



'NAMGIS FIRST NATION
FINANCIAL MANAGEMENT POLICIES
FEBRUARY 2002

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1) OBJECTIVES

- a) The objectives of these policies are to ensure that ‘‘Namgis finances are administered in a manner that encourages and promotes:
- the continued solvency of our Nation
 - obtaining good value for money spent
 - regular, understandable reporting of the Nation’s financial position to the council and membership.

2) ROLES AND RESPONSIBILITIES

a) Chief and Council

- i) Chief and Council approve these, and other, policies. They are also responsible to review and approve subsequent changes to these Financial Policies, which may be brought forward from time to time.
- ii) Chief and Council are to receive, amend if necessary, and approve the provisional and revised budgets.
- iii) Chief and Council may establish such departments, boards, authorities or committees as may be necessary for the good administration of ‘Namgis funds and shall ensure that such bodies have a specified mandate, a clearly defined role, a defined relationship to the Chief and Council and appropriate policies and procedures to govern their activities.
- iv) Chief and Council shall ensure that criteria are established to determine how program services will be provided to ‘Namgis members and such criteria shall include as a minimum the following:
- (1) formally defined and publicly available description of services specifying applicable rates, conditions and criteria for eligibility;
 - (2) an impartial process for the appeal of administrative decisions; and
 - (3) procedures to ensure confidentiality of client information.

b) Finance Committee

- i) The Finance Committee is to be a standing committee appointed each year by Council. It is to consist of three councilors and two other ‘Namgis First Nation members (voting) and the Comptroller, Band Manager, and Assistant Band Manager (non-voting). The Chief Councilor is to be an ex officio member of the Finance Committee and is entitled to vote at all meetings. Three voting members is to be a quorum.

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- ii) The general duties of the Finance Committee are as follows:
 - to review the provisional budget for the new fiscal year and to forward its recommendations to council
 - to review the revised budgets each fall and to forward its recommendations to council
 - to review the internal financial statements quarterly in order to monitor actual revenues and expenditures against those budgeted
 - to review any other reports and matters that it deems fit and to forward its recommendations to council, if any
 - to recommend the appointment of external auditors to council
 - to review the audited financial statements and recommend their approval to council
 - to discuss new initiatives, auditing matters, and financial reporting issues
 - to review the external auditor’s annual management letter
 - to investigate and report on any matter referred to it by council
 - iii) The committee is to meet at least six times per year.
 - iv) Minutes are to be kept for all finance committee meetings and are to be available to the Namgis council. With the exception of minutes of discussions held in-camera, all finance committee minutes are to be available to the membership. In-camera discussions may be held regarding personnel matters or the reorganization of operations that will affect staffing.
 - v) The Band Administrator or his designate is to take the Committee’s recommendations forward to Council.
- c) Comptroller**
- i) The Comptroller is to have a professional accounting designation and is to report to the Band Manager.
 - ii) The Comptroller is to provide Council, Committees, and staff with the financial information necessary to carry out their roles and responsibilities.
- d) ‘Namgis Staff**
- i) The ‘Namgis financial management policies apply to all ‘Namgis staff and to all areas of operations that are included in the annual audited consolidated financial statements.

3) CONFLICT OF INTEREST

- a) The object of the Conflict of Interest policy is to enhance the public confidence in the integrity of the ‘Namgis Council, Council committees, and staff by establishing clear rules of conduct respecting conflict of interest.
- b) It shall be deemed a conflict of interest when a Councilor, committee member or staff member participates in making a decision that benefits or appears to benefit that member and/or his/her immediate family.
- c) Therefore no member may involve themselves in discussions and decisions that can be perceived to benefit them or their immediate family. Immediate family is defined as: father, mother, foster parent, brother, sister, spouse (including common-law spouse), child, stepchild, ward, father-in-law, mother-in-law, grandparents, grandparents-in-law brother-in-law, sister-in-law, any relative or individual permanently residing in the household.

Where a conflict is identified by any third party, the ‘Namgis Councilor, staff member or committee member must excuse her/himself from the discussion and the decision making process.

- d) Where a Councilor, committee member or staff member is unsure of whether they have a conflict of interest, he/she will raise the perceived conflict of interest with the Council and the Council will decide whether a conflict of interest exists.

4) ORGANIZATION OF FINANCES

Finances are to be organized so that they are clear and understandable.

a) Band-wide

- (1) Band operations are to be divided into their major functional areas, namely education, health, administration, natural resources, and capital.
- (2) All of the programs in a functional area are to be grouped together into “pools.” For example, all of the education programs are to be put into the “education pool.”

b) Program level

- (1) An activity that is significant in terms of funding received and/or money spent, and that differs significantly from other types of activities or programs, should be kept track of as an individual program that has a separate financial statement.
- (2) Every program should have a budget prepared as per this policy.
- (3) Every program should have one individual who is responsible for the revenues and expenditures and for fulfilling the program’s objectives.

5) FINANCIAL PRINCIPLES

a) Pool Rules

- i) Each financial pool must be run at a balanced budget each year. Program deficits are to be avoided if at all possible, but are tolerated as long as there are enough surpluses within the pool to offset them.
- ii) All surpluses that accumulate in a program become “locked-in” as part of the larger pool. They do not remain attached to the program that created them.

{These surpluses provide the Nation and its programs with a degree of financial security. They act as a stabilization fund that can be drawn upon in times of sudden need. They also enable the Nation to take advantage of new initiatives or opportunities that arise and that require some money from the Nation to make them happen.}

- iii) If the pool as a whole (i.e. the net total of all of the cumulative program surpluses and deficits in the pool) has a surplus balance, the pool surplus may only be accessed and spent in future years for one-time initiatives, such as capital expenditures, or short-term, special projects. Pool surpluses are not to be used for ongoing program expenditures. It is each department head’s responsibility to secure adequate, ongoing funding for his/her program from external sources.
- iv) The pool for one functional area (i.e. the Health Pool) must have spent its own accumulated pool surplus before it may apply to use all or a portion of another pool’s accumulated surplus.
- v) When a project is approved and as a result a deficit is forecast for a program in the pool, the deficit is to be funded from the accumulated surplus in that pool. If the accumulated surplus is not large enough to cover the entire deficit, only then will a transfer from the surplus of another pool be considered to address the shortfall.

b) Capital Replacement Fund

- i) Provision is to be made for replacing major assets such as the backhoe, and for the repair and maintenance of ‘Namgis public buildings such as the school, recreation center, etc. The operations and maintenance budget for each public building and the budgets for those programs operating major equipment must each contain an amount to be transferred annually to the “Capital Replacement Fund,” which is a program in the Capital Pool. The basis for the amount of the transfer should be noted in the annual budget.
- ii) Capital Replacement funds are only to be spent with the approval of Council.

6) LOANS AND BORROWING POWERS

- a) ‘Namgis Council is prohibited from making loans to any member of Council, or any individual or group of individuals, from monies designated for the use and benefit of the Band, with the exception of housing loans duly approved by the Housing Committee and Council.
- b) The Band Council shall not co-sign any loan or provide any form of security for any loan made for the benefit of any individual or group of individuals other than for the Band as a whole and must follow the procedures as set out in sub-sections 6 c) ii) (1), (2), and (3).
- c) For the purposes of conducting the Band's business, Council may on behalf of the Band, borrow monies from a Chartered Bank, Trust Company, Credit Union or any other lending source under the following conditions:
 - i) By Band Council Resolution, Council may obtain credit not exceeding \$500,000 to maintain local services and/or for capital projects. The Band Council Resolution must state the amount of the loan, what it is to be used for, the interest rate, and how it will be repaid.
 - ii) Any loans over \$500,000 taken out by the Band must have the approval of the Band membership at a duly convened Band meeting. Approval shall be obtained by the Band Council in the following manner:
 - (1) Notice to authorize the loan shall be given by Council to all households on the Reserve and Band members who live off the Reserve. The notice shall state that the Band Council wishes to engage in a loan and details of the loan and repayment terms shall be included in the notice. A similar notice shall be posted at the Band Administration Office and at one conspicuous place on the Reserve fourteen days prior to the meeting;

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- (2) The notice, in sub-section 6 c) ii) (1) shall state a time, date and location of a meeting of the Band Membership to authorize the loan;
- (3) Band Council must inform the membership at the meeting of the amount of the loan, its purpose, the cost of the interest and how it will be repaid; and
- (4) The Band Council must hold a vote of members present at the meeting, before proceeding to contract the loan. Fifty-one percent (51%) of the persons present must indicate, by a show of hands, or secret ballot, approval to contract the loan.

7) DEBTS

- a) Band members who have received housing loans are subject to the terms of the applicable house loan agreements, in addition to these Financial Management Policies.
 - i) Band members, or other persons, owing monies to the Band must make monthly payments on their debt in accordance with a schedule of terms of repayment agreed upon in writing with Band Council or its designate. This agreement must include the following:
 - (a) For debts under the amount of \$1,000, repayment schedules cannot exceed 12 months in length. At the end of 12 months, the debt must be paid in full;
 - (b) For debts of \$1,000 or over, the repayment schedule cannot exceed 24 months in length. The debt must be paid in full at the end of 24 months; and
 - (c) Repayment schedules are not to be conditional upon employment with the Band.
 - (d) If the debtor fails to abide by the repayment schedule, the debt will be turned over to a debt collection agency.
 - (e) Should a debtor refuse to sign an agreement of repayment of a debt, the Band Council, or its designate, is empowered to deduct payment from monies owing to the debtor by the Band in accordance with sections 7 (a) or (b) of this policy, but also subject to the personnel policy that states that up to a maximum of 20% of a salary may be deducted (in addition to the regular monthly payment) from a person's paycheque.

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- (f) The Band Council, or its designate, on behalf of the Band membership, shall use debt collection agencies or the British Columbia Courts to collect debts, which are more than 90 days in arrears. Prior to initiating collection action, the Band Council shall make reasonable efforts to re-negotiate payment of outstanding debts with the debtor. This re-negotiation must conform with sections 7 (a) and (b) of this policy. If after 30 days, no negotiation is possible, the Band Council shall take collection action as set out above in this section.
- (g) The Band Administrator, or his designate, shall bill debtors monthly. These billings must be forwarded to the debtor by the 20th day of each month.
- (h) When staff and Council, or their spouses (common-law or otherwise) owe the Nation money and are in arrears, those amounts are to be deducted from their pay cheques (as per the Personnel Policy) or from other monies that are due to them from the Nation.
- (i) Band members, or other persons, are to be responsible for the debts owed to the ‘Namgis by their spouses, which includes common-law relationships as well as marriages.
- (j) Any debtor who feels he/she has not been treated fairly may appeal in writing to the Band Administrator. The Band Administrator must select two Band members to form a grievance committee that includes the Band Administrator. They must meet with the debtor and review the appeal and respond in writing to the appeal within fifteen working days.
- (k) Any debtor who disagrees with the decision of the grievance committee in (j) may appeal to ‘Namgis Council in writing. Council’s decision will be final and binding.

8) INVESTMENT POLICY

- a) The investment objectives are as follows:
 - To preserve capital
 - To maintain liquidity and adequate cash flow
 - To optimize the investment return within the constraints of the policy.
- b) Allowable Investments are as follows:
 - i) Interest bearing chequing accounts in Schedule I or II banks.
 - ii) Direct obligations of the Canadian Government, such as treasury bills.

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- iii) Federally insured certificates of deposit. For example, Term Deposits or Guaranteed Investment Certificates issued by the chartered banks or credit union central.
 - iv) The First Nations Finance Authority Money Market Fund – up to \$100,000
 - v) The First Nations Finance Authority Intermediate Fund – up to \$100,000
- c) The Comptroller is to invest surplus funds in accordance with this policy.
- d) All investment transactions require the approval of the Comptroller and one other signing authority. The Finance Committee is to be provided with a Schedule of Investments every quarter. The Schedule is to show the amounts invested, rates of return, maturity dates, type of investment, and the institution with which it is lodged.

9) CAPITAL PROJECTS, TENDERING, AND SERVICE CONTRACTS

a) Capital Projects

The Nation recognizes that “best value” is a balance between getting the lowest costs and maximizing the economic benefits from capital projects. The following principles and policies are to apply with regards to the tendering of capital projects:

- i) The use and development of local resources and people is to be maximized, subject to costs and available skills.
- ii) There is to be full and open disclosure of how tender bids are evaluated. For projects greater than \$100,000, the invitation to tender package should contain the following documents:
 - Tender instructions
 - Tender and Contract form
 - General Conditions
 - Insurance Schedule
 - Contractor Statement of Qualifications
 - Proof of Workers Compensation Board coverage
 - Statement of work plan and specifications.
- iii) The Nation reserves the right to hire outside professionals, such as engineers, to execute the tendering procedures on their behalf.
- iv) All tender documents will be treated confidentially until they are opened in public. The contract bidder who best meets the evaluation criteria shall be recommended to receive the contract, subject to Council approval.
- v) Copies of the bids and of each tendering process are to be kept on file.

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- vi) For contracts of less than \$500,000, three bids will be invited from a list of qualified contractors. If necessary, a public tender will be issued in local and regional newspapers.
- vii) For contracts over \$500,000 there is to be a public call for tenders that is advertised in appropriate newspapers and construction publications.
- viii) For all contracts, the lowest tender received shall normally be accepted unless the Chief and Council deem it to be in the best interest of the Nation to accept a higher tender proposal because it:
 - Provides a better quality product or service
 - Provides economic benefits to the Nation or its members; and
 - Provided the Council approves the higher tender proposal by a motion of the Council, which contains the reasons for the decision to accept the higher tender.

b) Service Contracts

- i) All work that outside parties are hired to do for the ‘Namgis should be documented in writing in the form of a contract that is signed by the contractor and the ‘Namgis. The contract should clearly spell out such things as:
 - timing and key deadlines
 - services to be provided, or deliverables expected
 - amount to be paid and when (i.e. progress payments)
 - holdbacks, if any
 - other important key terms or conditions.
- ii) For non-construction (professional) contract services exceeding \$75,000, proposals for services should be invited from at least three (3) individuals or firms, or be publicly advertised in local and regional newspapers.
- iii) A Request For Proposals should have the following documentation available for interested contractors.
 - A letter of invitation
 - A statement of work required
 - Proposal evaluation criteria
 - Contract Agreement (includes general conditions and terms of payment)

10) EXPENDITURES LARGER THAN \$500,000

Most of the projects and programs the Nation operates are funded by outside agencies. Some projects, however, are paid for with money that has been generated by the Nation itself through land claims settlements, private enterprise, or by surpluses due to careful management of the annual operating programs that it carries out. All projects or outright purchases that will need at least \$500,000 of the Nation’s own funds (i.e. funds not provided by outside parties for that project or purchase) must be taken to the membership for their approval. Projects that cost more than \$500,000 but that are fully funded by outside agencies, or that require less than \$500,000 of the Nation’s own money, may be approved by Council alone.

- a) Projects or purchases that require more than \$500,000 of the Nation’s internally generated funds must have the approval of the Band membership at a duly convened Band meeting. Approval shall be obtained by the Band Council in the following manner:
 - i) Notice to authorize the expenditures shall be given by Council to all households on the Reserve and Band members who live off the Reserve. The notice shall include a brief description of the project or purchase, the total cost, all of the sources of funding and the amounts from each source. A similar notice shall be posted at the Band Administration Office and at one conspicuous place on the Reserve fourteen days prior to the meeting;
 - (1) The notice, in sub-section 10 a) 1) shall state a time, date and location of a meeting of the Band Membership to authorize the expenditures;
 - (2) Band Council must inform the membership at the meeting as to what is being built or purchased, the total cost, all of the sources of funding and the amounts from each source and
 - (3) The Band Council must hold a vote of members present at the meeting, before proceeding to spend the funds. Fifty-one percent (51%) of the persons present must indicate, by a show of hands, or secret ballot, approval to proceed with the expenditures.

11) INSURANCE COVERAGE

Potential liabilities arising from accidents on or off reserve that involve ‘Namgis staff or assets, or liabilities arising from actions of Namgis staff, must be insured against. At minimum the following coverage should be in place:

- a) Commercial General Liability – protects against third party claims
- b) Medical/Professional Malpractice Insurance – to cover all of our health centre staff

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- c) Property Insurance covering all Band assets from fire, earthquake and other perils.
- d) Construction Insurance – the contractors should provide this during construction.

The third party liability insurance on all vehicles is to be reviewed annually to ensure that the third party coverage is adequate.

12) DISCLOSURE

The purpose of this Policy is to clearly outline the Membership's rights of access to financial records of the Nation. This Policy also sets out specific exceptions to the Membership's rights of access to certain financial records.

- a) Copies of the following documents shall be made available to any member of the First Nation who requests them during regular office hours:
 - The annual, or multi year budget
 - Monthly financial statements
 - Audited consolidated financial statements
- b) To obtain access to other financial records, the member must make a written request to the Band Administrator for a copy of the financial record, subject to section 13.
- c) The Band Administrator must make every effort to assist members who make a request for the disclosure of financial records. Also, the Band Administrator must respond openly, accurately and completely to the member within thirty days from the date a request is received unless more time is required. If more time is required, the Band Administrator will tell the applicant when the response can be reasonably responded to.
- d) In his/her response, the Band Administrator must advise the member in writing:
 - Whether the member is entitled to have the financial record or part of the record disclosed to him/her.
 - If access to the financial record or to part of the record is refused,
 - The reasons for the refusal, and
 - The member may request a review of the Band Administrator's decision by Council.
- e) If the member is entitled to have the financial record disclosed to him or her and it can be reasonably reproduced, a copy of the financial record must be provided with the Band Administrator's response. The applicant may be charged a reasonable fee for copying the record.

- f) If the member is entitled to have the financial record disclosed to him or her and it cannot be reasonably reproduced, the member must be permitted to examine the financial record at the Band office during regular business hours of any business day.

13) EXCEPTIONS TO DISCLOSURE

- a) The Band Administrator must refuse to disclose to an applicant financial information as follows:
- i) legal opinions which are subject to solicitor client privilege;
 - ii) other privileged documents which could reasonably be expected to reveal information received in confidence from a government, Band, Society, or Corporation;
 - iii) information that could jeopardize negotiations relating to aboriginal self-government, treaties, or other issues;
 - iv) information that could reasonably be expected to harm the financial or economic interests of the Band; or
 - v) information that would be an unreasonable invasion of a third party's personal privacy, including personal financial information relating to eligibility for or receipt of employment benefits, income assistance, education benefits or social service benefits, unless the financial information pertains to the payment of money, honorariums, contract fees, or employment benefits paid to a Councilor by the Band.

14) ACCOUNTABILITY AND REPORTING

It is important for the membership to get information as to the results obtained by the various programs and services offered by the Nation. In order to evaluate the effectiveness of money spent, the following should be put in place for each program:

- Clear objectives for the program
- Measurable indicators that will help to show how successful the program is in terms of meeting some or all of its objectives
-

Staff should strive to meet with the membership once a year to:

- review the objectives, activities, and performance indicators for each program
- seek feedback and ideas for how to improve the programs and services offered

15) AUDIT AND REPORTING REQUIREMENTS

- a) The Band Council shall have all Band finances audited annually by an independent auditor, in the following manner:
 - i) An auditor shall be appointed by Band Council on or before the 15th of February of each year; and
 - ii) The audit shall be completed by June 30th of each year.
- b) The audit must be carried out in accordance with Generally Accepted Auditing Standards and consolidated financial statements must be prepared in accordance with Generally Accepted Accounting Principles for local government entities.
- c) The audit will include all transactions involving Band finances. Band Council and staff shall provide the auditor with all required accounting records, minutes of Council meetings, vouchers and documents supportive of the financial records.
- d) The audit shall report on all Band financial activities and shall include:
 - i) statements of revenue and expenditures for each program, service or activity;
 - ii) details of surplus or deficits for each local service or capital program; and
 - iii) a consolidated balance sheet and statement of revenues and expenditures.
 - iv) A letter to Council that identifies any shortcomings in the accounting procedures or systems of internal control, and any other concerns that the auditor feels should be considered.
- e) All band members are to be notified in writing when the audited financial statements are ready for distribution. Copies are to be made available to all band members who request them.
- f) A copy of the audit must be permanently kept in the Band Administration Office.
- g) The Comptroller is to present the audited financial statements to the membership at a duly convened general meeting within six months of the end of the fiscal year.

16) FINANCIAL CONTROL SYSTEMS

The Comptroller will ensure that adequate internal controls and systems are in place to ensure that:

- all financial transactions are properly authorized
- all financial transactions are recorded, and coded correctly
- all assets of the Nation are safeguarded
- relevant, timely, and clear financial information is provided to those needing it to carry out their duties and
- error and fraud will be prevented and/or detected.

a) Budgeting Process

Preparation of detailed annual budgets is the Nation’s most important internal control system. The Band’s annual budgeting process is to be as follows:

- i) Blank budgets are distributed to department heads during the first week of March in order to prepare the “provisional” budgets. Unless significant changes in funding are expected, funding for long-term programs is estimated using the prior year’s figures.
- ii) Budgets are finalized for presentation to the various boards (education, & health) by the fourth week of April.
- iii) After review, revision if necessary, and approval by the respective boards, the budgets are taken to the Finance Committee by the first week in May.
- iv) Once approved by Finance, budgets are taken to Council for final approval.
- v) In October all budgets are reviewed and revised if necessary to reflect actual funding levels and significant changes to expenditures.
- vi) All possible efforts must be made to balance each budget or to plan for a small surplus.
- vii) At minimum, each pool is to operate at a balanced budget each year. [see sections 4 & 5] The only exception is if one-time expenditures from the pool cause it to go into deficit for a particular year.

b) Monthly Reporting

- i) Annual budget figures are to be allocated as appropriate to the twelve months of the year and are to be entered into the financial accounting system.
- ii) By the fifteenth of each month, financial statements for every Band program for the prior month are to be produced. The statements are to show at minimum the revenues and expenditures (R&E’s) for the prior month, total

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R&E’s for the year to date, the budgeted R&E’s for the year to date, and the total budget for the year.

- iii) A detailed general ledger listing and trial balance are also to be produced. All three are to be scrutinized for errors by the Comptroller prior to releasing them to Band staff.
- iv) The Comptroller and program staff responsible for their budgets is to scrutinize the monthly financial statements for over/under spending, uncollected revenues, and other anomalies.

c) Purchasing and Expenditure Authority

- i) Expenditures of ‘Namgis funds may only be made if the expenditures have been budgeted for or approved by the Comptroller, Administrator, Finance Committee, or Council, subject to the approval limits noted elsewhere in this document. If the purchase of an item has been approved as part of the annual budget and Council has approved the budget, then staff may purchase the item without further approvals being required. In these cases, the item and its expected cost should be specifically noted in the budget notes.
- ii) Only the following staff has authority to order or purchase goods or services on behalf of the Nation.
 - a) Senior Department Heads Up to a maximum of \$5,000
 - b) Department Heads Up to a maximum of \$3,000
 - c) Program Managers Up to a maximum of \$ 500

If an item to be purchased exceeds the approval limit of the staff person who wants to buy it, and it has not been approved as part of the budget, then the staff person must get approval from their supervisor. If the expenditure exceeds their supervisor’s limit, then the supervisor must take it forward to the next level, etc, for approval.

- iii) The Finance Committee may approve expenditures and transfers between programs of up to \$10,000. Written notice of the expenditures and/or transfers that were approved must be provided to each council member within a week of the approval being given. Band Council must approve transfers or purchases totaling more than \$10,000. All approvals by Finance and Council, no matter the amounts, should be clearly noted in the minutes.
- iv) Band Council must approve all donations over \$100.
- v) Cheque signers are to be limited to the Band Administrator, Comptroller, and up to five Councillors. Two signers are to sign every cheque.

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- vi) It is preferred that the comptroller signs every cheque and that a band councillor be the other signer.
- vii) Additional band Councillors may be added as signers temporarily when one or more of the other signers are away for extended periods of time.

d) Purchase Orders

- i) To ensure that purchases are properly authorized and pricing is reasonable, purchase orders (P.O.'s) must be filled out and then signed by the department head who has been delegated the authority to spend, prior to the item being ordered. The person filling out and/or signing the P.O. must ensure that the account where the expenditure is to be coded to is noted on the P.O. The supplier is to be given the purchase order number or the white copy of the P.O. Purchase orders are then matched with, and checked against, the invoices that arrive. [For example, the CHN would sign the P.O.'s for the Head Start program, and the Head Start program head would sign the invoice when it comes in. *Segregation of duties.*]

e) Payment Processing

- i) All invoices are to be matched with the applicable purchase order.
- ii) Invoices missing a purchase order are to be sent to the person responsible for that program's budget to complete a purchase order.
- iii) Invoices are to be signed by the person [program head or department head] responsible for that budget and coded to the applicable account. Coding should be done when the Purchase Order is completed, but if not, the person responsible for the budget should code the invoice.
- iv) Cheques are to be given to the Comptroller for scrutiny and signing.

f) Payroll Controls

To ensure that all salaries, wages, and benefits paid are correct and are for bona fide employees, the following procedures have been put in place.

- i) A Hiring form must be completed for each new employee.
- ii) Hiring letters specifying the salary and start dates of new employees and that are signed by the new employee must be completed for each new staff member. [Staple to Hiring Form]
- iii) The salary and particulars on the Hiring form must be checked against the salary grid and initialed by the payroll clerk.

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- iv) Salary Change Forms must be completed for all pay rate changes.
- v) Timesheets must be fully completed bi-weekly and signed by the supervisor. Staff must complete their own timesheets and are responsible for ensuring that their timesheets are accurate.
- vi) All statutory and non-statutory leaves and overtime must be tracked on a running basis on each time sheet.
- vii) All leave taken by staff must be approved in advance by the supervisor and personnel manager and copies of the leave sheet are to be forwarded to accounting to be checked against the staff member's timesheet(s) and to be entered on the employee's annual Leave Tracking sheet.
- viii) For Direct Deposit Cheques, the Comptroller or Band Administrator is to review and initial each page of the Payroll Register for EFT payments. (Electronic Fund Transfer). Whoever reviews the EFT payroll should be one of the two who reviews the manual payroll.
- ix) The Comptroller or Band Administrator is also to initial the Payroll Register Grand Total Report that shows the grand total of all EFT payments.
- x) The staff member doing the bank reconciliation must agree the EFT payments total on each Payroll Register Grand Total Report to the bank statement and must initial the Payroll Register Grand Total Report(s) to show that she/he has done so.

g) Cash Management

- i) Receipts are to be issued for all cash and/or cheques received over the counter.
- ii) Deposits are to be made weekly at minimum, or when more than \$10,000 is on hand.
- iii) The amounts deposited are to be agreed to the total of the cash received per the cash receipts listing.
- iv) Cash is to be kept in a steel cash box in the safe.
- v) The bank account is to be reconciled prior to the monthly financial statements being printed.

h) Petty Cash

- i) A Petty Cash Procedures sheet is to be drafted for every petty cash and given to the person(s) who are responsible for it. It should note the following:

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- The size of the petty cash
- Who is responsible for it
- Where it is to be kept and who is to have access to it
- How one keeps track of the money paid out and how to reimburse it
- Any other information specific to that particular petty cash.

ii) Reimbursements or invoices greater than \$200 should usually be repaid using a cheque request. Amounts less than \$200 are typically paid through petty cash. These guidelines will vary depending on the size of the petty cash.

i) Credit Management

Staff and council members are not to be issued with general-purpose credit cards. Vendor specific credit cards may be issued to staff subject to council approval. For example, these would include gas station credit cards for fuel purchases.

j) Financial Data Management

All financial data is to be managed and protected in the following ways:

- i) Computerized accounting data is to be stored on the server.
- ii) The server is to be backed up each night and the backup media taken off site.
- iii) Anti-virus software is to be regularly updated.
- iv) Passwords are required to access accounting software.
- v) The Computer Systems Administrator must approve all new software to be loaded onto the network.
- vi) All hard copy accounting information is to be stored neatly in binders or file folders and is to be kept in lockable filing cabinets unless it is not confidential in nature.
- vii) Hard copy files are to be kept for seven years. Digital data (excluding backups) should be kept for the same length of time.
- viii) Extremely sensitive or valuable accounting documents are to be kept in the safe.

k) Asset Protection

Band assets are for use by all band programs. Assets are not for personal use.

- i) There are three main goals that relate to the Nation's capital assets.

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1. To be able to identify what assets the Nation owns. This information is useful in the following ways:
 - So that staff knows what assets they have to work with.
 - So that program heads can periodically check to make sure that the assets in their care have not gone missing. Having a list of assets for each program is both a preventive and detective internal control that helps to protect our assets from theft.
 - So that staff can tell all interested parties (members, council, etc) what assets the Nation owns.
2. To track the costs of assets so that one knows the value of the ‘Nation’s assets. This is useful for insurance purposes and so that we know roughly how much it might cost to replace the assets when they wear out.
3. To track the accumulated depreciation of the assets so that we can identify to what degree certain assets are reaching the end of their useful lives. This is particularly useful as regards municipal infrastructure such as piping, which is not visible.

In order to fulfill the above goals, the following procedures are to be carried out.

A complete inventory list of all ‘Namgis assets shall be established and updated annually to include:

- the cost and year of original purchase
 - the program that purchased the item
 - brief description of the item purchased
 - the item’s serial number
 - the date of sale (if sold); and
 - the write-off or sale price.
- ii) This inventory shall be updated annually. A copy is to be provided to the auditor. Each year each program head is also to be given a list of the assets that belong to their program.
 - iii) New assets that are purchased shall be recorded in the asset database or capitalized if they cost more than \$350 and are deemed to have “lasting value”
 - iv) All capital assets are to be amortized.
 - v) Periodically, the existence of the items contained on the master inventory list should be verified. At the same time a list of missing, unserviceable or obsolete items should be drafted for the Comptroller to review for writing off and for the nation’s administrator to review for follow up with departmental staff.

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- vi) Only the Finance Committee or Chief and Council are authorized to write-off an asset. Write-offs should be done through a formal motion. Such a motion is to be recorded in the meeting minutes.

- vii) Assets are to be locked up and protected to a degree that is commensurate with their value and ease of theft. Small, desirable items are to be engraved. Program managers are responsible and will be held accountable for ensuring the protection of the assets that belong to their program.

- viii) All staff (not just the managers) will also be held accountable for the security of Band assets that relate to their job function and/or program.

l) Policy Development

- i) Written policies are to be developed and implemented for all programs or program areas that handle money. This includes Patient Travel, Social Assistance, Hilikalas, Post Secondary and other programs. The policies should state clearly:
 - who is eligible to receive money
 - how much they are eligible to receive
 - the process followed to decide who is eligible to receive money
 - an appeal or grievance process through which members can seek redress if they are unhappy with a decision that has been made.

m) Fundraising

- i) All funds that are raised on behalf of activities that are overseen by ‘Namgis staff are to be brought to the accounting department and deposited to the credit of the program or project that the money was raised for. Cash that is raised is to be brought to accounting within twenty-four hours of the event. Fundraisers are to make arrangements with the accounting staff to ensure the money is deposited promptly, even if the event is on a weekend.

- ii) Staff and/or the group that has fundraised can only spend up to the amount of money that they raised. Old debts i.e. past overspending must be repaid and cleared before new spending can occur.

n) Travel

- i) Council members must adhere to the ‘Namgis Council Travel Policy.
- ii) Staff members must adhere to the ‘Namgis Staff Travel Policy.
- iii) Staff and Council must abide by the travel policies contained in the ‘Namgis Personnel Policy manual.

17) “ADDENDUM #1 TO FINANCIAL POLICIES”

a) Child And Family Services (CFS) Funding

- i) CFS funding may only be used for CFS programs and for children in care.
- ii) Any and all surplus CFS dollars that have accumulated may only be used for CFS programs and for children in care. Surplus CFS funding may not be transferred to non-CFS programs.

APPROVED BY COUNCIL OCTOBER 22, 2003.