section 75 for every capital project.

Life-Cycle of Tangible Capital Assets Management Program

- 75. (1) The Band Manager must establish and keep current a register of all the Band's tangible capital assets that identifies each of the assets and includes the following information
 - (a) location and purpose of the asset;
 - (b) ownership and restrictions over ownership of the asset;
 - (c) year of acquisition;
 - (d) last inspection date of the asset;
 - (e) expected life of the asset at the time of acquisition;
 - (f) assessment of condition of the asset and its remaining useful life;
 - (g) estimated residual value of the asset;
 - (h) insurance coverage for the asset; and
 - (i) any other information required by the Council.
- (2) On or before November 30 of each year, the Band Manager must arrange for the inspection and review of the state of each of the Band's tangible capital assets to establish or updated information respecting the following matters, as applicable
 - (a) its present use;
 - (b) its condition and state of repair;
 - (c) its suitability for its present use;
 - (d) its estimated remaining life, and
 - (e) its estimated replacement cost
- (3) On or before January 25 of each year, the Chief Financial Officer must prepare and provide to the Finance Committee, once it has been established, the following:
 - (a) a schedule of annual routine maintenance, other than rehabilitation, for each of the Band's tangible capital assets for the next fiscal year;
 - (b) 5 and 10 year forecasts of the estimated cost for maintenance, rehabilitation, or replacement of the Band's tangible capital assets;

- (c) the proposed budget for rehabilitation of the Band's tangible capital assets for the next fiscal year, setting out
 - (i) each proposed rehabilitation project and its schedule,
 - (ii) the estimated cost, including contingencies of each proposed rehabilitation project, and
 - (iii) the estimated amounts and timing of money that is required to carry out each proposed rehabilitation project,
- (d) the proposed budget for replacement of the Band's tangible capital assets for the next fiscal year setting out
 - (i) each proposed replacement project and its schedule,
 - (ii) the description of each asset to be replaced,
 - (iii) the estimated cost, including contingencies of each proposed replacement project, and
 - (iv) the reasons why each proposed acquisition should be regarded as a replacement for the capital asset to be replaced.

Review by Finance Committee

76. (1) Each year, on or before the earlier of

- (a) February 15, or
- (b) INAC's deadline for submitting a capital plan or capital update,

the Finance Committee, once established, must review the information, schedules and budget prepared under section 75 for the following purposes

- (c) to identify any means to reduce the cost of each rehabilitation or replacement project included in the proposed budgets;
 - (d) to know the effect that each rehabilitation or replacement project included in the proposed budgets will have on the annual operating costs and routine maintenance costs in future years; and
 - (e) to determine whether any significant savings might be effected by coordinating the scheduling of projects, deferring any projects or carrying out rehabilitation projects rather than replacement projects.
- (2) The Finance Committee must review, and make recommendations to the Council regarding, any plans for new construction of the Band's tangible capital assets including

the proposed schedule, budget and impact on annual operating costs and routine maintenance costs in future years.

Capital Projects – Contracts and Tenders

77. (1) The Council must, by resolution, establish policies or procedures or give directions respecting the management of capital projects including the following:
- (a) project planning, design, engineering, safety and environmental requirements;
 - (b) project costing, budgeting, financing and approval;
 - (c) project and contractor bidding requirements;
 - (d) tender, contract form and contract acceptance;
 - (e) course of construction insurance;
 - (f) project performance guarantees and bonding;
 - (g) project control, including contract management; and
 - (h) holdbacks, work approvals, payment and audit procedures.
- (2) All of the Band's capital projects must be managed in accordance with the policies, procedures or directions referred to in subsection (1).

Capital Project Consultants

78. The Band Manager may retain the services of a professional engineer or other consultants to assist the Band Manager, the Finance Committee and the Council to carry out their obligations under this Part.

PART V MISCELLANEOUS

Land Management Obligations

79. If the Band implements a Land Code, then
- (a) the Band must comply with that Land Code; and
 - (b) the Band must comply with the *First Nations Land Management Act* and its regulations;

Reports of Breaches and Financial Irregularities, etc.

80. (1) Subject to subsections (2) and (3), if a Band member or employee of the Band has reasonable grounds to believe that
- (a) an expenditure, liability or other transaction of the Band is not authorized by or under this policy or another policy or law of the Band,
 - (b) there has been a theft, misappropriation or other misuse or irregularity in the funds, accounts, assets, liabilities and financial obligations of the Band,
 - (c) a provision of this policy has been contravened, or
 - (d) a person has failed to comply with the Band's *Conflict of Interest Policy*,

the person may disclose the circumstances to the Chair of the Finance Committee or the Band Manager.

- (2) If a Councillor becomes aware of any circumstances described under subsection (1), the Councillor must report them to the Chair of the Finance Committee or the Band Manager, or both.
- (3) If an officer, employee, contractor or agent of the Band becomes aware of any circumstances described under subsection (1), the officer, employee, contractor or agent, as the case may be, must report them to the Band Manager or the Chair of the Finance Committee.

Inquiry into Report

81. (1) If a report is made to the Band Manager under section 80, the Band Manager must, within 5 business days, inquire into the circumstances reported and report the findings to the Finance Committee, once established, as soon as practicable.
- (2) If a report is made to the Chair of the Finance Committee under section 80, the Chair must inquire into the circumstances reported and report the findings to the Finance Committee and the Band Manager as soon as practicable.
 - (3) The Finance Committee or the Band Manager may make a further inquiry into any findings reported to it under this section but, in any event, must make a report to the Council respecting any circumstances reported to the Finance Committee or the Band Manager which shall include any recommendations of the Band Manager or the Finance Committee, or both.
 - (4) While an enquiry is being conducted under this section 81 the Band Manager or if he or she is in a conflict of interest; the Chair of the Finance Committee, shall take all steps as are necessary in order to ensure that all relevant information is preserved and none of it is deleted or destroyed.

Protection of Parties

82. (1) All reasonable steps must be taken by the Band Manager, the members of the Finance Committee and the Council to ensure that the identity of the person who makes a disclosure under section 80 is kept confidential to the extent practicable in all circumstances.
- (2) A person who makes a disclosure in good faith under section 80 must not be subjected to any form of reprisal by the Band or by a Councillor, officer, employee, contractor or agent of the Band as a result of making that report.
- (3) The Band Manager and the Chair of the Finance Committee must take all necessary steps to ensure that subsection (2) is not contravened and must report any contravention or suspected contravention to the Council.
- (4) The Council must, by resolution, establish policies or procedures or give directions for
- (a) the recording and safeguarding of disclosures under section 80 and any records prepared during the inquiry or investigation into those reports;
 - (b) the inquiry or investigation into disclosures made under section 80; and
 - (c) the fair treatment of a person against whom a disclosure has been made under section 80.

Periodic Review of Policy

83. (1) At a minimum, once created, the Finance Committee, working with the Band Manager, the Chief Financial Officer and the tax administrator must conduct a review of this policy at least every three years
- (a) to determine if it facilitates effective and sound financial administration of the Band; and
 - (b) to identify any amendments to this policy that may better serve this objective and report back to Council.

Amendment



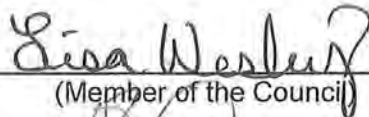

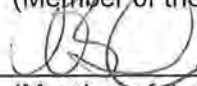
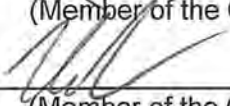
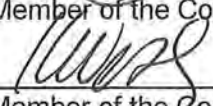
84. (1) Council must follow the following procedures in if it wishes to substantively amend or repeal this policy,
- (a) Council must present the amendment or proposal to repeal for discussion at three separate Council meetings;
 - (b) Council must provide at least 15 days notice to members at the places set forth in paragraph 4(1)(b) prior to each meeting referred to in section 84(1)(a). Such notice must indicate the nature of the policy being discussed;

- (c) Council must allow any member, or any person who may possibly be affected by the proposed amendment of this policy, to present written or oral comments at any of the meetings required by paragraph 84(1)(a). Council may, however, set reasonable restrictions on the amount of time allowed for such comments.

- (d) Council shall hold a meeting of the Band membership to discuss the proposed amendments to, or repeal of, this policy. Notice of the membership meeting will be conveyed in accordance with section 4.

THIS FINANCIAL ADMINISTRATION POLICY IS HEREBY APPROVED by Council at a duly convened meeting of the Council of the KITSUMKALUM FIRST NATION, also known as the KITSUMKALUM INDIAN BAND this 20 day of OCTOBER, at TERRACE in the Province of British Columbia.

Voting in favour of the policy are the following members of the Council:

 _____ (Member of the Council)	 (Chief)	 _____ (Member of the Council)
 _____ (Member of the Council)		 _____ (Member of the Council)
 _____ (Member of the Council)		 _____ (Member of the Council)
_____ (Member of the Council)		_____ (Member of the Council)
_____ (Member of the Council)		_____ (Member of the Council)

Being the majority of those members of the Council of the Kitsumkalum First Nation also known as the Kitsumkalum Indian Band present at the aforesaid meeting of the Council.

The quorum of the Council is 5 members.

Number of members of the council present at the meeting: 7

Schedule "A"

Kitsumkalum Indian Band Investment Policy

Introduction

This statement of investment policy was adopted by the Band Council for Kitsumkalum Indian Band on April 21, 2016 to provide for the creation of, and guidelines for the management of, various funds held by the Band. These policies supersede any and all prior actions regarding investment policies.

For the purpose of managing investment risk and to optimize investment returns within acceptable risk parameters, the following funds will be created and held as separate investment pools.

- **"Operating Fund"**
- **"Short-term Reserve Fund"**
- **"Long-term Reserve Fund"**

Procedures

1. The following procedures will be followed to ensure the investment policy statement is consistent with the mission of Kitsumkalum Indian Band and accurately reflects current financial conditions:

- A. The Finance Committee and/or the Band Council shall review this investment policy annually.
- B. The Finance Committee (if such committee exists) will recommend any changes in this policy to the Band Council.

2. The following procedures will be used to determine the dollar amounts to be placed in each of the various funds:

- A. The Chief Financial Officer or his/her designee will recommend the dollar amounts to be held in the Operating Fund and Short-term Reserve Fund.
- B. The Chief Financial Officer will recommend to the Finance committee and/or the Band Council for their approval the dollar amounts to be held in the Long-Term Reserve Fund.

Delegation of Authority

The Finance Committee and/or Band Council is a fiduciary, and is responsible for directing and monitoring the investment management of the various fund assets on behalf of Kitsumkalum Indian Band. As such, the Finance Committee and/or Band Council is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to the CFO, Investment Management Consultant, Investment Manager, Custodian, and additional specialists.

It is anticipated that the services of the registered investment manager may be sought to manage portions of the Long-term and Short-term Reserve funds.

The following procedure shall be followed to engage a new or replace a current investment manager:

- A. The Finance Committee (if such committee exists) will recommend the hiring or replacing of an investment manager to the Band Council.
- B. The Finance Committee and/or Band Council will nominate prospective candidates and send a request for proposal to each candidate.
- C. The Finance Committee and/or Band Council will review proposals and interview candidates to determine appropriate investment manager(s).
- D. The Finance Committee (if such committee exists) will make the hiring recommendation to the Band Council, who shall have the final approval.

Operating Fund

Purpose

The purpose of the Operating Fund is to provide sufficient cash to meet the day-to-day financial obligations of Kitsumkalum Indian Band in a timely manner.

Investment Objectives

The investment objectives of the Operating Fund are:

- Preservation of Capital;
- Liquidity; and
- To optimize the investment return within the constraints above.

Investment Guidelines

Allowable Investments

The Chief Financial Officer if authorized by the Band Council will invest the Kitsumkalum Indian Band Operating Fund as follows:

1. Interest bearing Savings Account
2. Certificates of Deposit at insured commercial banking organizations;
3. Money market funds;
4. Interest bearing checking accounts;
5. Direct obligations of a FNFA, Federal or Provincial government, its agencies and instrumentalities.

Maturity

The maturities on investments for the Operating Fund shall be 12 months or less.

Reporting

The Chief Financial Officer or his/her designee shall prepare the following reports for presentation on at least a semi-annual basis to the Finance Committee and/or Band Council,

1. Schedule of investments;
2. Interest income year to date;

Short-term Reserve Fund

Purpose

The purpose of the Short-term Reserve Fund is to meet the expenses occurring as a result of unanticipated activities and to improve the return on the funds held for expenditure for up to five years.

Investment Objectives

The investment objectives of the Short-term fund are:

- Preservation of Capital;
- Liquidity and
- To optimize the investment return within the constraints above.

Investment Guidelines

Allowable Investments

The Chief Financial Officer if authorized by the Finance Committee and/or Band Council will invest the Short-term Fund as follows:

- A. Cash Equivalents
 - 1. Interest bearing savings account
 - 2. Certificates of Deposit at insured commercial banking institutions;
 - 3. Money market funds that invest in government backed securities;
 - 4. Interest bearing chequing accounts;
 - 5. Direct obligations of the FNFA, Federal or Provincial government, its agencies and instrumentalities.
- B. Fixed income Securities
 - 1. Mutual funds that invest in direct obligations of the Federal and Provincial Government, its agencies and instrumentalities.
 - 2. Corporate notes and bonds, Mortgage-backed bonds and preferred stock.

Diversification

Investment management of the assets of the Short-term Reserve Fund shall be in accordance with the following asset allocation guidelines:

Asset Class	Minimum	Maximum
Fixed Income	30%	80%
Cash Equivalent	20%	70%

Maturity

The Short-term fund shall have a weighted average maturity of three years or less. The maximum maturity shall be 5 years.

Reporting

The Chief Financial Officer or his/her designee shall prepare the following reports for presentation on at least a semi-annual basis to the Finance Committee and/or Band Council,

- 1. Schedule of Investments which includes schedule of performance since purchase or last 5 years;
- 2. Interest income year to date;
- 3. Current yield

Long-term Reserve Fund

Purpose of Long-term Reserve Fund

The purpose of the Long-term Reserve Fund is to provide secure long-term funding for the mission of Kitsumkalum Indian Band. The assets of the Long-term Reserve Fund shall be managed in such a way as to facilitate the Band's goals and objectives as outlined by the Band Council. Expenditure of the principal is Band Council designated unless otherwise designated by the contributor(s) in part or in whole. Also, at the discretion of the Band Council up to 100% of the yearly total return may be utilized for Band programs, business or community development activities, unless restricted for specific purposes by the contributor(s).

Investment Objectives

In order to meet its needs, the investment strategy of the Long-term Reserve Fund is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income.

Specifically, the primary objective in the investment management of the Long-term Reserve Fund shall be:

- Long-term growth of capital- To emphasize the long-term growth of principal while avoiding excessive risk. Short-term volatility consistent with the volatility of a comparable market index is anticipated, though management should strive to contain it.
- Preservation of purchasing power- To achieve returns in excess of the rate of inflation plus spending over the investment time horizon in order to preserve purchasing power of the long-term assets. Risk control is an important element in the investment of long-term assets.

Investment Guidelines

General Principles

1. Investments shall be made solely in the interest of Kitsumkalum Indian Band and Long-term Reserve Fund.
2. The assets shall be invested with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent investor acting in like capacity and familiar with such matters would use in the investment of a like fund.
3. Investments of these funds shall be so diversified as to minimize the risk of large losses, unless under the circumstance it is clearly prudent not to do so.
4. Kitsumkalum Indian Band may employ one or more investment managers of varying styles and philosophies to attain the Fund's objectives.
5. Cash is to be employed productively at all times by investment in short-term cash equivalents to provide safety, liquidity, and return.

Specific investment goals

Over the investment time horizon established it is the goal of the Long-term Reserve Fund assets to realize a total return in excess of the rate of inflation, as measured by the Consumer Price Index.

The goal of the investment manager shall be to meet or exceed the market index selected and agreed upon by the Finance Committee and/or Band Council that most closely corresponds to the general principles stated above.

Diversification

Investment management of the assets of the Long-term Reserve Fund shall be in accordance with the following asset allocation guidelines:

Asset Class	Minimum	Maximum
Equities	30%	70%
Fixed Income	30%	70%
Cash Equivalents	0%	20%

The Finance Committee and/or Band Council may employ investment managers whose investment disciplines require investment outside the established asset allocation guidelines. However taken as a component of the aggregate portfolio, such disciplines must fit within the overall asset allocation guidelines established in this statement.

The Finance Committee and/or Band Council will meet annually to monitor and reevaluate investment allocation in reference to the Long-term Reserve Fund Asset classes.

Allowable Assets

The Long-term Reserve Fund requires that all investment assets be invested in marketable securities, defined as securities that can be traded quickly and efficiently for the Long-term Reserve Fund, with minimal impact on market price.

1. Cash Equivalents

- a) Treasury bills
- b) Money market funds
- c) Commercial paper
- d) Banker's acceptances
- e) Repurchase agreements
- f) Certificates of deposit

2. Fixed Income Securities

- a) Federal and Provincial Government and FNFA securities
- b) Corporate notes and bonds (Investment grade, at least BBB)
- c) Mortgage-backed bonds
- d) Preferred stock

3. Equity Securities

- a) Common stocks
- b) Convertible notes and bonds
- c) Convertible preferred stocks

4. Mutual Funds that invest in securities as allowed in this statement:

To ensure marketability and liquidity, equity investments shall be executed through nationally recognized exchanges such as the Toronto Stock Exchange, New York Stock Exchange, and NASDAQ.

Performance Reporting

The Long-term Reserve Fund will be evaluated at least semi-annually on a total return basis. The evaluation will be based on the stated investment goals. Comparisons will show results for the year-to-date. The report will be prepared by the Chief Financial Officer and will be presented to the Finance Committee and/or Band Council at least semi-annually. The Finance Committee (if such committee exists) will present a report to the Band Council at least annually.