

Ahousaht First Nation Finance Policy Manual



Version: March 27, 2015



AHOUSAHT FIRST NATION FINANCIAL POLICY SIGNATURE PAGE

(All employees must comply with Ahousaht First Nation Financial Policies)

Instructions to Employee: All Ahousaht First Nation managers and employees are required to read Ahousaht First Nation Financial Policies listed in this document.

If you have trouble locating the policies, let your supervisor know.

Direct questions about Ahousaht First Nation Financial Policies to your supervisor.

Employee's Name: _____

Employee's Signature: _____ Date: _____

(My signature indicates I have read the policies and had my questions answered. I understand I must comply with procedures and requirements of the policies. Failure to comply with finance policies may result in disciplinary actions as outlined in Personnel Policy #119, Disciplinary Actions).

(The original Ahousaht First Nation Financial Policy signature page is retained in the employee's Personnel File. Provide a copy to the employee.)



INTRODUCTION

The purpose of this financial policy and procedure manual is to provide guidance, assistance, and an accountability framework to the users of the financial accounting system. Objectives are:

- To promote efficiency of operations;
- To ensure consistency in the preparation and processing of financial information; and
- To ensure timeliness of the provision of information to Council and operating personnel.

The users include Ahousaht First Nation Council, the Financial Controller, the Administrator, Program Managers/Supervisors, and other employees.

The financial policy and procedure manual is reviewed after the annual audit to accommodate changes to the accounting system or implementation of new policies or procedures. The manual will be reviewed by the Finance and Audit Committee based on input from staff. Approval of revisions to the Policy and Procedure Manual will be made by Council.

A Finance and Audit Committee delegate is appointed by the Administrator for processing all changes to the Financial Policy and Procedure Manual and distributing revisions to the Finance and Audit Committee Members, Administrator, and Program Managers/Supervisors.

The Financial Policy and Procedure Manual will be available for review by all employees and members of Ahousaht First Nation.

The Financial Policy and Procedure Manual is based on the sample statement of policy and procedures (“SPP”) provided to First Nations that meet requirements contained in both the Financial Management Systems/Standards established by the First Nations Financial Management Board (“FMB”) under the *First Nations Fiscal Management Act* (“FNFMA”).

Using Policy Process Maps

Some of the policies that appear in this document are accompanied by process maps, which are visual representations of procedures and responsibilities. These are meant to assist the reader in understanding specific policies, but are not meant to provide a complete picture of all steps and details involved. The process maps should always be read along with the accompanying procedures in order to understand all of the details and required steps in a given policy.



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DELEGATED AND ASSIGNED RESPONSIBILITIES POLICY

Policy No: FP0010	Effective Date:
Distribution:	Approval Date:
Page ___ of ___ pages:	Motion Number:
Policy replaces:	Revision Date:

Policy

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

Purpose

The purpose of this policy is to define the delegation and the assignment authorities of leadership, management and staff. The purpose of this policy is also to provide accountability with respect to financial authorization and the authority to bind the First Nation to legal obligations.

Scope

This policy and procedure applies to the Council, committees of Council, managers, employees of the First Nation and any other persons with authority to conduct activities in connection with the Financial Administration of the First Nation. New employees of Ahousaht First Nation will not be granted authority until they have successfully passed their probation period.

The authorities defined in this policy will be the default authorities for leadership, committees, managers and employees of Ahousaht First Nation. Unless otherwise stated in a funding agreement, these default authority limits will apply.

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

- a. Expenditures and Payables
- b. Procurement
- c. Debt
- d. Investments
- e. Capital assets
- f. Loans, Guarantees and Indemnities
- g. Records Management and Retention
- h. Insurance
- i. Financial Reporting
- j. Integrated Planning and Budgeting



Definitions

“**Authorization and Delegation Table**” means a table approved by Council specifying the delegation and assignment authorities over decisions or activities in connection with the financial administration of the First Nation.

“**Management Action Plan (MAP)**” is a plan developed by Ahousaht First Nation and acceptable to AANDC to remedy and recover from a default of the Federal funding agreement. The plan is created to address the causes of default and to prevent its recurrence, as well as identify capacity gaps and resources available for successful implementation.

“**To assign**” means the transfer of duties or functions from one person to another, where the former person (the assignor) retains responsibility for ensuring the activities are carried out;

“**To delegate**” means the transfer of the authority to carry out decisions or activities from Council to an officer, where the officer receiving the delegation authority assumes full responsibility for carrying out the activities;

“**Administrator**” is the person who is responsible for leading the day-to-day administration or management of the First Nation and who reports directly to Council.

Responsibilities

Council is responsible for:

- Delegating or assigning to others any or all of its financial management activities or functions except:
 - Approval of policies and procedures or the giving of directions respecting any financial administration matter;
 - Approval of budgets, budget amendments, borrowings and financial statements;
 - Approval of the Authorization, Assignment and Delegation Table;
 - Any matter which is the employment or statutory responsibility of the Administrator, the Financial Controller, or the Tax Administrator; and
 - The appointment and removal of the Finance and Audit Committee members, including the Chairperson and Vice-Chairperson.

The **Administrator** can assign any or all of his or her financial management activities or functions except:

- Maintaining and revising the Authorization and Delegation Table;
- Ensuring those with delegated authority understand their responsibilities and have the skill and knowledge necessary for the effective exercise of the authority;
- Establishing protocols for delegation and temporary assignments to deal with absences due to illness, vacation, or other extended leaves;
- On a regular and periodic basis, monitoring performance of individuals' delegated authorities to ensure that the delegated authority is being exercised in the manner intended and that there is no delegation of authority when specifically precluded under this policy.

All **employees, committees, contractors or agents** of Ahousaht First Nation are responsible when acting under delegated authority to ensure the activity or function is within the authority and limitation of their delegation and that they have followed other relevant policies and procedures.

Employees, committees, contractors or agents of Ahousaht First Nation may reassign functional authorities and responsibilities as long as it is made in accordance with the Authorization and Delegation Table.



Employees, committees, contractors or agents will ensure that decisions or transaction approval falling outside of their scope of authority are referred to the Administrator or otherwise as appropriate.

Regardless of the delegation of any financial administration authority by the Council, the Council remains responsible for the financial management of Ahousaht First Nation.

Procedures

Procedures for Delegation

The Administrator is responsible for preparing and updating the Authorization and Delegation Table in accordance with this policy for Ahousaht First Nation.

The Administrator will ensure an appropriate level of documentation including a signed delegation of authority statement or agreement accompanies and is maintained with the Authorization and Delegation Table.

The Administrator will submit the Authorization, Assignment and Delegation Table to Council for approval, and Council will, at least annually and with a motion duly recorded in the minutes, approve the Authorization and Delegation Table.

The Administrator will ensure that the delegation of authorities is communicated to each department head and other persons as appropriate to ensure the delegated responsibilities can be carried out effectively.

Council, Committees, Administrator, employees, contractors, or agents delegate authority only when there is assurance that the control objectives of authorization of the decision or transaction will be effectively served.

Procedures for the Authorization, Assignment and Delegation Table

The Authorization, Assignment and Delegation Table will include components of the financial management system that require decisional and approval authority to carry out activities, make commitments, and collect and disburse funds on behalf of Ahousaht First Nation.

Any delegation of authority granted will be aligned with the hierarchical organizational chart structure.

Updates made to the Authorization, Assignment and Delegation Table by the Administrator will be approved by Council. The Administrator will submit an updated Authorization and Delegation Table to Council for approval as soon as possible.

Reduced Authorities During Probationary Period

For employees other than the Administrator or Financial Controller who are working within their probationary period, the delegated authorities will not apply. The delegated authorities will apply once the probationary period ends, unless there is permission by Chief and Council to do otherwise.

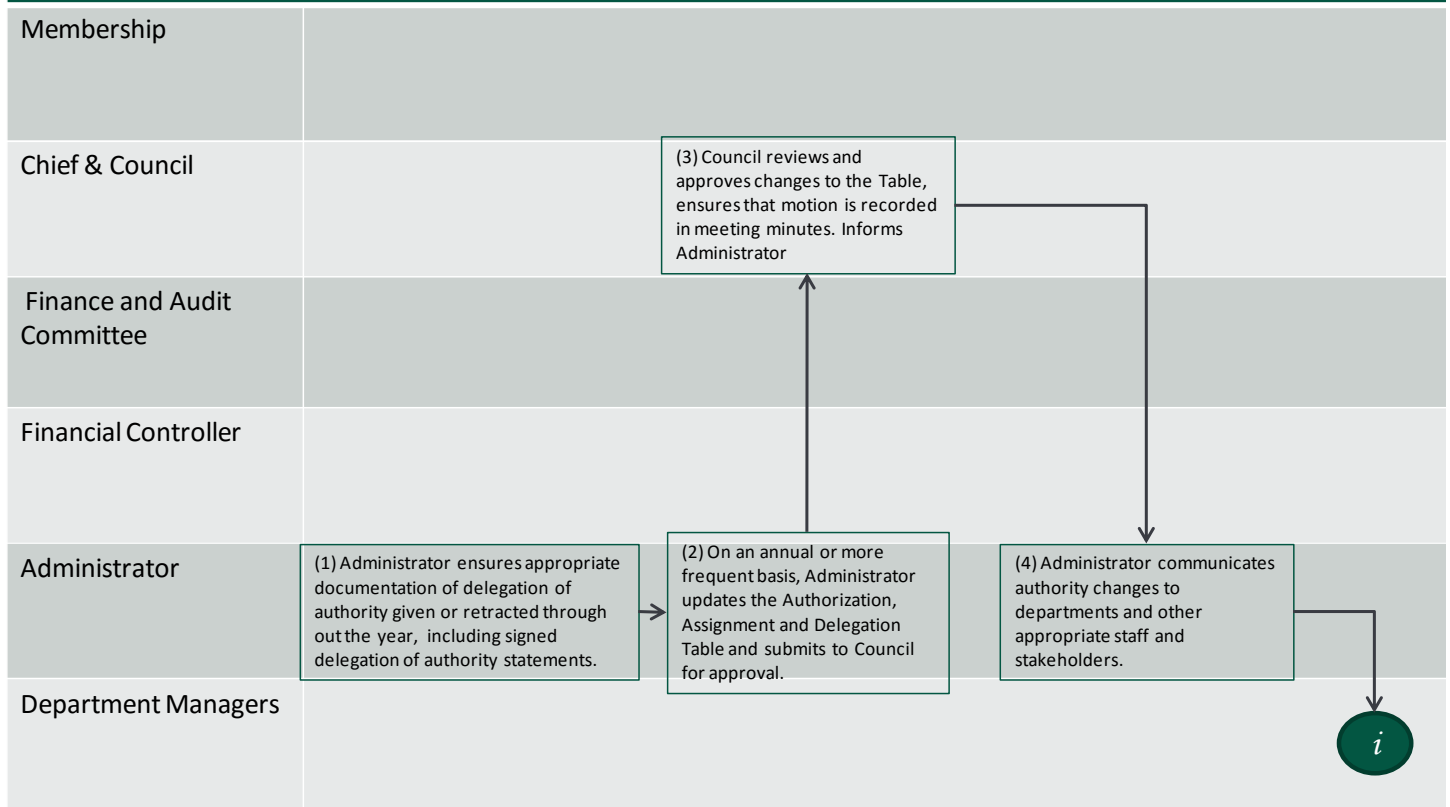
For the Administrator and the Financial Controller who are working within their probationary periods, the delegated authorities (dollar values) will be reduced by 50%. Once the probationary period has been completed, the full delegated authority will apply.

Reduced Authorities During Management Action Plan (MAP)

For the Administrator, the Financial Controller, and the Department Managers who are working during a period where a Management Action Plan (MAP) is in place, the delegated authorities (dollar values) will be reduced by 50%. Once the MAP has been completed, the full delegated authority will be reinstated.



Updates to Authorization, Assignment, and Delegation Table



Temporary Delegation of Responsibility

Short-term – Each functional area or department with authority under the Table will establish a protocol for delegation of responsibility to deal with absences due to illness, vacations, and other forms of temporary leave. Delegations of assignment are to be documented and distributed to the Administrator. Persons assigned to temporarily fill in for absent employees will have the same authorities as a person who is on probationary status, unless the Council determines otherwise.

Long-term – Any delegation of responsibility of a long-term nature will be approved by the Administrator and appropriately documented.

Procedures for Monitoring and Evaluation

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

Attachments

Appendix A – Authorization, Assignment and Delegation Table

Appendix B – Council Delegation of Duty/Function Agreement

Appendix C – Implementation Notes



Appendix A – Authorization, Assignment and Delegation Table

	Financial Administration Activity / Function	Who is Responsible	Authorization level	Authority Limit	Authority Standard
1	Annual Budget	Council / Finance	Finance and Audit Committee make recommendation to Council	All	Integrated Planning Policy
2	Financial Statements	Council / Finance and Audit Committee	Finance and Audit Committee make recommendation to Council	All	Financial Reporting Policy
3	Policies & Procedures	Council / Finance and Audit Committee	Finance and Audit Committee make recommendation to Council	No delegation	Policies, Procedures Policy
4	Hiring	Council	Council responsible for hiring Administrator and Financial Controller.	No delegation	HR Policy
		Administrator	Administrator hires employees other than Financial Controller	No delegation	HR Policy
		Administrator and Council	Administrator hires Department Managers, Council assists with vetting process, and Administrator makes final decision.	No delegation	HR Policy
5	Termination & Severance	Council	Council makes decisions affecting Administrator and Financial Controller.	No delegation	HR Policy
		Administrator	Administrator makes decisions affecting employees other than Financial Controller.	No delegation	HR Policy
6	Salary Adjustments	Council	Council makes decisions affecting Administrator, Financial Controller	No delegation	HR Policy
		Administrator	Administrator makes decisions affecting employees other than Financial Controller	No delegation	HR Policy
7	Expenditures	Council	Must authorize purchases greater than \$25,000]	No delegation	Expenditures Policy
		Administrator	Must authorize purchases greater than \$10,000 and less than \$25,000	No delegation	Expenditures Policy
		Financial Controller	Responsible for all purchases up to \$10,000	Can assign to manager	Expenditures Policy
		Department Managers	Responsible for purchases up to \$10,000	No delegation	Expenditures Policy
8	Professional Service Contracts	Administrator	Must authorize contracts greater than \$25,000	No delegation	Procurement Policy
		Financial Controller	Responsible for contracts up to \$10,000	Can assign to manager	Procurement Policy
9	External Auditor	Council / Finance and Audit Committee	Finance & Audit Committee make recommendation to Council	No delegation	Audit Policy
10	Insurance	Financial Controller	Must approve all insurance coverage and premiums.	Can assign to subordinate	Insurance Policy



	Financial Administration Activity / Function	Who is Responsible	Authorization level	Authority Limit	Authority Standard
11	Business Transactions	Council / Finance and Audit Committee	All new business opportunities, business ventures, partnerships etc. Finance & Audit committee make recommendation to Council.	All	Risk Management /Integrated Planning Policy
12	Divestitures	Council	Must approve all divestitures.	All	Tangible Capital Assets/ Integrated Planning policy
13	Capital Assets	Council	Must authorize capital assets greater than \$ 25,000	No delegation	Tangible Capital Assets Policy and Budget
		Administrator	Must authorize capital assets up to \$25,000	No Delegation	Tangible Capital Assets Policy and Budget
14	Capital/Operating Leases	Financial Controller	Must authorize all lease commitments	Can assign to subordinate	Tangible Capital Assets Policy and Budget
15	Cash Management – disbursements & transfers	Council	Must authorize amounts greater than \$10,000	No delegation	Expenditure Policy
		Financial Controller	May authorize amounts up to \$10,000 unless they are given authorization for certain disbursements and transfers in a prior BCR for amounts greater than \$10,000	No delegation	Expenditure Policy
		Administrator	Must authorize amounts up to \$10,000	No delegation	Expenditure Policy
16	Bank accounts – opening/closing	Financial Controller	Must approve all new or closed accounts	No delegation	
17	Temporary Investments	Financial Controller	May approve the transfer of money to temporary investments upon the recommendation from the Finance and Audit Committee and the Financial Controller.	No Delegation	Investment Policy
18	Financing transactions – debt issuance and debt retirement and Guarantees	Council / Finance and Audit Committee	Must approve all debt transactions greater than \$5,000	Administrator	Debt Policy
		Administrator	Must approve all debt transaction up to \$5,000	Can assign to Financial Controller	Debt Policy
19	Regulatory/Contractual filings and Reports	Financial Controller	Must approve all external reporting	No delegation	Financial Reporting Policy
20	Payroll	Financial Controller	Must approve periodic payroll	Can assign to subordinate	Expenditure Policy
21	Expense Reports	Finance and Audit Committee Chairperson	Approve Councillors expense report	No delegation	Expenditure Policy
		A member of Council	Approve senior manager, Financial Controller expense report	No delegation	Expenditure Policy



	Financial Administration Activity / Function	Who is Responsible	Authorization level	Authority Limit	Authority Standard
		Administrator	Approve Financial Controller reports	No delegation	Expenditure Policy
		Financial Controller	Approve officers	No delegation	Expenditure Policy
22	Journal Entries	Administrator	Must approve entries not in ordinary course of business greater than \$25,000	No delegation	
		Financial Controller or Administrator	Must approve all entries other than not in ordinary course of business greater than \$10,000 and less than \$25,000	No delegation	
23	Off-Site Meetings	Administrator, Chief or Deputy Chief	The administrator, chief or the deputy chief can authorize an off-site meeting of leaders or administrative staff. These meetings should be budgeted for whenever possible.	No delegation	

This Authorization and Delegation Table is approved by Council on the _____ day of _____ 20__.

A quorum of Council consists of ____ members of Council.

Councillor [name]

Councillor [name]

Councillor [name]

Councillor [name]

Councillor [name]

Councillor [name]



Appendix B – Council Delegation of Duty/Function Agreement

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

Agreed to on the ___ day of _____ 20__

Name:
Title:

Witness:



Appendix C – Implementation Notes

- i. The Authorization and Delegation Table included in **Appendix A** is for illustrative purposes. It includes a common list of Council functions that are necessary for the effective operation of the financial administration of a First Nation.
- ii. The primary responsibilities and accountabilities with respect to delegation of authority will typically rest with:
 - a. The Council (includes committees of Council)
 - b. The Senior Manager (Administrator)
 - c. The Senior Financial Officer (Financial Controller)
 - d. Key staff with delegations
- iii. Any function/activity delegated, that is, where responsibility has transferred, the person receiving the delegation must agree to in writing (Appendix B). This process should be updated annually and approved by Council.



POLICIES, PROCEDURES AND DIRECTIONS

Policy No: FP0020	Effective Date:
Distribution:	Approval Date:
Page ___ of ___ pages:	Motion Number:
Policy replaces:	Revision Date:

Policy

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

Purpose

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

Scope

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

Definitions

- **"Generally accepted accounting principles"** – Generally accepted accounting principles ("GAAP") of the Canadian Institute of Chartered Accountants, as amended or replaced from time to time.
- **"Finance and Audit Committee"** – A committee of five (5) members appointed by the Council of Ahousaht First Nation. The authority has the primary responsibility of ensuring that policies and procedures be developed and implemented. The Financial Controller and the Administrator are to attend Finance and Audit Committee meetings as non-voting advisors/attendees.
- **"Document Initiator"** – Individual, who is delegated by the Finance and Audit Committee, to 'create' or 'amend' financial policies, once the need has been identified.

Responsibilities

All persons affected by this policy are required to understand and comply with the policies and procedures appropriate to their responsibility and interaction. Any employee or department (document initiator) can recommend a policy and procedure.

Council is responsible for the final approval of new, revised, or rescinded policies and procedures.

The Finance and Audit Committee is responsible for:

- Making recommendations to Council for the issuance, revision, or rescission of any policy and procedure document;



- Ensuring policy and procedure documents being reviewed are neither contradictory nor inconsistent with GAAP; and
- Conducting an assessment for each significant function or activity of the Nation's financial administration to determine if a policy and procedure document is required (e.g. policies and procedures that ensure the control and safeguarding of all the assets of the Nation).

The Administrator is responsible for:

- Reviewing all policy and procedure document requests and submitting the document to the Finance and Audit Committee for review and a recommendation to Council for approval, where the Administrator supports the request;
- Determining if the policy and procedure document request needs to be referred to a subject matter expert for additional review;
- Determining if the policy and procedure document needs cross-functional review from other departments within the Nation; and
- Ensuring that the current list of policy and procedures are made available to all affected persons.

The Financial Controller is responsible for:

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

The Document Initiator is responsible for:

- Preparing a draft policy and procedure document (for new policies) in accordance with the standardized format established by this policy;
- Revising an issued policy and procedure document in accordance with the standardized format;
- Preparing a written request to rescind an outdated or inaccurate policy and procedure document; and
- Submitting all policy and procedure document requests to the Financial Controller or delegated authority for review and recommendation of approval.

Procedures

Policy Creation

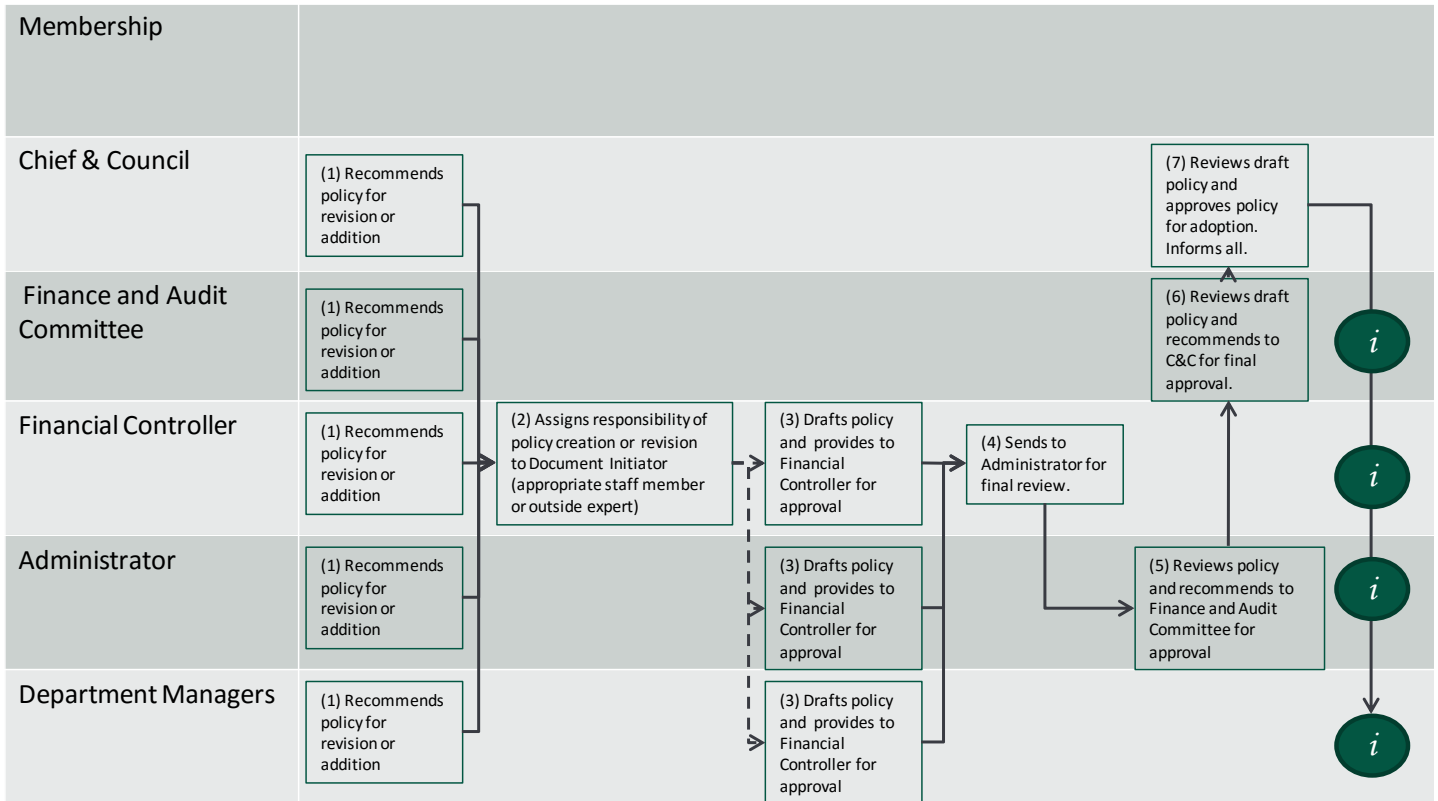
- The Financial Controller will create a list of all policies and procedures required by the Nation to adequately and effectively manage and control the financial management system and to safeguard the Nation's assets. Any employee or department may recommend a policy revision or addition. The Financial Controller will then assign the responsibility of document initiator to a process owner or subject area expert for policies and procedures that do not exist or require revision. The document initiator creating the policy and procedure should be the process owner or a subject area expert. This person can be either an employee or an external consultant/advisor.



- The Financial Controller will assign or delegate the drafting of the policy to a document initiator and both will agree on appropriate content (iterative reviews if necessary), keeping within the following format for the policy:
 - **Policy** – Clear statement that indicates the protocol or rule affecting the specific area
 - **Purpose** – The reason or rationale underlying the policy and procedure
 - **Scope** – The areas, functions, individuals, or departments affected by the policy
 - **Definitions** – Any specialized terms that are not otherwise defined
 - **Responsibilities** – Describes who, using generic titles or positions, is responsible for implementing or maintaining the policy and procedure
 - **Procedures** – Describes the steps, details, or methods to be used to implement and maintain the policy and procedures
 - **References** (optional) – List of applicable documents, policies, laws and regulations
 - **Attachments** (optional) – Forms, reports, or records that are generated from the policy
- The next step is for the document initiator to actually draft the policy, following the format and content guidelines recommended by the Financial Controller. During this phase, there may be a few iterations back and forth between the director and the document initiator.
- Once the policy document is in a draft format and approved by the Financial Controller, it is forwarded to the Administrator for final review and recommendation for submission to the Finance and Audit Committee.
- The Finance and Audit Committee will review the draft policy and procedure documents. The policy will either be sent back to the document initiator for revisions or sent to Council for final approval.
- Each policy and procedure document presented to Council for approval will include a list of the persons affected by the policy (listed under “Scope”) and a documented record of the Finance and Audit Committee’s review and recommendation.
- Council informs all affected managers and staff of policy adoption. All affected staff must read and adopt the approved policy.



Policy Revision and Addition Process



Policy Revision

The document initiator may recommend the revision of an issued policy and procedure following steps under “Policy Creation”.

Policy Rescission

A process owner may request the rescission of an issued policy and procedure if the policy is outdated or inaccurate and approval is obtained from both the Administrator and Financial Controller.

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

Policy Approval

Once approved by Council, a new or revised policy must be communicated and accessible to all affected departments, employees, and members of Ahousaht First Nation.

Policy Maintenance

At least every two years, all issued financial policy and procedures documents will be reviewed by the Financial Controller for completeness, accuracy, and relevancy and if necessary, will request process owners to validate existing policy and procedures for accuracy. Policies and Procedures will be revised or rescinded accordingly.



PLANNING AND BUDGETING POLICY

Policy No: FP0030	Effective Date:
Distribution:	Approval Date:
Page ___ of ___ pages:	Motion Number:
Policy replaces:	Revision Date:

Policy

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

Purpose

The purpose of this policy is to ensure that a comprehensive planning process is established to support the ongoing decision making of Ahousaht First Nation.

Scope

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

Definitions

- “**Annual integrated planning process**” refers to the annual process whereby all planning and budgeting activities throughout every level of the organization are effectively linked, coordinated, and driven by Ahousaht First Nation's vision and strategic objectives.
- “**Planning documents**” are the combination of a strategic (community development) plan, capital budget, multi-year financial plan, and annual budget.

Responsibilities

Council is responsible for:

- Reviewing and approving the annual budget and ensuring that it was prepared in accordance with any applicable Ahousaht First Nation Financial Administration Laws, is based on plausible assumptions, and provides for required programs and services;
- Reviewing and approving other planning documents, including but not limited to, a strategic (community development) plan, capital budget, and a multi-year financial plan;
- Reviewing and approving any changes or amendments to the annual budget or other planning documents;
- Establishing specific goals and service priorities to guide resource and allocation decisions during the budget planning sessions;
- Ensuring that a process is in place to address membership priorities in the strategic plan and other planning documents as appropriate;
- Ensuring that the membership of Ahousaht First Nation is informed about or involved in the annual budget, multi-year financial plan, budget deficits, or extraordinary expenditures; and
- Establishing general budget policies or guidelines, such as the requirement for a balanced budget and appropriate use of cash reserves.

The Finance and Audit Committee is responsible for:

- Reviewing the draft annual budget and multi-year financial plan and recommending them to Council for approval;



- Reviewing any draft amendments of the annual budget and recommending them to Council for approval; and
- Reviewing information, schedules and proposed budget for rehabilitation or replacement of tangible capital assets and plans for new construction of tangible capital assets.

The Administrator is responsible for:

- Arranging budgeting planning sessions with Council and other key stakeholders essential in developing the budget;
- Arranging and staffing planning sessions for the development of other key planning documents;
- Ensuring that the budgeting calendar is met;
- Reviewing draft budgets in consultation with the Finance and Audit Committee;
- Reviewing other draft planning documents in consultation with the Finance and Audit Committee;
- Communicating the approved budget to management and line staff;
- Conducting regular financial monitoring to compare actual income and expenses to those budgeted; and
- Maintaining a current register of all Ahousaht First Nation's tangible capital assets and arranging for an annual inspection of them.

The Financial Controller is responsible for:

- Creating a budget development calendar and ensuring deadlines are met;
- Establishing the format for draft budgets;
- Participating in budget planning sessions with Council, the Finance and Audit Committee, the Administrator, and other key stakeholders;
- Collaborating with department heads in setting draft expenses for their department;
- Preparing the draft budget by consolidating and evaluating draft budgets from department heads for accuracy, reasonableness, applicable guidelines, and anticipated resources;
- Developing revenue forecasts based on reviews of fiscal transfer agreements and collaboration with other employees on business and local revenue forecasts;
- Presenting draft annual budgets to the Administrator and to the Finance and Audit Committee on an annual basis;
- Implementing financial monitoring, including preparing and analyzing budgeted versus actual revenue and expense reports for the Finance and Audit Committee use, and overseeing any Council-approved corrective action (i.e. budget amendments) after the annual budget is approved; and
- Making forecasts and preparing budgets for tangible capital assets.

Procedures

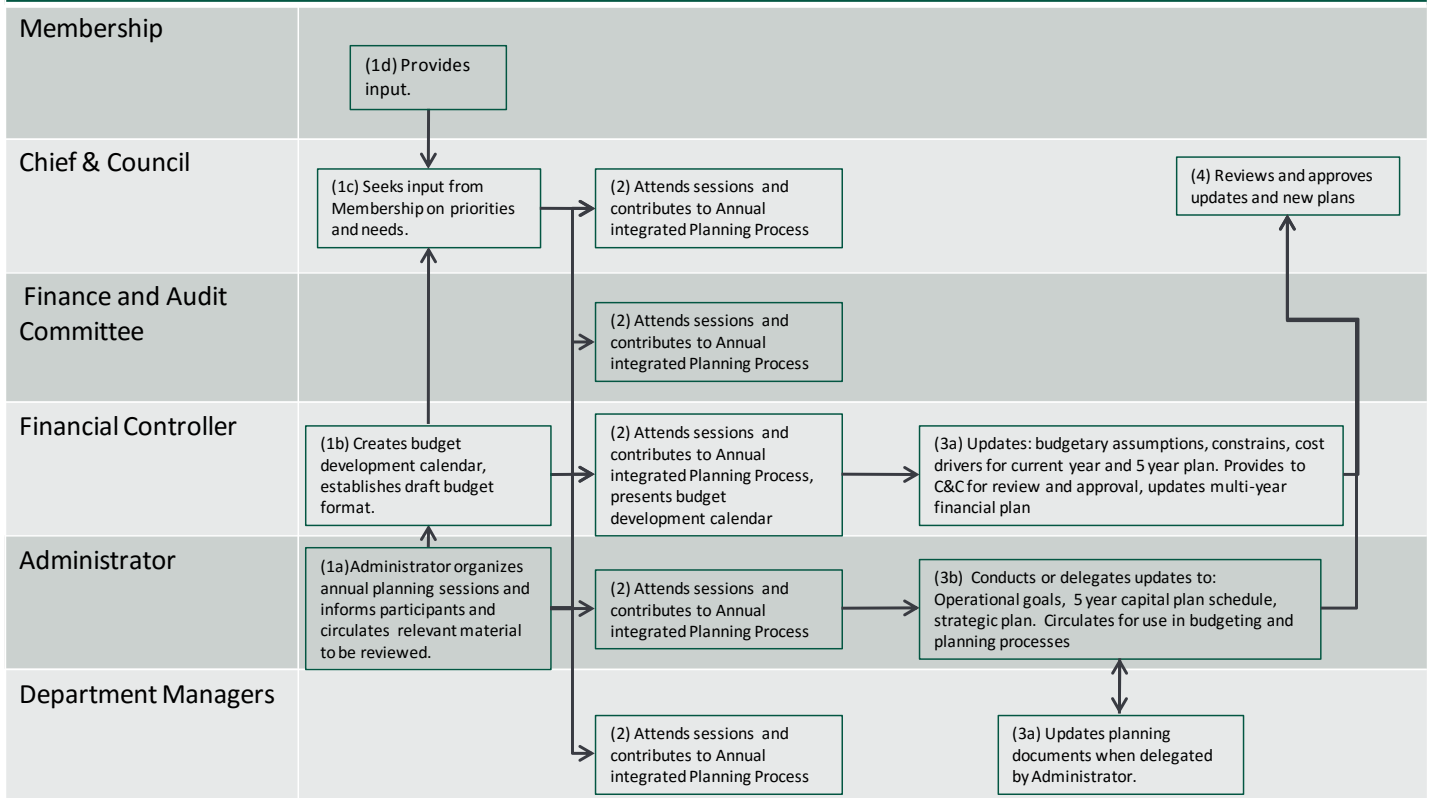
Annual Integrated Planning Process

- An annual planning session will be held within five (5) months prior to the start of the fiscal year being planned for, or by a deadline of November 1st. The planning session will generally include:
 - Council members, members of the Finance and Audit Committee, the Administrator, the Financial Controller, and other representatives from department or functional areas of business;
 - Establishment or communication of current-year and five-year operational goals and objectives, based on priorities established by Council in consultation with membership;
 - Presentation of budget development calendar;
 - Establishment or update of key budgetary assumptions, budgetary constraints, and cost drivers for the current-year and five-year plan;



- Establishment or update of a five-year capital plan schedule to ensure the effective management of capital assets, which identifies and prioritizes expected needs, costs, and sources of financing; and
- Establishment or update of strategies, goals and objectives for the strategic plan – the plan that details Ahousaht First Nation’s longer-term priorities and the plan for resources needed to meet the objectives of the plan.

Annual Integrated Planning Process

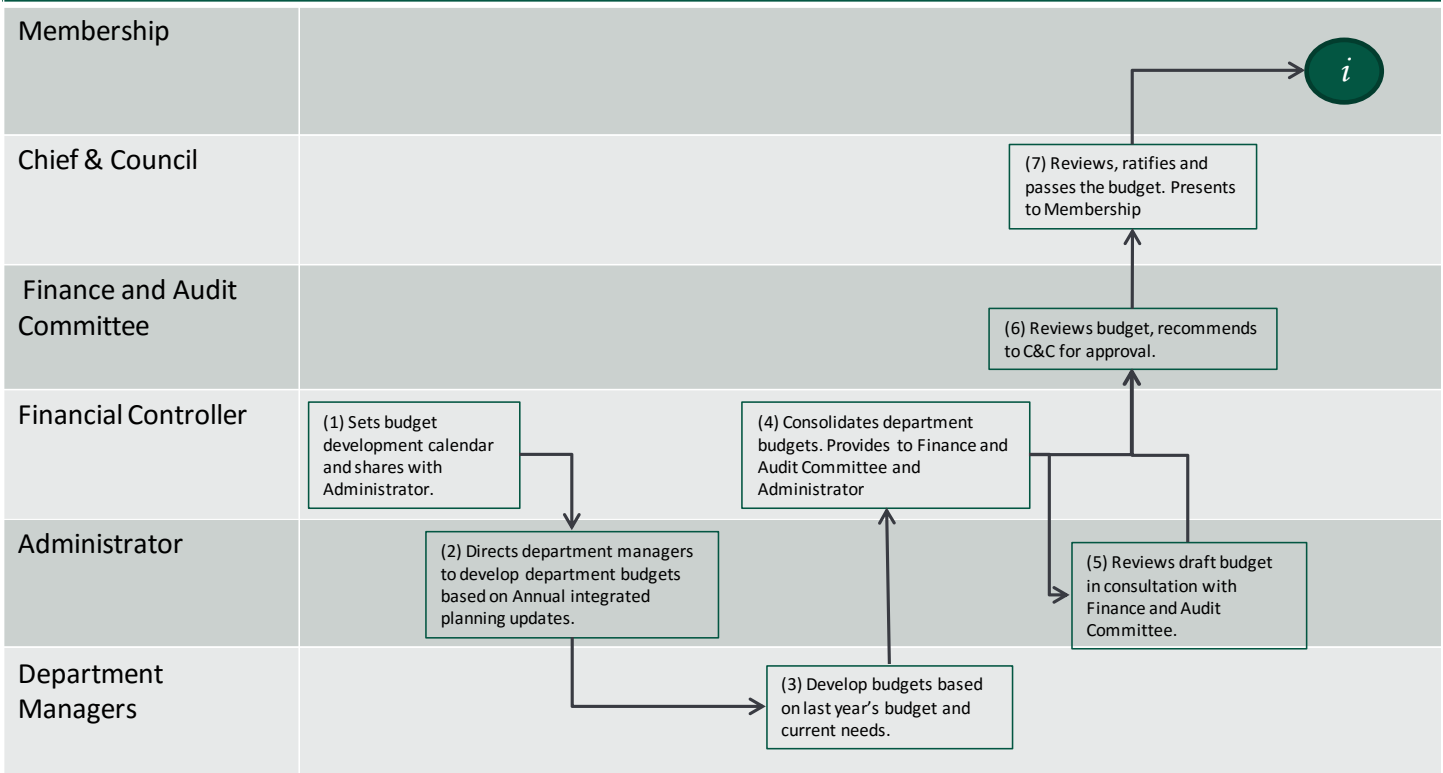


Budget

- Based on the annual integrated planning session, the initial operating budget estimates will be prepared, and the five-year capital budget estimates will be prepared or updated accordingly.
- Budget assumptions will be documented and updated throughout the budget preparation process, with budget adjustments made as required.
- Capital budgeting estimates should include all capital improvement projects (purchase, construction, or renovation of physical facilities) and all capital equipment expenditures.
- The Administrator will provide detailed financial information on staffing and benefits for each department.
- The draft budget will be presented for discussion at a Finance and Audit Committee meeting. The Committee may accept the estimates as presented or request amendments, within the context of the operating objectives and the strategic plan.
- The final draft budget recommended for approval to Council by the Finance and Audit Committee will be approved by Council no later than March 31st of the fiscal year proceeding the budget year.



Annual Budgeting

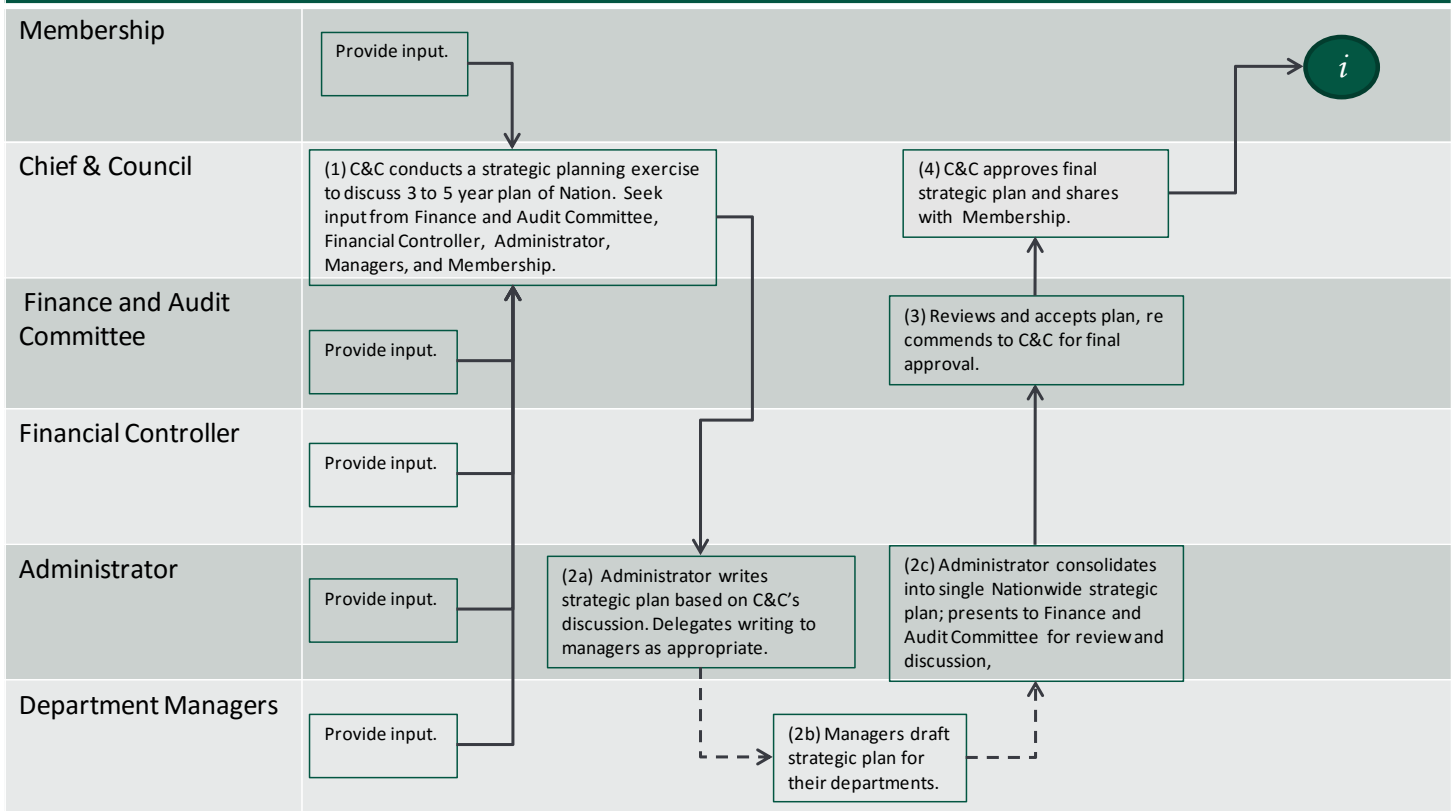


Strategic Plan

- Based on the annual integrated planning session, a comprehensive and holistic strategic plan will be prepared. This process will include:
 - Developing a community vision that provides the guiding principle of the plan;
 - Developing a community priorities list (e.g. housing, education, etc.);
 - Setting a realistic timeframe to implement the plan;
 - Identifying the requirements to implement the plan (i.e. using legislative tools of governance and public finance to support activities or the need to acquire additions to reserve, or invest in new businesses to generate additional revenues);
 - Determining how the implementation of the plan will be resourced; and
 - Community input on the vision and priorities.
- The draft strategic plan will be presented for discussion at a Finance and Audit Committee meeting. The Committee may accept the plan as presented or request amendments, within the context of the operating objectives and the vision and priorities of Ahousaht First Nation.
- The final multi-year strategic plan recommended for approval to Council by the Finance and Audit Committee will be approved by Council as a formal planning document no later than March 31st of each fiscal year. The strategic plan should cover a period of 3 to 5 years.



Strategic Planning Process



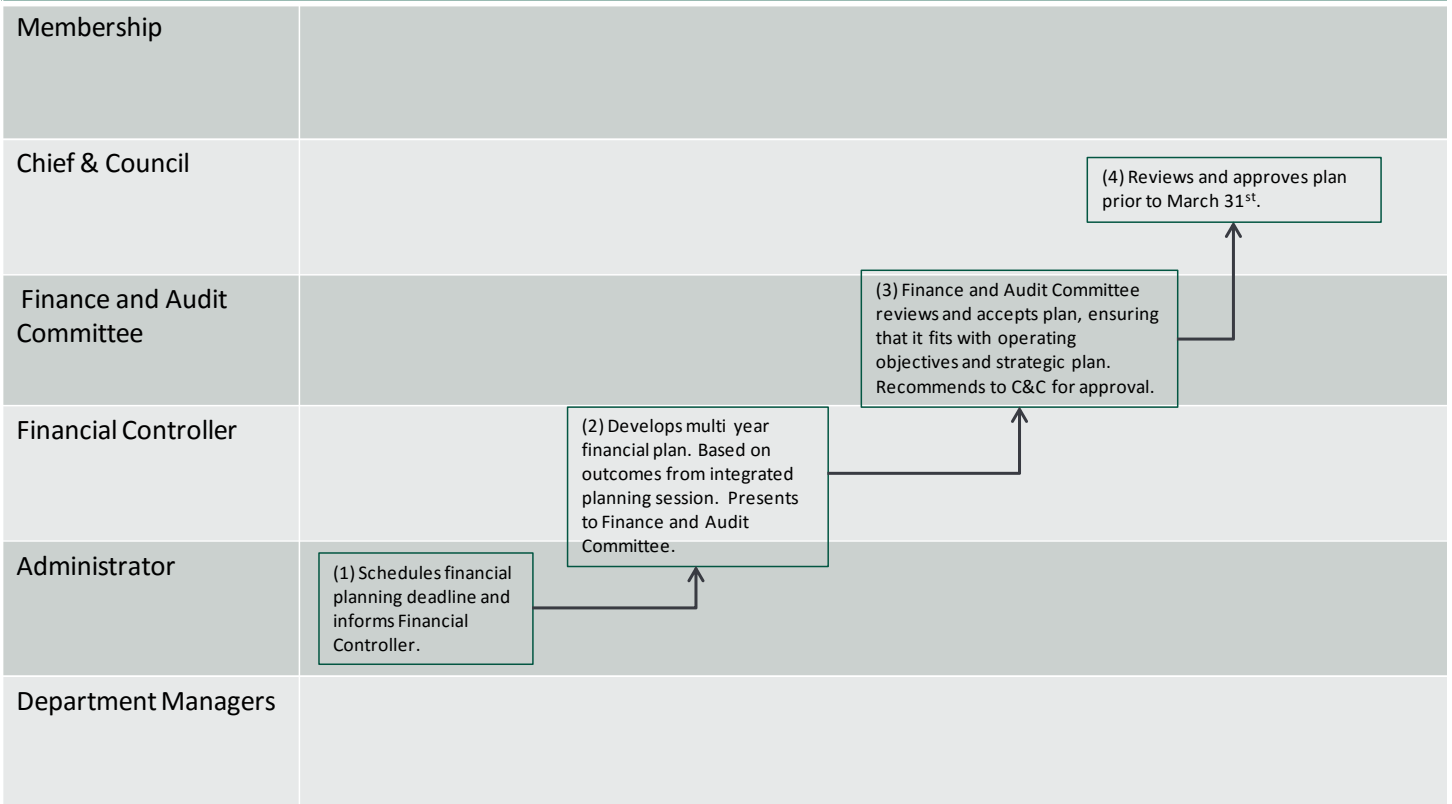
Multi-Year Financial Plan

- Based on the annual integrated planning session, a multi-year financial plan that has a planning period of five years, comprised of the current fiscal year and the four succeeding fiscal years, will be prepared that will also include the following:
 - Revenue projections by major revenue type that demonstrate trends in existing revenue streams;
 - In respect of projected revenues, specified separate amounts for income from taxes, fees and charges, transfers from Canada or a provincial or territorial government, grants and business operations and proceeds from borrowing;
 - In respect of projected expenditures, specified separate amounts for payments, including payments of principal and interest on debt, payments required for capital projects, payments required to address any deficits, and payments for all other purposes;
 - Basis on projections of revenues, expenditures and transfers between accounts;
 - In respect of transfers between accounts, specific amounts from the tangible capital asset reserve account;
 - Reserves/fund balances that estimate the available reserves available to help short-term fiscal shortfalls or unanticipated or planned expenditures;
 - Presentation of all categories of restricted cash;
 - Indication of whether in any of the five (5) years of the plan a deficit or surplus is expected from the projection of revenues and expenditures that year; and
 - A cover sheet that describes the broad assumptions and judgments used in the developments of the plan.



- The draft multi-year financial plan will be presented for discussion at a Finance and Audit Committee meeting. The Committee may accept the plan as presented or request amendments, within the context of the operating objectives and the strategic plan.
- The final multi-year financial plan recommended for approval to Council by the Finance and Audit Committee will be adopted as a formal planning document no later than March 31st of the each fiscal year.

Multi-Year Financial Plan



Adjustments to the Plans and Budgets

- An annual adjustment process in the Budget Calendar will be included to adjust the plans and budgets.
- The circumstances to make adjustments to budgets are limited to substantial change in the forecasted revenues or expenses of Ahousaht First Nation or in the expenditure priorities of the Council, which may include the following:
 - External factors that impact funding arrangements;
 - Impacts related to capital project adjustments;
 - Unforeseen changes to budget assumptions; or
 - Council-approved changes to priorities or operating objectives.
- Proposed amendments to the strategic plan or multi-year plan will be reviewed on an annual basis, and substantial changes will be made when required.
- Significant time-sensitive adjustments should be brought to the Finance and Audit Committee for review and recommendation to Council.
- On or before May 15 of each year, the Financial Controller must prepare and submit to the Finance and Audit Committee for review a draft amendment of a component of the annual budget that requires amendments with respect to Ahousaht First Nation's local revenue account.



- On or before May 20 of each year, the Finance and Audit Committee must review the draft amendments Ahousaht First Nation submitted by the Financial Controller for review.
- No later than May 30 of each year, the Council must approve the proposed amendments to the annual budget.

Attachments

Appendix A – Sample Planning Process Schedule Template



Appendix A – Sample Planning Process Schedule Template

Task	Individual(s) Responsible	Deadline
Plan and hold annual planning kickoff meeting to present major budget policies, multi-year financial plan direction and guidelines for the strategic plan.	Administrator, Financial Controller, Finance and Audit Committee, Council	November 15
Inspect and review of all tangible capital assets to establish or update information.	Administrator	November 30
Each Department prepares a thorough analysis and projection of all expenses for the budget year.	Department Heads, Financial Controller	December 1
Multi-year plan and strategic plan developed or updated.	Financial Controller, Administrator, Senior Officers	December 15
Consolidate all draft budgets, including capital budget, into one master budget.	Financial Controller	December 31
Schedule of annual routine maintenance, other than rehabilitation, for tangible capital assets. Five (5), ten (10) and thirty (30)-year forecasts for the estimated cost for rehabilitation or replacement of the tangible capital assets. The proposed budget for rehabilitation and replacement of tangible capital assets for the next fiscal year.	Financial Controller	December 31
Senior management reviews draft budgets, multi-year plan, and strategic plan, and discusses (iterative process) with Financial Controller.	Administrator; Financial Controller	January 15
Present budget, multi-year plan, and strategic plan to Finance and Audit Committee for review, discussion, and modification.	Financial Controller, Administrator, Finance and Audit Committee	January 31
Incorporate Finance and Audit Committee changes to any of the planning documents.	Financial Controller, Administrator, Finance and Audit Committee	February 15
Inform the membership or involve the membership in consideration of the annual budget and the multi-year financial plan as required in Council policy, including giving notice to the membership of the Council meeting when the budget and multi-year financial plan are presented for approval.	Administrator, Financial Controller	March 1
Council receives budget/ multi-year plan/ strategic plan and recommendation from the Finance and Audit Committee. Council approves budget/ multi-year plan/ strategic plan based on recommendation from the Finance and Audit Committee.	Finance and Audit Committee, Council	March 1
Distribute approved budget and strategic plan to Department Heads and any other appropriate staff.	Financial Controller	March 15
Prepare and submit to the Finance and Audit Committee for review, a draft amendment of the component of the annual budget respecting the local revenue account.	Financial Controller	May 15



Task	Individual(s) Responsible	Deadline
Finance and Audit Committee reviews the draft amendment of the component of the annual budget respecting local revenue account and recommends an amendment to the annual budget to the Council for approval.	Finance and Audit Committee	May 20
Council approves amendment of the component of the annual budget respecting the local revenue account.	Council	May 30



TANGIBLE CAPITAL ASSETS POLICY

Policy No: FP0040	Effective Date:
Distribution:	Approval Date:
Page ___ of ___ pages:	Motion Number:
Policy replaces:	Revision Date:

Policy

Tangible capital assets will be managed using a life-cycle approach that effectively plans, manages, accounts for, and disposes of assets listed in the inventory of Ahousaht First Nation capital assets, and that ensures assets are accurately reflected in Ahousaht First Nation's financial statements.

Purpose

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

Scope

This policy applies to the Council, Finance and Audit Committee, Administrator, Financial Controller, and senior management of Ahousaht First Nation, as well as any employees directly involved in capital asset management.

Definitions

- **“Asset recognition criteria”** means the criteria to be used to set the threshold for determining whether a tangible capital asset must be included in the tangible capital asset register and in the life-cycle management program.
- **“Capital project”** means the construction, rehabilitation or replacement of Ahousaht First Nation's tangible capital assets and any other major capital projects in which Ahousaht First Nation or its related bodies are investors.
- **“Capital project plan”** means a plan to carry out a capital project, and an annual capital plan is all of the capital project plans to be budgeted for undertaken in a fiscal year.
- **“Cost”** is the gross amount of consideration given up to acquire, construct, develop or better a tangible capital asset, and includes all costs directly attributable to acquisition, construction, development or betterment of the tangible capital asset, including installing the asset at the location and in the condition necessary for its intended use. The cost of a contributed tangible capital asset, including a tangible capital asset in lieu of a developer charge, is considered to be equal to its fair value at the date of contribution. Capital grants would not be netted against the cost of the related tangible capital asset.
- **“Deferred Maintenance”** is maintenance that was not performed when it was scheduled, or that was delayed for a future period and may result in a decrease in service levels and can affect the life expectancy of the asset. It is noted in the asset register.
- **“Fair value”** is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.
- **“GAAP”** refers to generally accepted accounting principles (“GAAP”) of the Canadian Institute of Chartered Accountants, as amended or replaced from time to time.



- **“Rehabilitation”** includes alteration, extension and renovation but does not include routine maintenance.
- **“Replacement”** includes substitution, in whole or in part, with another of Ahousaht First Nation’s tangible capital assets.
- **“Life-cycle management program”** means the program of inspection, review and planning for the management of Ahousaht First Nation’s tangible capital assets as described in this policy.
- **“Life cycle planning”** is a key component of a life-cycle management program as it provides information for understanding the condition and assessing the performance of capital assets, anticipates the needs for replacements in the short and long term, and assesses the cost and sustainability of existing programs.
- **“Net book value”** of a tangible capital asset is its cost, less both accumulated amortization and the amount of any write-downs.
- **“Residual value”** is the estimated net realizable value of a tangible capital asset at the end of its useful life to Ahousaht First Nation.
- **“Tangible capital assets”** are non-financial assets having physical substance that:
 - Are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance, or repair of other tangible capital assets;
 - Have useful economic lives extending beyond an accounting period;
 - Are to be used on a continuing basis; and
 - Are not for sale in the ordinary course of operations.
- **“Useful life”** is the estimate of either the period over which a tangible capital asset is expected to be used by Ahousaht First Nation, or the number of production or similar units that can be obtained from the tangible capital asset by Ahousaht First Nation. The life of a tangible capital asset may extend beyond the useful life of a tangible capital asset to Ahousaht First Nation. The life of a tangible capital asset, other than land, is finite, and is normally the shortest of the physical, technological, commercial, and legal life.

Responsibilities

Council is responsible for:

- Approving capital project plans and tangible capital asset reserve fund transactions;
- Establishing a tangible capital asset reserve fund;
- Establishing asset recognition criteria;
- Approving the tangible capital assets register;
- Approving policies and procedures for capital projects;
- Approving procedures for the safeguarding of tangible capital assets; and
- Ensuring capital project budgeting requirements are implemented.

The Finance and Audit Committee is responsible for:

- Reviewing on or before January 15, the financial information provided on the life-cycle management program by the Financial Controller;
- Reviewing and recommending to Council the annual budget for tangible capital assets;
- Reviewing and recommending to Council procedures for the safeguarding of assets;
- Reviewing status reports on the capital asset reserve fund and, if necessary, making a recommendation to Council relative to the funding contribution;
- Monitoring at each meeting the status of all capital projects, including borrowings, loans and payments for each project, comparison of expenditures to date within the project budget, details of



identified problems with the project and how they will be addressed, and steps taken for each capital project to comply with Council policies for management of capital projects;

- Reviewing the Administrator's recommendations on asset recognition criteria and making recommendations to Council for approval; and
- Reviewing any scheduled capital project plans, including supplemental information and their budgets, and developing recommendations for Council.

The Administrator is responsible for:

- Developing the life-cycle management program in accordance with the requirements of this policy and making recommendations to the Finance and Audit Committee and Council on matters concerning the management of Ahousaht First Nation's tangible capital assets;
- Maintaining the tangible capital assets register as required in this policy, including arranging for an annual inspection to obtain updated information of each capital asset (e.g. physical condition, remaining useful life, etc.);
- Ensuring Ahousaht First Nation members are informed and involved in tangible capital asset projects and borrowings for construction;
- Developing and recommending to the Finance and Audit Committee the asset recognition criteria and reviewing the criteria annually for possible recommended changes; and
- Serving as a point of contact to retain capital project consultants to assist the Administrator, Finance and Audit Committee, and Council.

The Financial Controller is responsible for:

- The accurate and timely recording and reporting of tangible capital assets in the financial statements, in accordance with GAAP;
- Monitoring the application of this policy and updating the policy on a regular basis;
- Preparing, on or before December 31 of each year, the financial information related to routine maintenance and rehabilitation or replacement of tangible capital assets, as required in this policy;
- Monitoring the tangible capital asset protection insurance program and making recommendations to the Administrator in adequate time before each annual renewal, or sooner if circumstances warrant;
- Preparing the maintenance and quarterly reporting to the Finance and Audit Committee, or more frequently if necessary, on the status of the capital asset reserve fund;
- Developing and recommending procedures for the safeguarding of assets and ensuring approved procedures are followed; and
- Developing the budget for capital project plans and annual capital plan.

Employees involved in the life-cycle management program are responsible for:

- Maintaining tangible capital asset information and implementing asset security and safeguarding measures, as provided through the application of these policies and safeguarding procedures approved by Council;
- Recording and reporting periodic changes in tangible capital assets to the Administrator; and
- Ensuring tangible capital assets are accurately tracked and inventoried using the pre-numbered asset control tagging system.

Procedures



Tangible Capital Asset Register

- A detailed tangible capital asset register is to be established, maintained and kept current by the Administrator (or assigned employee). The asset register will facilitate the life-cycle management program with maintenance, rehabilitation, and replacement activities as well as providing an accurate inventory of tangible capital assets.
- The register will include, at a minimum, the following information:
 - Location and intended purpose of the asset;
 - Ownership and restrictions over ownership (e.g. pledges or collateral agreements);
 - Date of acquisition;
 - Previous inspection date;
 - Original expected life of the asset at the time of acquisition;
 - Most recent assessment of the condition of the asset and its expected remaining useful life¹;
 - Original cost to acquire or develop the asset;
 - Any costs capitalised, subsequent to the initial acquisition or development of the asset (e.g. additions, betterments);
 - Any amounts de-recognised as a result of the sale or disposal of the asset;
 - Any proceeds received as a result of the sale of the asset;
 - The amount of depreciation expense calculated for the current period;
 - The total accumulated depreciation expense as at the end of the current period;
 - Any increase to accumulated depreciation made during the current period to reflect impairment in the carrying value of the asset;
 - The total cost, accumulated depreciation, and carrying value (i.e. net book value) of the asset as at the end of the current period;
 - Estimated residual value of the asset (i.e. the estimated net realizable value of the tangible capital asset at the end of its useful life to Ahousaht First Nation);
 - Insurance coverage details for the asset; and
 - Any other information required by the Council.
- An electronic 'asset notification' record will be prepared by the Finance Department from the accounting records when an asset is acquired that captures the key information required for the tangible capital asset register as described above.
- An asset tracking (i.e. serial) number will be assigned, as well as an activity center code (for the purposes of accounting for depreciation), to each of Ahousaht First Nation's tangible capital assets, which is to be recorded in the tangible capital asset register and communicated to the department manager for which the management of the asset is assigned.
- Department managers will be provided with an annual copy of the tangible capital asset register listing the assets assigned to their respective departments. It is the responsibility of the department manager to regularly report any changes (e.g. additions, disposals, indicators of impairment, changes to estimated useful life, etc.) that are to be made to the register to the Finance Department.
- The Finance Department will regularly reconcile the general ledger to the tangible capital asset register. Please refer to Appendix A for additional guidance on the tangible capital asset register.

Amortization / Depreciation

- A suitable method for amortizing (or depreciating) each category of tangible capital assets should be selected to form part of Ahousaht First Nation's accounting policies.

¹ The expected remaining useful life of each asset must be re-assessed at a minimum annually. Any changes to this estimate must be accounted for prospectively as a change in estimate.



- Different methods of amortizing a tangible capital asset result in different patterns of cost recognition. The objective is to provide a systematic and rational basis for allocating the cost of a tangible capital asset, less any residual value, over its useful life. A straight-line method reflects a constant charge for the service as a function of time. A variable charge method reflects service as a function of usage. Other methods may be appropriate in certain situations.
- The cost, less any residual value, of a tangible capital asset with a limited life should be amortized over its useful life in a rational and systematic manner appropriate to its nature and use by Ahousaht First Nation. Amortization (or depreciation) expense should be calculated and recorded on a monthly basis.
- The amortization of the costs of tangible capital assets should be accounted for as expenses in the statement of operations.
- Land normally has an unlimited life and would not be amortized.
- Where Ahousaht First Nation expects the residual value of a tangible capital asset to be significant, it would be factored into the calculation of amortization.
- The useful life of a tangible capital asset depends on its expected use by Ahousaht First Nation. Factors to be considered in estimating the useful life of a tangible capital asset include:
 - Expected future usage;
 - Effects of technological obsolescence;
 - Expected wear and tear from use or the passage of time;
 - The maintenance program;
 - Studies of similar items retired; and
 - The condition of existing comparable items.
- The amortization method and estimate of the useful life of the remaining unamortized portion of a tangible capital asset should be reviewed on a regular basis and revised when the appropriateness of a change can be clearly demonstrated.

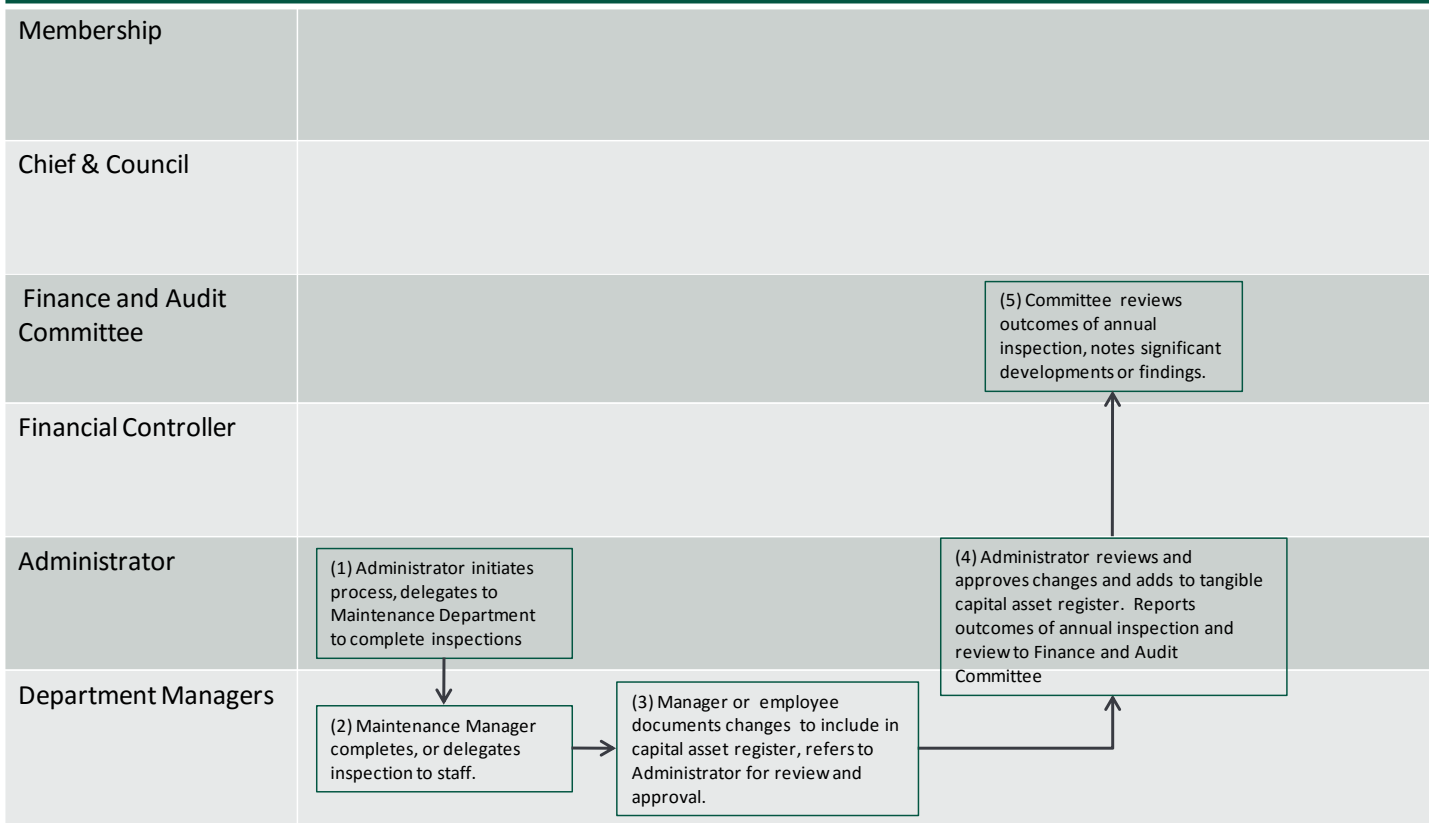
Annual Inspection and Review

- On or before **November 30**, the Administrator will initiate an annual inspection of Ahousaht First Nation's capital asset inventory. Employees in the maintenance department will be assigned by the Administrator to complete the inspection under his/her supervision. Where appropriate or necessary, the Administrator may choose to engage the services of an external specialist to assist in the valuation of certain specialised assets (e.g. land, buildings, etc.).
- Any changes necessary to the tangible capital asset register will be documented by the employee noting the changes, and communicated to the Administrator for review and approval. Once reviewed and approved by the Administrator, the changes will be inputted to the tangible capital asset register by the employee responsible for the register.
- The Administrator will report to the Finance and Audit Committee on the outcome of the annual inspection and review of assets, noting any significant developments or findings.
- In the event that there is evidence of damage to or a loss of an asset identified during the inspection process or at any other time of the year, the Administrator will investigate the matter and initiate the insurance claim process, if applicable. The tangible capital asset register will be updated based on this new information.
- When conditions indicate that a tangible capital asset no longer contributes to Ahousaht First Nation's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset should be reduced to reflect the decline in the asset's value.
- The net write-downs of tangible capital assets should be accounted for as expenses in the statement of operations.



- A write-down should not be reversed.

Annual Inspection and Review of Assets



Safeguarding Assets

- The Financial Controller will ensure that there is a tagging or marking identification system in place for all tangible capital assets subject to the risk of theft (e.g. equipment, vehicles, furniture, etc.). Markers should include the date of purchase and an asset identification (reference) number that identifies the asset to be property of Ahousaht First Nation.
- Physical security arrangements over capital assets will be reviewed annually² by the Financial Controller, and the results of this review will be reported to and reviewed by the Finance and Audit Committee with any recommendations to Council.
- Insurance coverage for tangible capital assets will be obtained and remain in force unless an asset is to be self-insured based on a risk management assessment that balances any potential loss with the cost of insurance, replacement value of items, etc. Insurance will be obtained in accordance with the Insurance Policy.

Maintenance of Assets

- Employees in the maintenance department (or its equivalent) will provide the Administrator with a bi-annual update on the condition of tangible capital assets over \$10,000 and preventative maintenance reports (including machine and vehicle logs) showing maintenance completed

² This may occur at the same time as the physical inspection of asset condition is performed

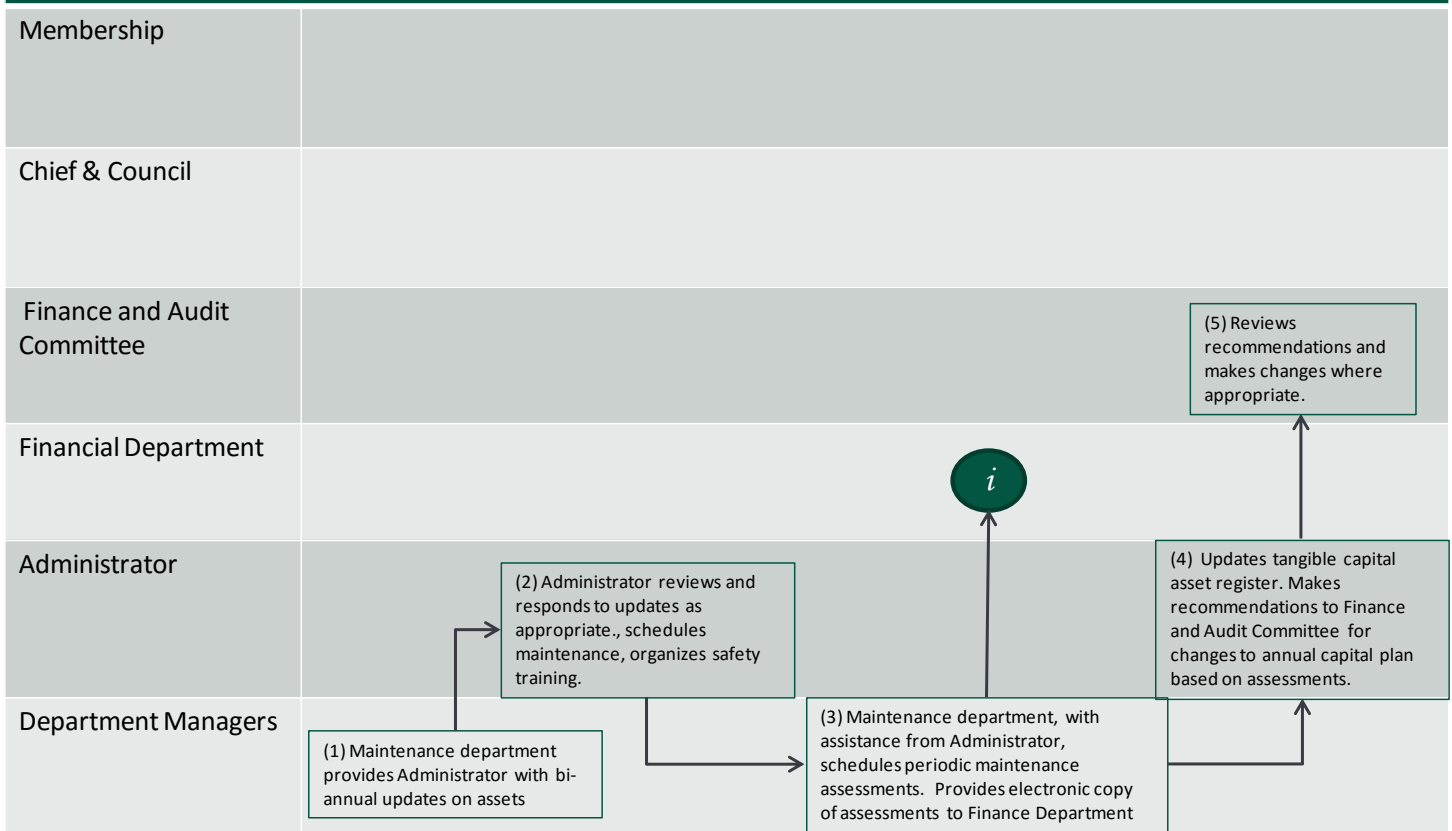


compared to scheduled maintenance. Explanations for deficiencies noted will be obtained and, where appropriate, shared with the Finance and Audit Committee.

- A list of any tangible capital assets identified as no longer in use will be prepared and reported to the Administrator. Steps will be taken to decommission and appropriately dispose of the assets in accordance with any applicable laws or regulations.
- All warranty and related work, including inspections, will be undertaken in a timely manner.
- The Administrator will recommend that any critical tangible capital assets of an unsafe nature, based on the annual review, are given a priority for replacement (or rehabilitation) in future planning.
- The Administrator, with the assistance of staff in the maintenance department, will ensure that appropriate staff training on the use of the particular tangible capital asset will be provided to ensure safety.
- For tangible capital assets over \$10,000, periodic maintenance assessments will be performed. Assessments should include:
 - Any deferred maintenance;
 - A description of the performance and condition of the asset;
 - An overall rating based on the following scale: Excellent, Good, Fair, Poor, or Failing; and
 - A forecast of the maintenance, repairs, betterment, and replacement costs over the course of the remaining useful life of the asset.
- The Department managers will retain a copy of the condition assessment(s) and will provide an electronic copy to the Finance Department.
- The Administrator will ensure the tangible capital asset register and accounting records are updated, and, in conjunction with the Financial Controller, will make recommendations to the Finance and Audit Committee for changes to the annual capital plan based on the results of the condition assessments performed for the year.



Maintenance of Assets



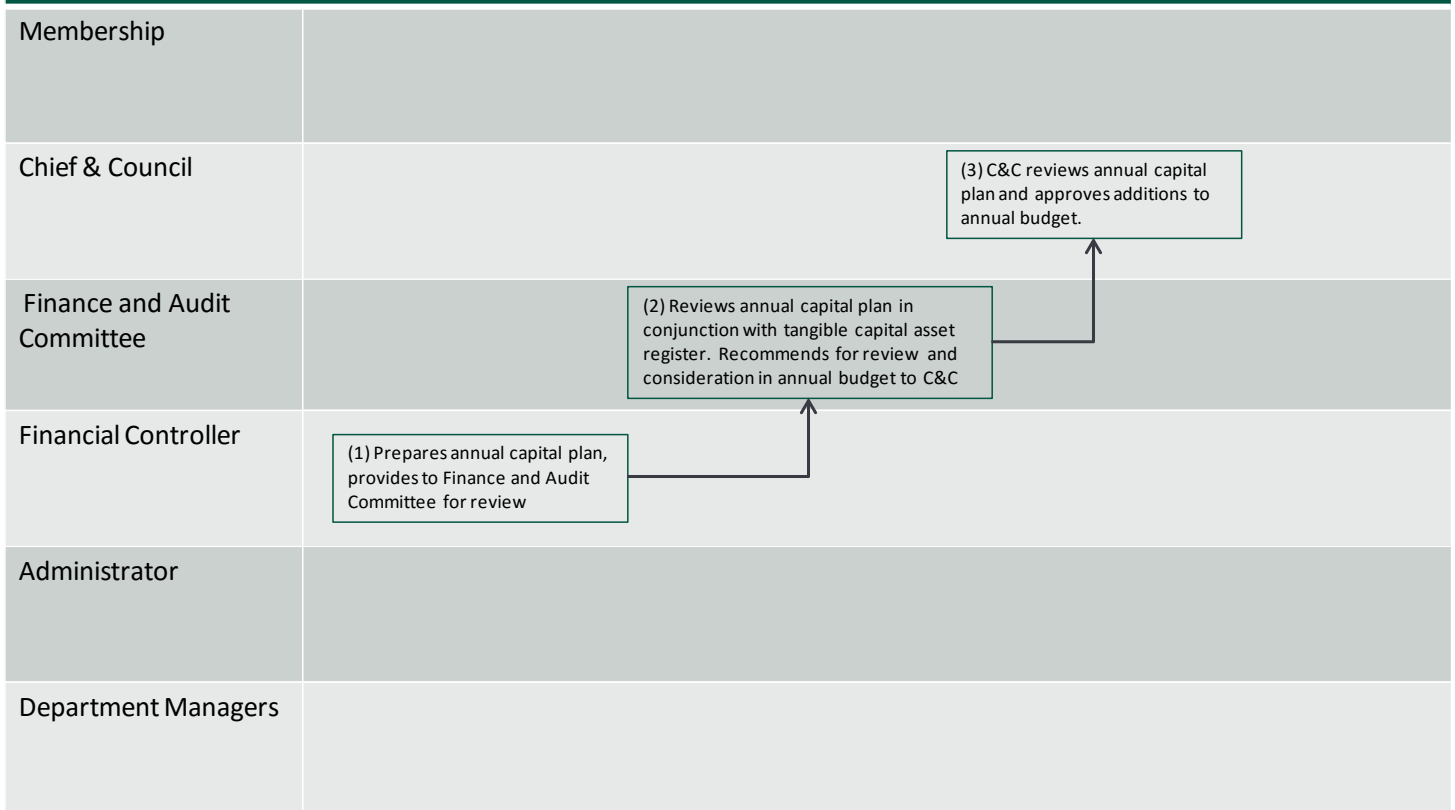
Life Cycle Management Program

- Based on the information in the tangible capital asset register and consultations with the Administrator and property management employees, the Financial Controller will prepare the annual capital plan by December 31st of each year.
- The annual capital plan will include short and long term forecasts for asset rehabilitation and/or replacement. The plan will include, at a minimum, the following details:
 - A description of each asset to be replaced or refurbished;
 - The rationale for the replacement or refurbishment;
 - Estimated cost, including contingencies, of each proposed acquisition or refurbishment project;
 - Estimated timeframe and schedule for completion of each asset acquisition or proposed refurbishment project; and
 - Ongoing maintenance requirements and costs and the impact on Ahousaht First Nation's budget.
- The Finance and Audit Committee will review the annual capital plan, in conjunction with the tangible capital assets register. The objective of this review is to:
 - Identify any means to reduce costs of each capital project;
 - Understand the effect that each proposed capital project (rehabilitation, replacement) has on the annual operating costs and routine maintenance costs in future years; and
 - Determine whether any significant savings might be affected by coordinating the scheduling of capital projects, deferring any projects, or carrying out rehabilitation projects, rather than replacement projects.



- The Finance and Audit Committee will review the annual capital plan by January 15 and report to Council on its findings and recommendations by February 15 for review and consideration of the annual budget for the upcoming fiscal year.

Life Cycle Management Program



Capital Projects

- The Administrator, with input from the Financial Controller, will develop an annual capital plan for all capital projects that exceed \$100,000 in cumulative value. The plan will include a business case for the capital project that will contain, at a minimum, the following:
 - The financial viability of the project (i.e. how it will be financed, what the expected return on investment will be, etc.);
 - Project operating requirements (e.g. annual operating and maintenance costs, cash flow considerations, etc.);
 - Evaluation of all other options considered; and
 - A project risk assessment.
- The annual capital plan will be integrated with Ahousaht First Nation's strategic plan (see Planning and Budget Policy for further details).
- The Administrator will coordinate project planning, design, engineering, tendering, bid selection, and environmental requirements for each capital project in accordance with Council policies and procedures for management of capital projects. Capital project consultants, including engineers, may be engaged to carry out these obligations at the discretion of the Administrator.
- The Financial Controller will coordinate project costing, budgeting, financing and approval for each capital project in accordance with Council policies and procedures for management of capital projects.



- To coordinate project management of each capital project, an ad hoc working committee, tasked with project planning and implementation, may be established as necessary with the Administrator and Financial Controller as members.
- The annual capital plan and recommendations from the working committee will be provided to the Finance and Audit Committee. Scope adjustments, modifications and other significant adjustments made to the projects will be identified and a rationale provided.
- The Finance and Audit Committee will review the annual capital plan on or before **January 15** and forward their recommendation to Council for approval.
- The Council must take reasonable steps to ensure that capital projects for construction of buildings or other improvements are financed, planned, and constructed in accordance with procedures, and to standards that generally apply to the financing, planning, and construction of public builds and other improvements of organized communities in the region in which the majority of Ahousaht First Nation's lands are located. The Administrator will report to the Finance and Audit Committee on steps taken to ensure these results are met for every capital project.

Construction Management

- The Administrator will procure appropriate course of construction insurance for each capital project in accordance with the Insurance Policy and will require contractors to have project performance guarantees or bonding for each project or as otherwise permitted or required in the Council policies and procedures for management of capital projects.
- Depending upon the size of the project, an independent project manager may be retained to provide contract management and control.
- The Financial Controller will process contractor progress payments, manage construction holdbacks and payment as required in the Council policy and procedure on management of capital projects, and will organize audit procedures in conjunction with the annual audit.
- The Financial Controller will report to every meeting of the Finance and Audit Committee on each capital project, with respect to:
 - Year to date borrowings, loans and payments;
 - The status of the project, including:
 - A comparison of the expenditures to date against the project budget;
 - A detailed description of any identified problems with the project; and
 - The manner in which a problem identified has been or will be addressed; and
 - Steps taken to ensure compliance with Council policies and procedures for management of capital projects.
- Work approvals, including change orders, will be signed off by the project manager or designate and forwarded to the finance office for retention and clearance against the contractor's invoice.

Life Cycle Policy Directives

Based on their nature, characteristics and useful life, all assets that meet the definition of a tangible capital asset as well as meet the Council-approved asset recognition criteria, fall within the categories outlined in Appendix A. These assets shall be recorded in the accounts of Ahousaht First Nation in accordance with this policy.

Acquisition of Tangible Capital Assets

- Department managers will identify to the Administrator the asset to be acquired as part of the annual budget and annual capital plan. It is recognized, however, that unforeseen asset acquisitions will occasionally be necessary.
- The acquisitions of tangible capital assets are subject to the Delegated and Assigned Responsibilities Policy and the Procurement Policy.



- Subject to the Procurement Policy, all purchases or leases of capital assets are to be made in accordance with the annual budget, annual capital plan, and Council resolution.
- Any significant variance between budgeted and actual cost of the tangible capital asset is to be reported to the Administrator and the Finance and Audit Committee.
- Following acquisition and delivery of a tangible capital asset, the Finance Department will ensure the asset is reflected in the accounting records and the financial statements of Ahousaht First Nation. An asset tracking number will be assigned and the asset added to the Tangible capital asset register of Ahousaht First Nation.

Tangible Capital Asset Reserve Fund

- The Council will establish a Tangible Capital Asset Reserve Fund to be applied for the purposes of construction, acquisition, maintenance, rehabilitation, and replacement of Ahousaht First Nation's tangible capital assets.
- The Financial Controller and the Finance Department will manage the Tangible Capital Asset Reserve Fund.
- All withdrawals from the tangible capital asset reserve fund must be approved via a Band Council Resolution at a duly convened Council meeting and in accordance with the annual budget and approved annual capital plan.
- Council must ensure, with advice from the Finance and Audit Committee, that the tangible capital asset reserve fund maintains a minimum balance of the total book value of Ahousaht First Nation's tangible capital assets.
- Contributions are to be budgeted and made to the tangible capital asset reserve fund on an annual basis based on the above minimum balance requirement and those amounts required in the annual budget and annual capital plan.

Disposal of Tangible Capital Assets

- Department managers will identify to the Administrator the asset to be disposed of, and the method of disposal, as part of the annual budget and capital plan. It is recognized, however, that unforeseen asset disposals will occasionally be necessary.
- The fair market value must be determined for all disposals as a prior condition of approval. The Administrator shall have the authority to determine the fair market value for all disposals. The Administrator will consult with external specialists in establishing the fair market value, where appropriate.
- All disposals of Ahousaht First Nation's tangible capital assets with a fair market value in excess of \$10,000 must be approved via a Band Council Resolution at a duly convened Council meeting prior to disposal of said assets, on the recommendation of the Administrator and the Finance and Audit Committee.
- All proceeds from the sale or disposal of Ahousaht First Nation's tangible capital assets are to be deposited in the Tangible Capital Asset Reserve Fund.
- The difference between the net proceeds on disposal of a tangible capital asset and the net book value of the asset should be accounted for as a revenue or expense in the statement of operations.
- Any item determined to be of no value or unsafe must be disposed of as waste in an appropriate manner that meets all regulatory or statutory requirements.
- Members of Ahousaht First Nation shall have an equal opportunity to purchase surplus assets through a competitive disposal process.
- All items to be sold are on an "as is, where is" basis with no warranties or guarantees expressed or implied.

Attachments



Appendix A – Tangible Capital Asset Categories

Appendix B – Presentation and Disclosure Requirements



Appendix A – Tangible Capital Asset Categories

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

Capital Asset Category	Examples of Capital Assets
Land	<ul style="list-style-type: none"> Land acquired for parks and recreation and recreation, conservation purposes, building sites and other programs. Land purchased for construction of road surface, drainage areas and allowances or future expansions.
Land improvements	<ul style="list-style-type: none"> Fencing and gates, parking lots, paths and trails, landscaping, swimming pools, and playgrounds. Site preparation in advance of commercial or residential development.
Buildings	<ul style="list-style-type: none"> Buildings with fireproofed structural steel frames with reinforced concrete or masonry floors and roofs. Buildings with reinforced concrete frames and concrete or masonry floors and roofs. Buildings with masonry or concrete exterior walls, and wood or steel roof and floor structures, except for concrete slabs on grade. Operational storage facilities, sheds, small buildings, salt sheds, asphalt tanks, inventory storage buildings, and pump houses.
Building improvements	<ul style="list-style-type: none"> Major repairs or upgrades that increase the value or useful life of the building or which reduce future operating costs such as structural changes, installation or upgrade of heating and cooling systems, plumbing, electrical, and telephone systems.
Leasehold and occupancy improvements	<ul style="list-style-type: none"> Improvements that increase the functionality of leased or similar accommodations (refer to the assets listed under the "building improvements" category).
Operating equipment	<ul style="list-style-type: none"> Equipment specific to maintenance, shop and sanitation, laboratories, medical, dental, safety, appliances, scientific research, hospitals, education and communication such as forklifts, welding machines, utility trailers, security systems, snowploughs, radios, freezers, refrigerators, washers, meters, and defibrillators.
Heavy equipment	<ul style="list-style-type: none"> Power and construction equipment such as graders, tractors, cranes, drill rigs, caterpillars, and trucks one tonne and over.
Vehicles	<ul style="list-style-type: none"> Used primarily for transportation purposes such as automobiles, trucks less than one tonne, vans, boats, all-terrain vehicles, snowmobiles, motorcycles, and ambulances.
Marine vessels - vessels and towers	<ul style="list-style-type: none"> Construction and replacement of vessels and towers.
Computer software	<ul style="list-style-type: none"> Off the shelf software and related upgrades, software licenses after removing any maintenance or similar charges.
Computer hardware	<ul style="list-style-type: none"> Servers, voice logging equipment, scanners, printers, hard drives, external hard drives, and plotters.
Office furniture and equipment	<ul style="list-style-type: none"> Desks, tables, chairs, filing cabinets, fax machines, photocopiers, videoconferencing stations, projectors, and digital cameras.
Assets under construction	<ul style="list-style-type: none"> Roads, buildings or other tangible capital assets that are under construction and have not yet been placed into service.



Capital Asset Category	Examples of Capital Assets
Roads/Streets	<ul style="list-style-type: none">• Roads or streets.• Light systems (traffic, pedestrian), signals for railways, new signage initiative, and traffic calming (e.g. rumble strips, speed bumps).
Water and sewer infrastructure	<ul style="list-style-type: none">• Dams, drainage facilities, docks, sewer systems, sewage lagoons, marinas, reservoirs, pumping facilities, tanks, and associated infrastructure.
Other infrastructure	<ul style="list-style-type: none">• Landfills, tanker bases, helipad, and dump stations.



Appendix B – Presentation and Disclosure Requirements

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

The financial statements should disclose, for each major category of tangible capital assets and in total:

- Cost at the beginning and end of the period;
- Additions in the period;
- Disposals in the period;
- The amount of any write-downs in the period;
- The amount of amortization of the costs of tangible capital assets for the period;
- Accumulated amortization at the beginning and end of the period; and
- Net carrying amount at the beginning and end of the period.

Major categories of tangible capital assets would be determined by type of asset, such as land, buildings, equipment, roads, water and other utility systems, and bridges.

Financial statements should also disclose the following information about tangible capital assets:

- The amortization method used, including the amortization period or rate for each major category of tangible capital asset;
- The net book value of tangible capital assets not being amortized because they are under construction or development or have been removed from service;
- The nature and amount of contributed tangible capital assets received in the period and recognized in the financial statements;
- The nature and use of tangible capital assets recognized at nominal value;
- The nature of the works of art and historical treasures held by the government; and
- The amount of interest capitalized in the period.



INVESTMENTS POLICY

Policy No: FP0050	Effective Date:
Distribution:	Approval Date:
Page ___ of ___ pages:	Motion Number:
Policy replaces:	Revision Date:

Policy

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

Purpose

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

Scope

This policy and procedure applies to Council, the Finance and Audit Committee, the Administrator and the Financial Controller.

Definitions

- **"Restricted investments"** are investments made with funds, the source of which is either government transfers, local revenues, or other revenues with restrictions on use.
- **"Unrestricted investments"** are investments made with funds, the source of which is not government transfers or local revenues.
- **"Portfolio rebalancing"** refers to the realigning of the weightings of Ahousaht First Nation's portfolio of assets and involves periodically buying or selling assets in the portfolio to maintain the original desired level of asset allocation.

Responsibilities

Council is responsible for:

- Determining Ahousaht First Nation's short and long term investment objectives.
- Selecting / de-selecting investment manager(s) and custodian(s).
- Approving the creation of an investment account.
- Approving funds to be invested.
- Approving the redemption of invested funds.

The Finance and Audit Committee is responsible for:

- Providing Council with recommendations in relation to the funds to be invested.
- Monitoring performance.
- The redemption of invested funds.

The Administrator is responsible for:

- Monitoring the performance of all parties to whom duties have been delegated.
- Reporting any significant changes to the investment portfolio to Council.
- Liaising with the Finance and Audit Committee, Investment Manager, Financial Controller, and Investment Consultants as required.



- Providing the Finance and Audit Committee with recommendations in relation to selection / de-selection of the investment manager(s) and custodian, funds to be invested, monitoring performance, rebalancing portfolios, and the redemption of invested funds.

The Financial Controller is responsible for:

- Analysis of proposals received from Investment Managers and Custodians;
- Overseeing rebalancing of the investment portfolios asset mix according to Council instructions;
- Executing transfers of funds to / from the investment account(s) according to Council instructions;
- Preparing an accounting for additions, withdrawals and balances in the investment account;
- Maintaining a record of the amount and market value of the asset classes and units held within the investment portfolio;
- Preparation of a quarterly investment monitoring report, including investment performance and a summary of professional advisory fees attributed to the management of the portfolio; and
- Recommending transfers, rebalancing, monitoring actions, Investment Manager changes, and any other recommendations relevant to the successful management of the investments.

Procedures

Selection of Investment Manager(s) and Custodian

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

Termination of Investment Manager(s)

- Council may terminate an Investment Management agreement based on:
 - Performance results;
 - Changes in Ahousaht First Nation or its investment strategy which would no longer require the services of an Investment Manager;
 - Changes in Investment Manager personnel, firm or ownership structure, investment philosophy, or style or approach which might adversely affect the potential return and / or risk level; or
 - Failure to adhere to this policy and procedure.

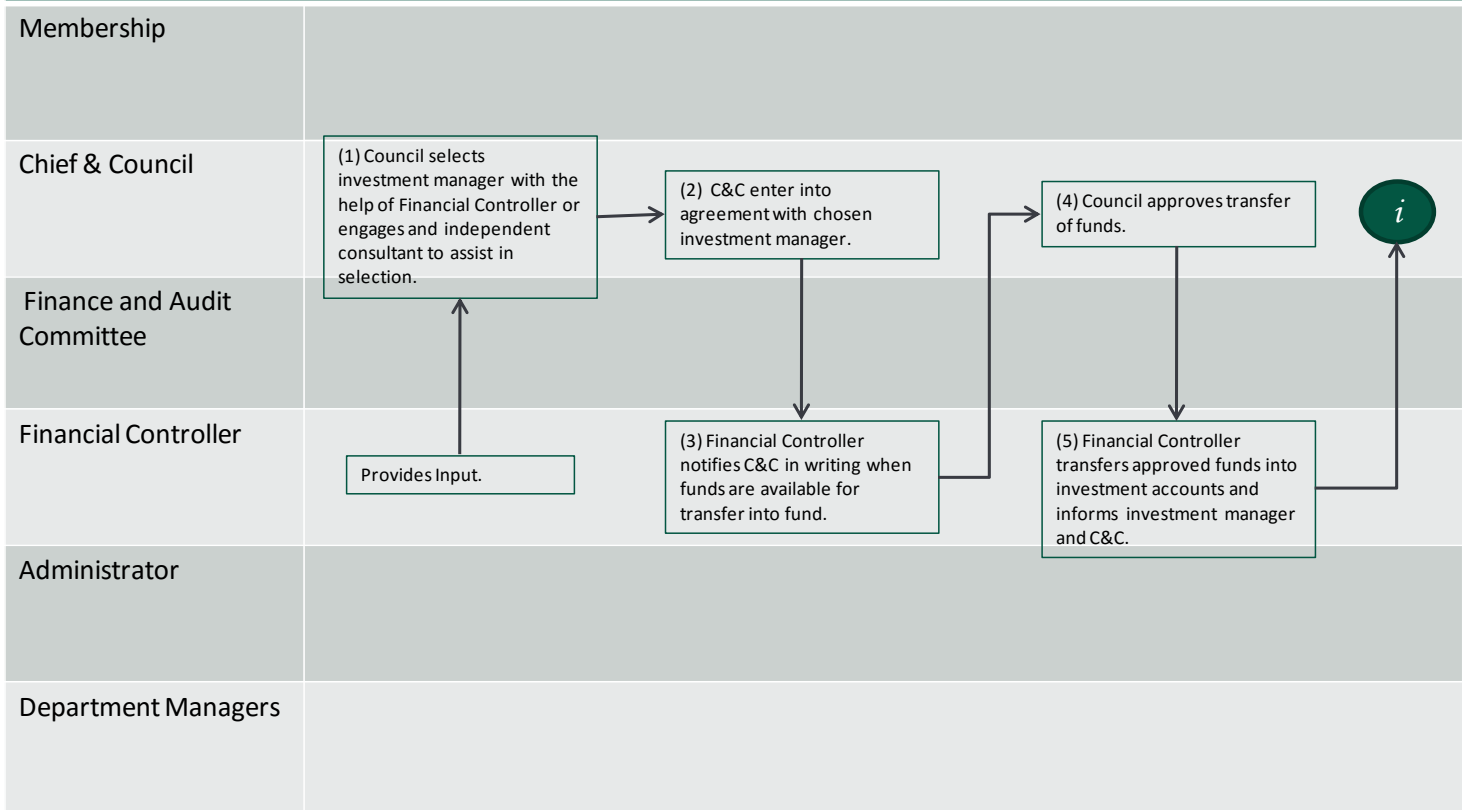
Designation and Transfers of Investment Funds

- The Financial Controller will notify Council in writing when there are Ahousaht First Nation funds available for transfer to the investment account(s). The written notification must identify the source(s) of the available funds (i.e. government transfer, local revenues, or unrestricted), and whether they are to be invested according to the short-term or long-term strategy.
- Council must approve the transfer of funds to and from the investment account(s) and authorize the creation of a new investment account, if required.



- The Financial Controller will transfer the approved funds into the designated investment account(s) and communicate to the Custodian and Investment Manager whether the funds are restricted or unrestricted, and whether they are to be invested over the short term or long term.
- The Financial Controller will communicate and oversee approved requests to redeem investments and transfer the proceeds to Ahousaht First Nation.

Designation and Transfers of Investment Funds



Permitted Investments

- Restricted funds may only be invested in:
 - Securities issued or guaranteed by Canada or a province;
 - Securities of a local, municipal, or regional government in Canada;
 - Investments guaranteed by a bank, trust company, or credit union; or
 - Deposits in a bank or trust company in Canada or non-equity or membership shares in a credit union.
- Unrestricted funds may be invested in:
 - Securities issued or guaranteed by Canada, a province, or the United States of America;
 - Fixed deposits, notes, certificates and other short term paper of, or guaranteed by, a financial institution, including swaps in United States of America currency;
 - Securities issued by a local, municipal, or regional government in Canada;
 - Securities issued by the First Nations Finance Authority;
 - Commercial paper issued by a Canadian company that is rated in the highest category by at least two (2) recognized security-rating institutions;
 - Any class of investments permitted under an Act of any province relating to trustees;
 - Any other investments or class of investments prescribed by a regulation under the Act;



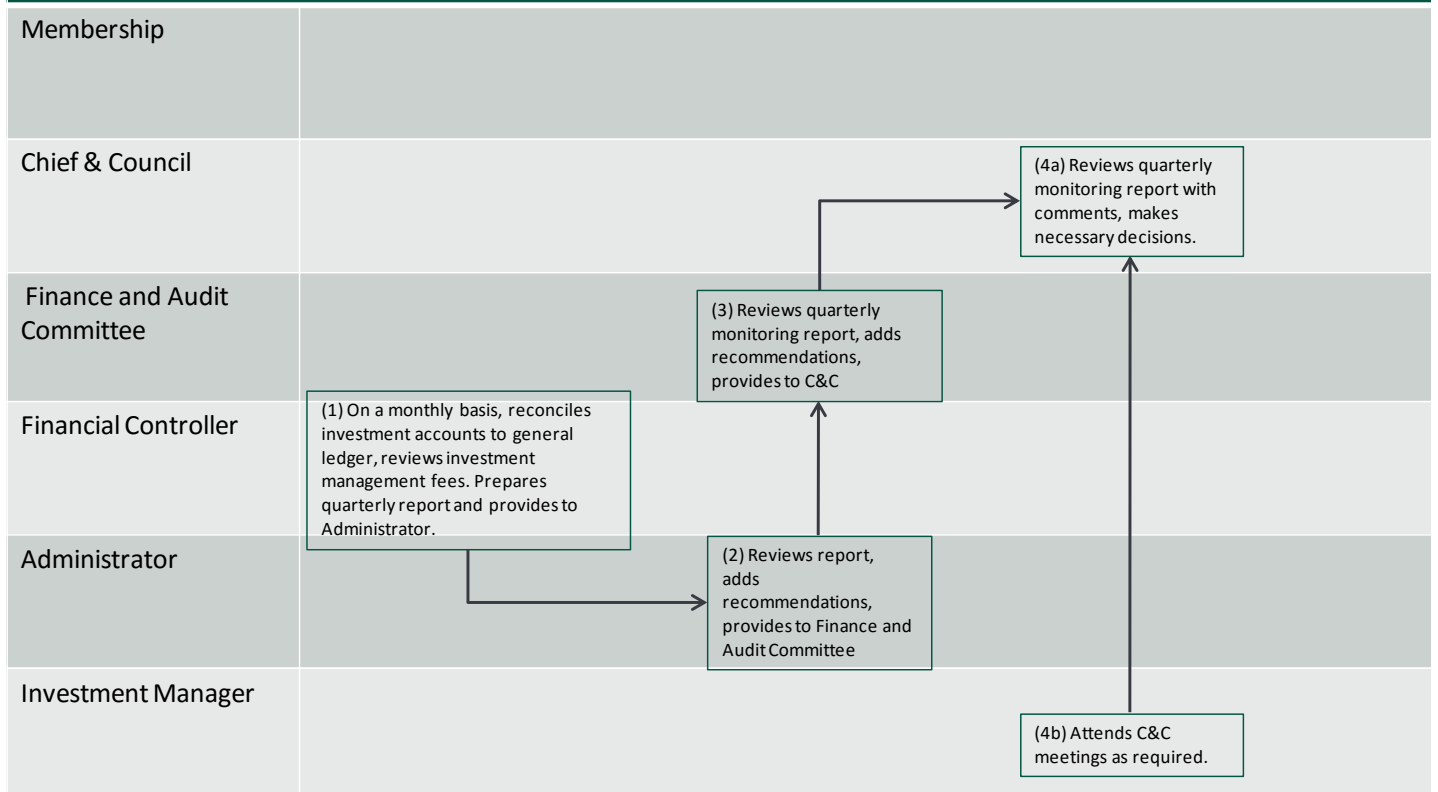
- A company that is incorporated under the laws of Canada or of a province or territory and in which Ahousaht First Nation is a shareholder;
- A trust in which the First Nation is a beneficiary; or
- A limited partnership in which Ahousaht First Nation is a partner.

Monitoring of Investments

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



Monitoring of Investments



Re-balancing of the Investment Portfolio

- The Administrator and Financial Controller will transmit any rebalancing instructions to the Custodian and Investment Manager, only if first approved by the Council.

Attachments

None



PROCUREMENT POLICY

Policy No: FP0060	Effective Date:
Distribution:	Approval Date:
Page ___ of ___ pages:	Motion Number:
Policy replaces:	Revision Date:

Policy

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

Purpose

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

Scope

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

Definitions

- **“Assets”** include tangible capital assets such as equipment, buildings and land that have been purchased or constructed by Ahousaht First Nation.
- **“Best value”** refers to the optimal combinations of experience, knowledge, expertise, geographic location, performance, quality, time, initial costs, operation and maintenance, cost, life cycle costs, service, performance characteristics, spare parts availability, and warranties and guarantees, etc. A manager will exercise professional judgement when determining 'best value'. He or she may be required to defend their judgement at any time. A few examples of best practices would be to document the reasons why a purchase is a best value, compare the product or vendor to competitor offerings, record the cumulative total of annual purchases, and negotiate quantity discounts.
- **“Contract”** is an agreement entered into voluntarily by two or more parties, each of whom intends to create one or more legal obligations between them. All contracts, exceeding a value of \$1000 must be in writing and signed by both parties, and a copy shall be filed with the Financial Controller.
- **“Fairness”** refers to giving qualified firms and individuals an equal opportunity to compete for the contract work and evaluating tenders and proposals in accordance with accepted practices.
- **“Encumbrance accounting”** refers to the process of setting money aside (to hold it) for a specific purpose. Money then, is essentially earmarked for certain future purposes and cannot be re-allocated for any other purpose than stated.
- **“Invited tender”** refers to a tender that is distributed to a certain number of contractors who are invited to bid on a specific project. Industry standards indicate that at least three contractors should be invited to ensure that the process is fair and there is sufficient competition.



- **“Open or public tender”** is the process by which tenders are advertised publicly. Open tenders should allow any qualified potential bidders the opportunity to bid on a project.
- **“Low, moderate, or high value goods and services”**. Low value means goods that are valued at \$10,000 or less. Moderate value means goods or services valued between \$10,000.01 and \$25,000. High value means goods or services valued greater than \$25,000.
- **“Purchase order (P.O.)”** is a commercial document and first official offer issued by a buyer to a seller, indicating types, quantities, agreed prices for products or services, and purchase terms the seller will provide to the buyer. Accepting a P.O. by a seller forms a contract between the buyer and seller. The P.O. should be initialized by the seller and a copy sent to Ahousaht First Nation’s purchaser and forwarded to accounts payable as proof of acceptance. **A purchase order can be initiated by a department manager if the dollar value is in accordance with their delegated authority limit and if the item being purchased is within the department’s pre-approved budget.**
- **“Requisition”** refers to a P.O. used by Ahousaht First Nation when documenting expenditures.
- **“RFP”** stands for Request for Proposal, which is the process generally followed before awarding a major service contract. RFPs identify the need and leave it up to the prospective contractors to make a proposal that is appropriate.
- **“Sole source”** means a person or company from whom Ahousaht First Nation may purchase goods and/or services, without competition or tender being issued.
- **“Tender process”** refers to the process where documents outlining the requirements and specifications of a project are put in the hands of prospective contractors or suppliers interested in submitting bids.

Responsibilities

The Council is responsible for:

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

The Administrator is responsible for:

- Ensuring the procurement process is fair and open, and demonstrates accountability to obtain the best value for time and money; and
- Communicating the policies and procedures to all parties who are affected.

The Financial Controller is responsible for:

- Developing, documenting, and maintaining policies and procedures relating to the procurement process for goods, services, and assets;
- Assisting in the selection, evaluation, and monitoring of contractors and suppliers;
- Managing and monitoring expenditures and identifying and reporting on budget variances; and
- Ensuring that staff members involved in procurement receive appropriate guidance and assistance during the procurement process.

Procedures

Segregation of Duties

- In procurement situations, the person who is authorizing the purchase of goods and services is always different from the person who is authorizing the payment for received goods or services.



In addition, the person who is authorizing the purchase of goods and services is always different from the person who is confirming that received goods and services match the original P.O.

Procurement of Goods and Services: Low Value – up to \$10,000

- Goods and services under this threshold can be procured by the individuals noted in Appendix A. These individuals can authorize procurement through the creation and issuance of a P.O.
- The responsible employee noted in Appendix A will ensure that the good or service selected is the best value for Ahousaht First Nation by investigating the price from a reasonable number of alternate vendors (two or more) and considering reputation, quality of work, and/or other relevant factors such as delivery time and use of local content.
- When appropriate, Ahousaht First Nation will promote the use of local content in the procurement of goods and services, in accordance with Appendix C.
- An employee other than the person who authorized the P.O. will sign the invoice indicating that the goods or services have been received under the terms in the agreement between Ahousaht First Nation and the vendor.
- Payment procedures will follow the procedures outlined in the 'Expenditures and Payables Policy' for General and Operational Expenditures.
- Purchases for work, goods, or services over \$1,000 will require evidence of a written contract or a P.O. (initialized by the seller).
- Purchases made must be reflected in an approved budget. Unforeseen items that are not documented in the approved budget must be approved by Chief and Council prior to any purchase commitments being made.
- New employees, other than the Administrator and Financial Controller, do not have purchasing authority until they have passed their probationary period.



Procurement of Goods and Services Up to \$10,000

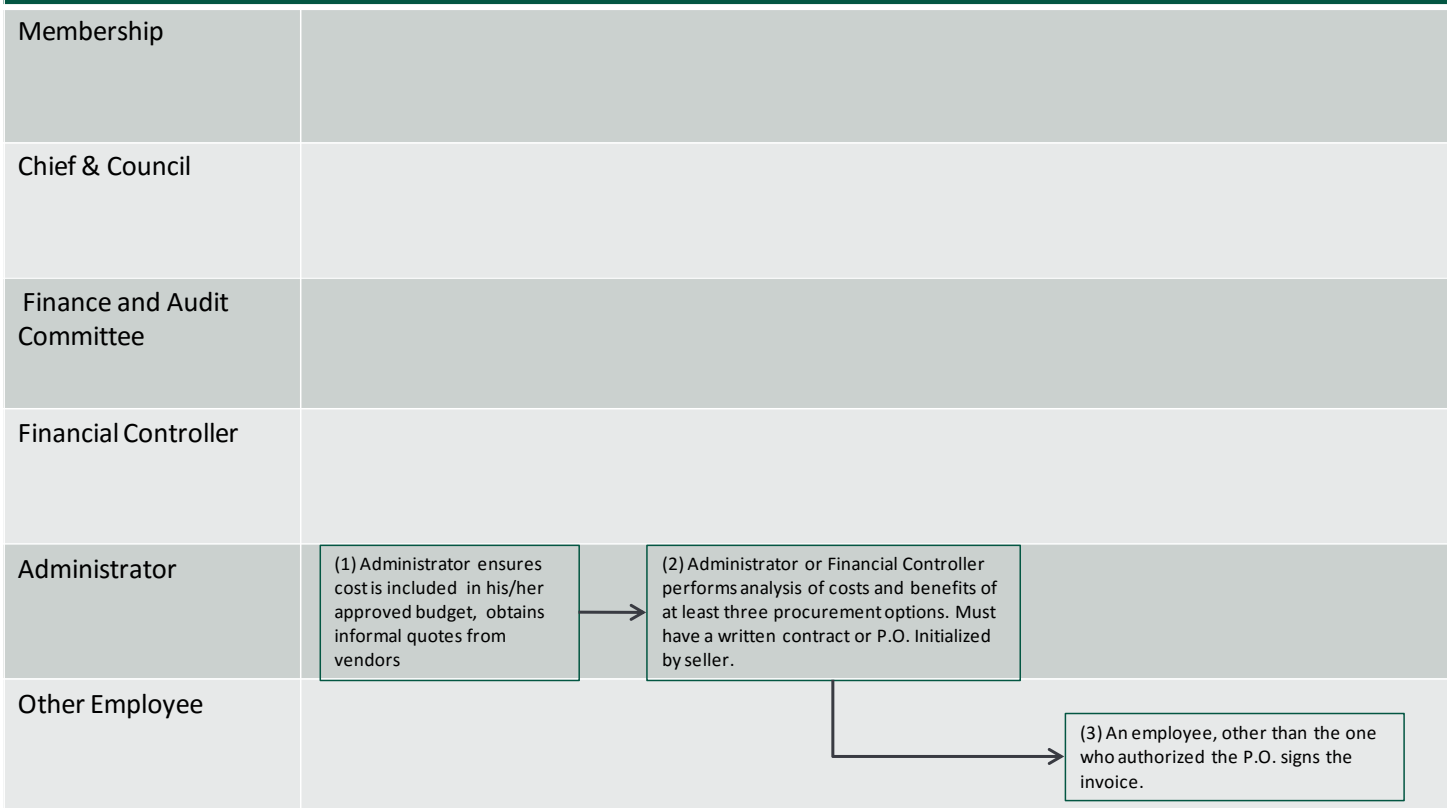
Chief & Council	
Finance and Audit Committee	
Financial Controller	
Administrator	
Department Managers	<div style="border: 1px solid black; padding: 5px; display: inline-block;"> <p>(1) Manager ensures cost is within his/her approved budget, investigates prices for good or service with 2 or more vendors. Then selects the best valued vendor including local content</p> </div> → <div style="border: 1px solid black; padding: 5px; display: inline-block; margin-left: 20px;"> <p>(2) Manger develops written contract, receives signature from seller, authorizes P.O.</p> </div>
Other Employee	<div style="border: 1px solid black; padding: 5px; display: inline-block; margin-left: 400px;"> <p>(3) An employee, other than the one who authorized the P.O. signs the invoice.</p> </div>

Procurement Goods and Service: Moderate Value: from \$10,000.01 to \$25,000

- Where practical, informal quotes will be obtained through advertisements, direct solicitations to contractors/suppliers, and other methods in an effort to compare prices and select the best option for Ahousaht First Nation.
- The responsible employee noted in Appendix A will perform a documented analysis of the costs and benefits of at least three options to procure the good or service. These individuals can authorize procurement through the creation and issuance of a P.O.
- When appropriate, Ahousaht First Nation will promote the use of local content in the procurement of goods and services, in accordance with Appendix C.
- An employee other than the person who authorized the P.O. will sign the invoice indicating that the goods or services have been received under the terms in the agreement between Ahousaht First Nation and the vendor.
- Payment procedures will follow the procedures outlined in the 'Expenditures and Payables Policy' for General and Operational Expenditures.
- Purchases for work, goods, or services over \$1,000 will require evidence of a written contract or a P.O. (initialized by the seller).
- Purchases made must be reflected in an approved budget. Unforeseen items that are not documented in the approved budget must be approved by Chief and Council prior to any purchase commitments being made.
- New employees, no matter their level of authority, do not have purchasing authority until they have passed their probationary period.



Procurement of Goods and Services valued at \$10,000.01 to \$25,000



Procurement of High Value Goods and Services Valued at \$25,000 or More

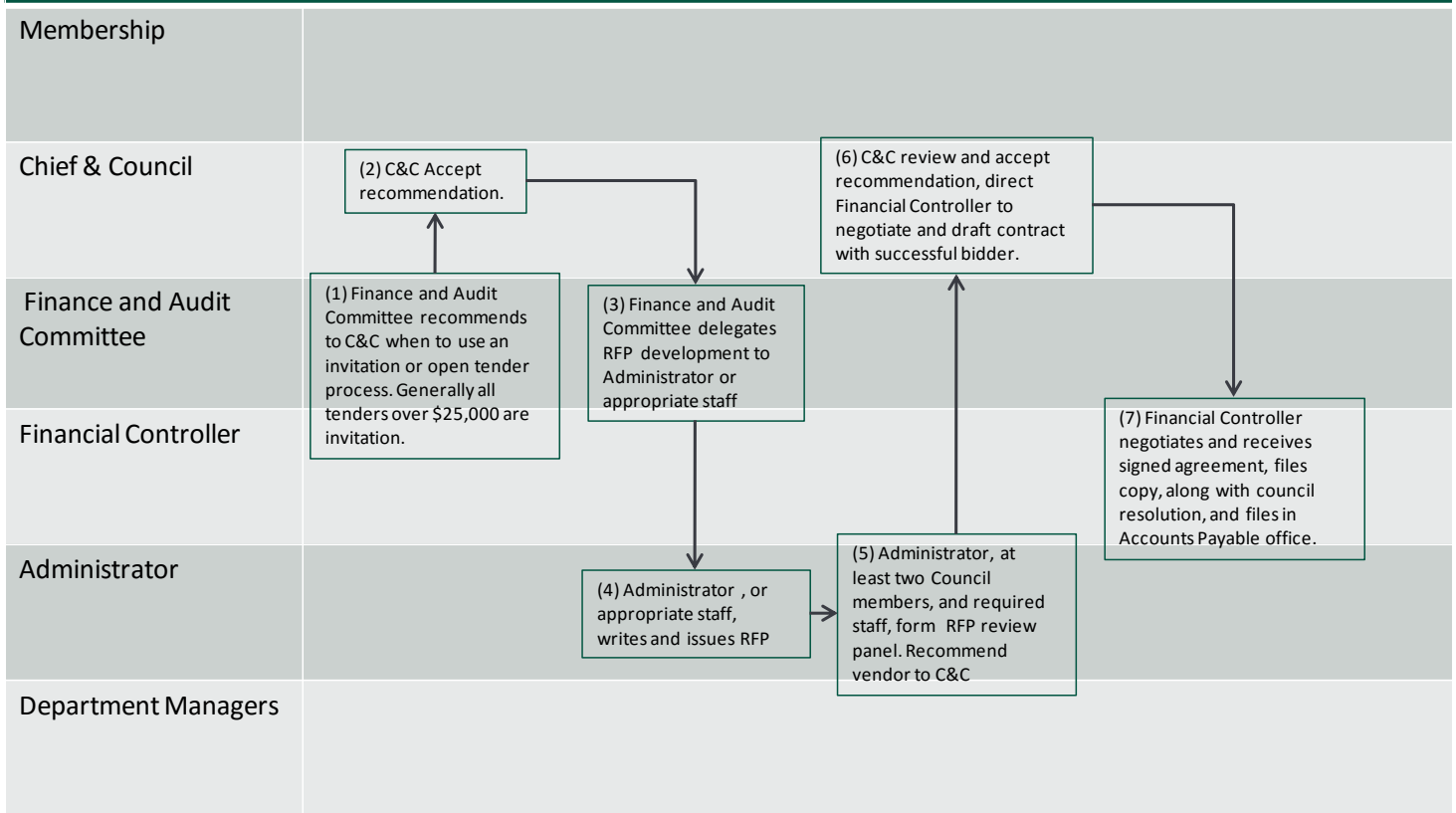
- Goods and services classified as high value according to Appendix A will be procured using a competitive tendering process.
- When appropriate, Ahousaht First Nation will promote the use of local content in the procurement of goods and services, in accordance with Appendix C.
- Under a competitive tendering process, Ahousaht First Nation must use either an invited tender or an open tender to award a contract. The Finance and Audit Committee will recommend to Council on whether to have an invitation to tender (closed competition) or an open tender (open competition). By default, all tenders over \$25,000 in value will be invitation to tender. If, on the other hand, there are very few (2 or less) 'known' vendors who could meet the RFP requirements, the Finance and Audit Committee will recommend to Council that an open tender be issued.
- For each tendering process, an RFP will be issued and will include the following components:
 - Date by which proposals are due;
 - Background to the requirement (e.g., context, challenges);
 - Specific requirements of the proposal, including any requirements set out in Council policy for the management of capital projects (e.g. course of construction insurance, performance guarantees, and bonding);
 - Qualifications of the ideal supplier (e.g. track record, experience, integrated services);
 - Criteria and weighting (if applicable) by which proposals will be assessed;
 - Planned contract award date;



- Process for entertaining questions regarding the RFP and sharing responses with other potential suppliers;
- Caveat providing Ahousaht First Nation with the right to pick any proposal or none; and
- A checklist of other special terms and conditions (e.g. maximum price expected, delivery dates or constraints) that would be critical for an organization to build into their response to meet the needs of Ahousaht First Nation.
- The Administrator, at least two representatives from Council, and any required staff possessing relevant expertise will form a 'review panel' and review the proposals received against the pre-determined selection criteria for the RFP and/or exceptions to the process. The review panel will provide Council with a recommended course of action. The recommendation from the review panel might be to award the contract to one of the applicants or it may be to re-issue the tender until a suitable vendor is found.
- When a successful vendor is chosen, Ahousaht First Nation Chief and Council will direct the Financial Controller to negotiate and draft an engagement contract with the successful bidder. The contract will include payment details that are agreeable to both the buyer and seller. Once an agreement is finalized, it will be presented to Ahousaht First Nation for ratification. The resolution will indicate who is directed to sign on behalf of Ahousaht First Nation Chief and Council.
- A copy of the signed contract (with reference to the Council resolution) will be kept on file in the Accounts Payable office. Invoices will then be processed in accordance with the contract payment terms and the payment procedures outlined in the 'Expenditures and Payables Policy'.
- To maintain consistency in the procurement process, a standard methodology will be used to evaluate each contractor/supplier (Appendix B). The methodology will include, at a minimum, an evaluation of:
 - How the contractor/supplier meets the RFP or tender requirements and specifications;
 - The contractor/supplier's qualifications;
 - The price quoted;
 - Results and quality of all work the contractor/supplier has previously done for Ahousaht First Nation; and
 - Other requirements that will be added to the methodology as deemed necessary by the Administrator.
- Normally, an RFP process as described above will be followed to procure goods and services. Exceptions to this process (i.e. granting a sole source contract, non-competitive contract award) will be rare and limited to the following situations:
 - If there were no bids received during the tender call or RFP process;
 - When the good or service is available only through a Sole Source; or
 - In an emergency situation where a delay in procuring the good or service would result in severe loss or damage to Ahousaht First Nation.
- Any exceptions to the procurement process will be evaluated by the review panel and documented to demonstrate the rationale and approval of a non-standard procurement process.



Procurement of Goods and Services: High Value (Greater than \$25,000)



Approval, Initiation, and Monitoring

- Approval of procurement decisions should be documented on the relevant purchasing document (i.e. requisition, P.O., or contract, depending on the nature of the procurement activity).
- Once approved, the Financial Controller will ensure that an encumbrance accounting system is in place for each procurement activity over \$1,000 and for each contracted procurement so that money is set aside and used specifically for those goods or services.
- Where there is monthly billing or progress billing for high value contracts, the Financial Controller will give direction to the accounts payable staff to ensure that payments are made in accordance with the contract, and to ensure that adequate monitoring of payments is in place to prevent 'over-payments'.
- On a monthly basis, the Financial Controller will review the status of procurement encumbrances, noting and investigating any over-budget commitments. Procurement activities over-budget by \$1,000 will be reported to the Administrator. The Financial Controller will also notify the appropriate Department Manager.
- At each Finance and Audit Committee meeting, the Administrator will report on the status of a capital project, including a comparison of expenditures to date with the project budget and a detailed description of any identified legal, financial, technical, scheduling, or other problems, and the manner in which it has been or will be addressed.



Documentation Requirements

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

Monitoring of Contractors/Suppliers

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

Attachments

Appendix A – Purchasing Approval Limits

Appendix B – Contractor/Supplier Evaluation Template

Appendix C – Local Content



Appendix A – Purchasing Approval Limits

Purchase Values	Process to be followed:	Who is responsible:
Less than or equal to \$10,000 <i>(Note: If Management Action Plan is in place, low value items will be Less than or equal to \$5,000)</i>	Low Value ¹	Department Manager or Financial Controller
Greater than \$10,000, less than or equal to \$25,000 <i>(Note: If Management Action Plan is in place, moderate value items will be greater than \$5,000, less than or equal to \$15,000)</i>	Moderate value: Informal Quotation ²	Administrator
Greater than \$25,000 <i>(Note: If Management Action Plan is in place, high value items will be greater than \$15,000)</i>	High value: Tender Call/Request for Proposal	Chief and Council Resolution
All above approval limits are valid only when purchase was included in approved budget. Items not included in approved budget must always be approved by Chief and Council prior to making procurement decisions.		
Procurement authority will only be granted to new staff once they have passed their probationary period.		

1. Low Value = contractual arrangement for low value procurement process: in this, employees with appropriate authority as set out in this policy may sign an invoice indicating that the goods or services have been received and the contractor/supplier may be paid.

2. Informal Quotation = obtaining informal quotes where practicable through advertisements, direct solicitations to contractors/suppliers, and other methods in effort to compare prices.



Appendix B – Sample Contractor/Supplier Evaluation Template

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



12. Other considerations?	<i>Anything not covered above that should be included in evaluation the supplier i.e. inclusion of local content</i>		
Evaluation		Score:	##/##
Overall comments / recommendation:			%

Attachments:

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



Appendix C – Local Content

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

Pre-tender Considerations for Local Content

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

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

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



LOANS, GUARANTEES AND INDEMNITIES POLICY

Policy No: FP0070	Effective Date:
Distribution:	Approval Date:
Page ___ of ___ pages:	Motion Number:
Policy replaces:	Revision Date:

Policy

Ahousaht First Nation will ensure that any loans, loan guarantees and indemnities given will be made in accordance with written agreements which include standard clauses, are appropriately approved, are monitored for compliance with agreement terms regularly, and are reported to the Finance and Audit Committee on a regular basis. Any loan granted to a member or to an entity in which a member of Ahousaht First Nation has an interest must be part of a lending program approved by Council which is universally available to all members in a fair and transparent manner, and in accordance with published terms and conditions which are accessible to all members.

Purpose

The purpose of this policy is to provide Ahousaht First Nation with an effective and transparent process for the approval, collection and documentation of loans, loan guarantees and indemnities given by Ahousaht First Nation.

Scope

This policy and procedure applies to loans, loan guarantees and/or indemnities entered into between Ahousaht First Nation and Ahousaht First Nation employees or members or any entity that is connected to Ahousaht First Nation such as the Maaqutusiis Hahoulthee Stewardship Society (MHSS).

Ahousaht First Nation abides by the following circumstances: *the Nation and Agencies are prohibited from making a grant, loan or loan guarantee to a Member except under the following circumstances:*

- (a) *Where funds have been provided for such purposes to the Nation or Agency pursuant to an Agreement, arrangement or other specially funded program;*
- (b) *Where funds have been specifically budgeted and set aside for such purposes; or*
- (c) *Where a ministerial guarantee for new housing is required by the financial institution (including CMHC) subject to the completion of any due diligence the Council or the Board may consider advisable to assess the Member's credit risk.*

Definitions

- **“Arrears”** refers to an unpaid, overdue debt, or an unfulfilled obligation.
- **“Loan guarantee”** is a promise to pay all or a part of the principal and/or interest on a debt obligation in the event of default by the borrower.
- **“Indemnity”** refers to the right of a person to recover the amount of a financial loss or a liability to a third party.



- “**Loan receivable**” is a financial asset of Ahousaht First Nation (the lender) represented by a promise by a borrower to repay a specific amount, at a specified time or times, or on demand, usually with interest.

Responsibilities

Council is responsible for:

- Approving and signing loan agreements;
- Approving and signing loan guarantee agreements;
- Approving and signing indemnity agreements;
- Approving debt forgiveness for amounts exceeding \$1,000; and
- Approving the standard template, clauses, and interest rates (if applicable) to be applied to all Ahousaht First Nation members, any entity in which a member of Ahousaht First Nation has an interest or any other party with respect to loans receivable, loan guarantees, and indemnities.

The Finance and Audit Committee is responsible for:

- Monitoring the status of Ahousaht First Nation’s loans receivable, loan guarantees and indemnities, and reporting to the Council.

The Administrator is responsible for:

- Ensuring the lending, loan guarantee, and indemnity process is transparent by providing Ahousaht First Nation members access to the requirements, and standard terms and conditions; and
- Approving the monthly loan forgiveness report.

The Financial Controller is responsible for:

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

Procedures

Requirements

- Loan guarantees will only be granted in the following circumstances:
 - Loan guarantees will be approved by Council upon consideration of the report of the Financial Controller. Approval will be enacted by the Administrator signing the agreement with the individual requesting the loan guarantee and will only be granted if the risk of non-



payment or non-fulfillment of an obligation is at an acceptable level for Ahousaht First Nation.

- The report from the Financial Controller must identify any risks associated with giving the loan guarantee, evaluate the likelihood of having to honour and make payments under the guarantee, describe information collected and any judgments or estimates used to make this evaluation, and assess the financial ability of Ahousaht First Nation to honour the loan guarantee should it be required to do so.
- A binding legal agreement will be made between Ahousaht First Nation and the individual or entity requesting the loan guarantee. The agreement will contain standard clauses that are consistently applied to every individual that applies for and secures a loan guarantee from Ahousaht First Nation. The following items, at a minimum, will be present in the agreement:
 - Name of the individual or entity;
 - Amount of the loan guarantee;
 - Duration of the loan guarantee agreement;
 - Amount, maturity and repayment terms of the underlying loan or obligation; and
 - Purpose and use of the underlying loan (e.g. details of the asset being acquired or leased, or investment being made).
- Approval will be enacted by signing the agreement with the individual or entity requesting the loan guarantee.
- In exceptional circumstances only, indemnities will be granted in the following circumstances:
 - Necessary and incidental to and included in another agreement to which Ahousaht First Nation is a party.
 - In relation to a security granted by Ahousaht First Nation that is authorized under another Ahousaht First Nation law.
- Ahousaht First Nation will obtain a copy of the [asset agreement] under loan guarantee and retain on file with the loan guarantee agreement.
- Employees may request an advance for valid out-of-pocket expenses that will be incurred within the current fiscal year and that will ultimately be reimbursed by Ahousaht First Nation in accordance with the current expense policy. Amounts up to \$1,000 can be approved by the Financial Controller, while amounts between \$1,000 and up to \$5,000 require Administrator approval, and amounts over \$5,000 require approval of Council.
- Standard agreement clauses for loans, loan guarantees, and indemnities (including interest provisions) will be reviewed and reported on by the Finance and Audit Committee and approved by Council as necessary, and at least annually. Any deviations from the standard agreement clauses require Council approval and consultation with legal counsel.

Payroll Advances

- Employees, contractors, or agents employed by Ahousaht First Nation are prohibited from receiving payroll advances.

Collection

- On a monthly basis, the Financial Controller will review the list of outstanding loans receivable and corresponding loan payments. This collection policy is designed to protect the interests of Ahousaht First Nation as well as protect the ongoing relationship with financial institutions and/or creditors. The following actions will be taken to resolve overdue payments and delinquent accounts:
 - Loan collection policies will be in compliance with housing policies.



- For loan payments that are between 30 and 60 days overdue, the individual holding the loan will be contacted in writing, requesting that all overdue payments be made as soon as possible and no later than a specified date.
- For loan payments that are more than 60 days overdue, late payment interest will be charged on the outstanding loan balance in accordance with the loan agreement between the individual and Ahousaht First Nation. The individual will be contacted in writing and by phone and informed that interest will accumulate until all overdue payments have been received. Contact by writing and by phone will be made on a monthly basis thereafter if payment has not been received.
- For loan payments that are more than 120 days overdue, the Financial Controller will determine whether the loan should be considered impaired and written off, or sent to an external collections agency. The Financial Controller (or delegate) will inform the individual in writing and by phone that the payments in arrears have been transferred to an external agency for collection.
- Any additional financing arrangements or amendments to existing loan agreements to improve the likelihood of repayment between Ahousaht First Nation and an individual with payments in arrears will be determined by the Financial Controller and approved by the Administrator.

Debt Forgiveness

- All reasonable steps should be taken to attempt to collect the outstanding balance. However, when it becomes evident that Ahousaht First Nation will be unable to collect the outstanding balance, a report should be compiled by the Financial Controller and approved by the Administrator detailing the following:
 - Individual and amount in arrears;
 - Principal and interest outstanding on the loan;
 - Length of time in arrears and measures taken to collect on payments in arrears; and
 - Rationale for debt forgiveness.
- Amounts over \$1,000 require review and recommendation by the Finance and Audit Committee and approval by Council.

Monitoring and Reporting

- On a monthly basis, the Financial Controller will prepare the loan valuation allowance, write-off, and loan forgiveness report, which will be reviewed and approved by the Administrator before it is presented to the Finance and Audit Committee.
- All loans, loan guarantees, and indemnities will be reported annually to the Finance and Audit Committee. The annual report will contain the following information for each loan, loan guarantee, and indemnity:
 - Name of the individual;
 - Purpose of the loan, loan guarantee, or indemnity;
 - Amount of the original loan, loan guarantee, or indemnity;
 - Repayments of principal on loans;
 - Interest earned and collected on loans;
 - Actual payments made, if any, against loan guarantees;
 - Actual payments made to compensate for damages, if any, against indemnities;
 - List of payments in arrears by individual; and
 - Any expected payments required as a result of Ahousaht First Nation having to fulfill or honour a guarantee or indemnity agreement based on the Financial Controller's knowledge of the contracts in place and changes in their underlying financial condition.



Record Keeping

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

Attachments

None



EXPENDITURES AND PAYABLES POLICY

Policy No: FP0080	Effective Date:
Distribution:	Approval Date:
Page ___ of ___ pages:	Motion Number:
Policy replaces:	Revision Date:

Policy

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

Purpose

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

Scope

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

Definitions

- **“Approved travel status”** – Travel on official Ahousaht First Nation business that has been pre-approved by an individual's immediate supervisor. Approved travel status begins once the individual leaves their place of residence for the approved destination and ends once they return to their place of residence or their regular place of employment (e.g. Ahousaht First Nation office).
- **“Travel advances”** – For pre-approved travel, Ahousaht First Nation may provide a travel advance for estimated out of pocket expenses for employees, managers, and leaders of Ahousaht First Nation. For purposes of the sections on reimbursable expenditures and travel advances, any reference to 'employees' also includes leadership and management as well.
- **“Groups”** – For donations, a group is defined as members from the same team, club or association. Group would also include members of the same immediate family (i.e. husband, wife, partner, sons, daughters, brother, sister) who reside in the same household.

Responsibilities

Employees, committees and Council members are responsible for:

- Ensuring that all reimbursable expenditures claimed are in accordance with this policy;
- Preparing a reimbursable expenditures claim that includes all required documentation; and
- Seeking approval from the Administrator for items that are not addressed in this policy before proceeding.

The **individuals listed in the Delegation Table** from the Delegated/Assigned Responsibilities Policy are responsible for:



- Before approving an expenditure, ensuring that it is permitted under the current Ahousaht First Nation annual budget;
- Reviewing reimbursable expenditure claims to ensure that the requirements of this policy have been met before approving for payment; and
- Approving expenditures per the Delegated/Assigned Responsibilities Policy.

The **employees assigned responsibility for paying accounts** will:

- Ensure that all expenditures have the required approvals per this policy and the Delegated/Assigned Responsibilities Policy before processing for payment; and
- Ensure that all required documentation accompanies each payment and is retained in the financial records of Ahousaht First Nation.

The **Administrator** is responsible for:

- Providing pre-approvals for planned expenditures that have not been specifically addressed in this policy but that he/she deems to meet the intent of the policy; and
- Approving expenditures for emergency purpose that was not anticipated in the budget if the expenditure is not expressly prohibited by another Ahousaht First Nation law.

Procedures

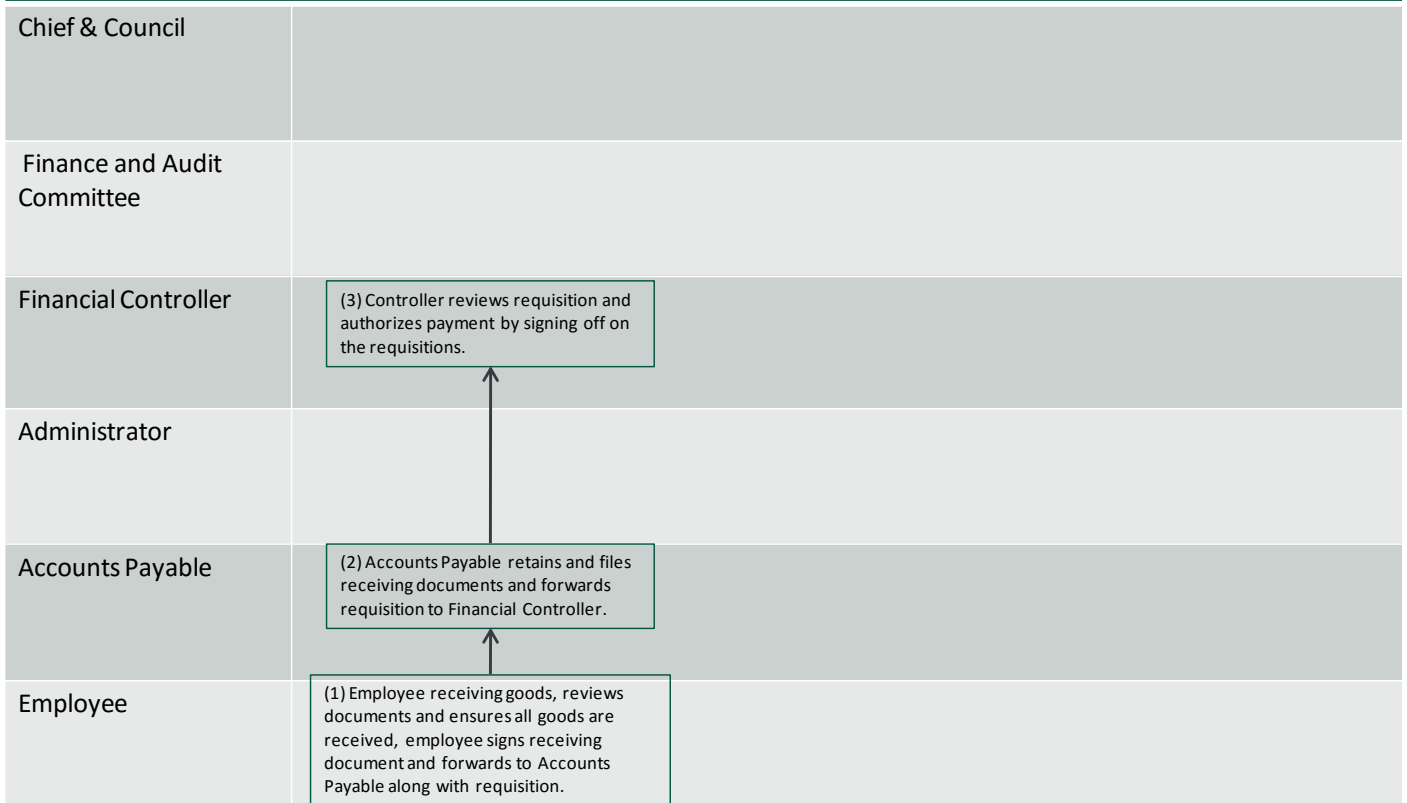
General and Operational Expenditures

- All purchases of goods or services will be made in accordance with the Procurement Policy and the Delegated/Assigned Responsibilities policy and procedure.
- In emergency situations, the Administrator may approve the purchase of goods or services that were not anticipated in the budget and are not procured in accordance with the Procurement Policy and the Delegated/Assigned Responsibilities policy and procedure. The rationale for the purchases must be documented by the Administrator, and the purchases must be reported immediately to the Finance and Audit Committee and to Council. If possible, the payment of the purchases should be in accordance with the Procurement Policy and the Delegated/Assigned Responsibilities Policy and procedure.
- Receiving documents will be reviewed to ensure that all goods on the document have in fact been received in satisfactory condition, and that any goods not received are clearly identified and documented. Receiving documents will then be initialled by the individual receiving the goods. Any missing or damaged goods will be communicated to the supplier. The receiving documentation should be forwarded with the requisition for payment to the employee responsible for accounts payable. The accounts payable employee will then forward the requisitions to the Financial Controller or Administrator, who will authorize payment by signing off on the requisitions.
- If goods are received without receiving documents, the employee receiving those goods is to create a receiving slip noting what goods were received, date of receipt, delivery agent, Ahousaht First Nation contact person (normally the person who initiated the expenditure), and the supplier. The receiving document will be initialled by the delivery agent and the employee receiving the goods, and then forwarded with the requisition for payment to the employee responsible for accounts payable. The accounts payable employee will then forward the requisitions to the Financial Controller or Administrator, who will authorize payment by signing off on the requisitions.
- All requests for payments for performance of work or services or supply of goods must be initiated through a requisition for payment that includes a statement certifying:
 - The work or services have been performed or the goods supplied, any conditions in an agreement respecting the work, services, or goods have been met, and the price charged



- or amount to be paid is in accordance with an agreement or, if not specified by an agreement, is reasonable; or
 - If payment is to be made before completion of the work or services, delivery of the goods, or satisfaction of any conditions in an agreement, the payment is in accordance with the agreement.
- All requisitions for payment must identify the appropriate account out of which payment is to be made, and must include a statement certifying that the expenditure is not prohibited and that it is in accordance with the appropriation identified in the certified statement.

General and Operational Expenditures Process



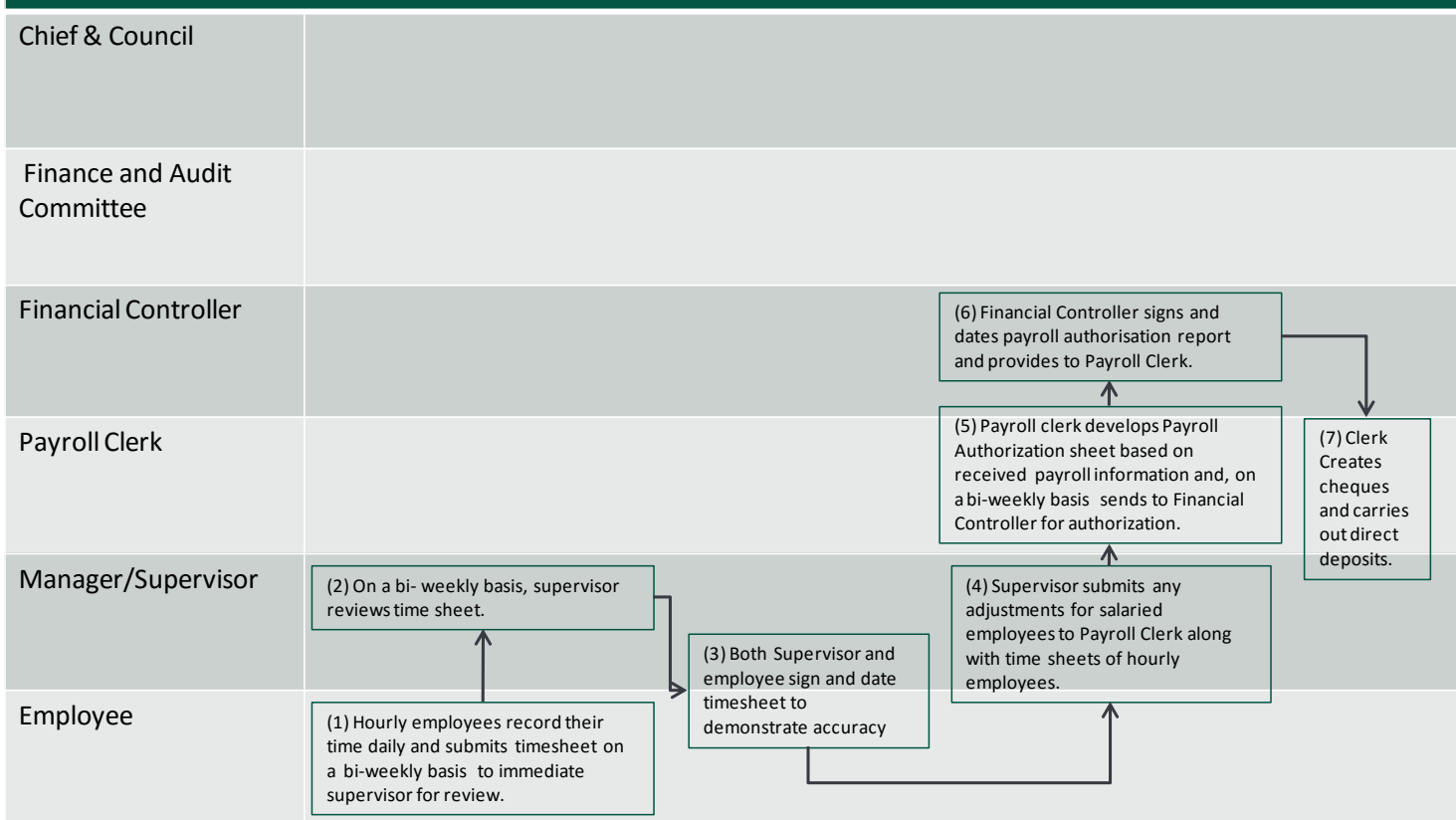
Payroll

- Employee payroll will be paid on a bi-weekly basis. The pay cycle will follow the cycle as outlined in the Personnel policy.
- Employees will be subject to additional deductions if there is a court order to make those deductions.
- Employees who owe money to the Ahousaht First Nation may have additional deductions taken from their pay subject to the Ahousaht personnel policies and subject to a signed agreement allowing for the additional deductions.
- Hourly employees will record their time daily and submit timesheets on a bi-weekly basis to their immediate supervisor for review. Both the employee and supervisor will sign and date the time sheet to demonstrate its accuracy and approval for payment.
- Employees and managers who authorize time sheets that are deliberately 'inaccurate' may be subject to Disciplinary Actions as per Personnel Policy 119.



- Supervisors of salaried employees will submit (to the payroll staff) any adjustments for vacation, sick, or other types of leave to the individual responsible for payroll.
- Based on the bi-weekly timesheets for hourly employees and any adjustments required from the salaried employees, a payroll authorization sheet will be created listing all payment amounts and deductions for the previous two-week period. The payroll authorization report will then be authorized (through signature and date) by the Financial Controller. Cheques are prepared by the Payroll Clerk and signed by two individuals with signing authority.
- Payroll reconciliations will be performed by an individual independent of the payroll process on a monthly basis. The reconciliation will compare the payroll authorization report, input instructions to the payroll service provider, financial institution account statement, and the general ledger payroll accounts.
- The payroll reconciliations will be reviewed by the Financial Controller on a monthly basis and any irregularities will be reported to the Administrator.

Payroll



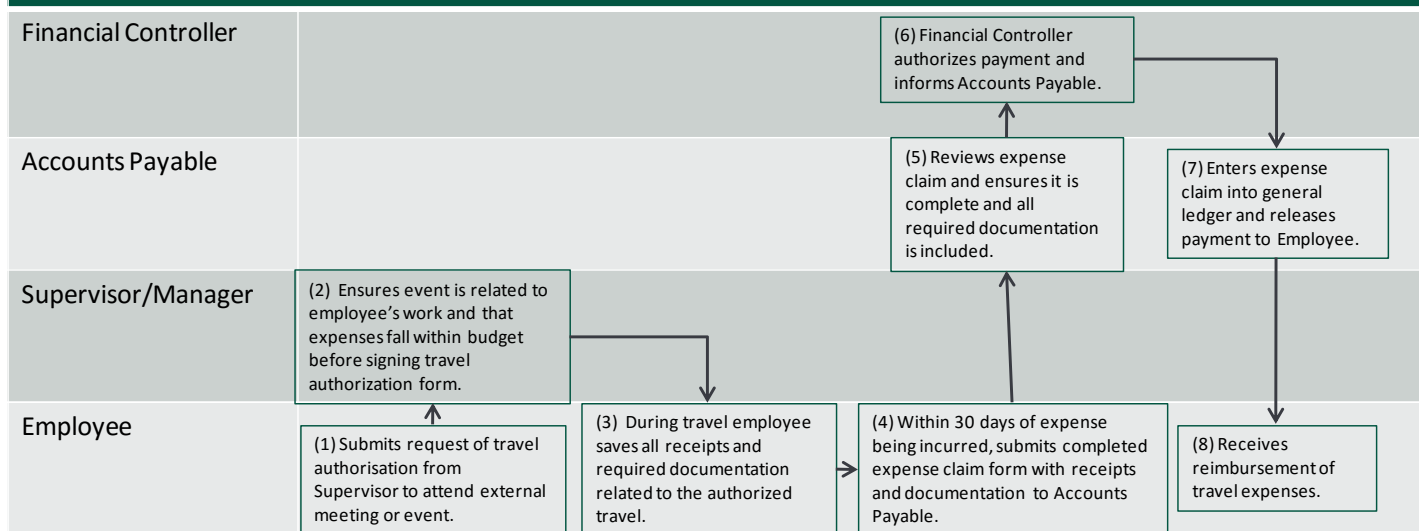
Travel

- No more than one Ahousaht representative (member of staff or Council) is permitted to attend a given meeting or event held outside of Ahousaht, unless the event is reimbursable for more than one Ahousaht representative by the event organizers or an external sponsor.
- Employees that plan on attending a meeting or event outside of Ahousaht must receive approval from their immediate supervisor prior to attending. The immediate supervisor must ensure that the meeting or event is related to the prospective attendee's work, and that there is sufficient budget to cover the cost for attendance before approval to attend is granted.

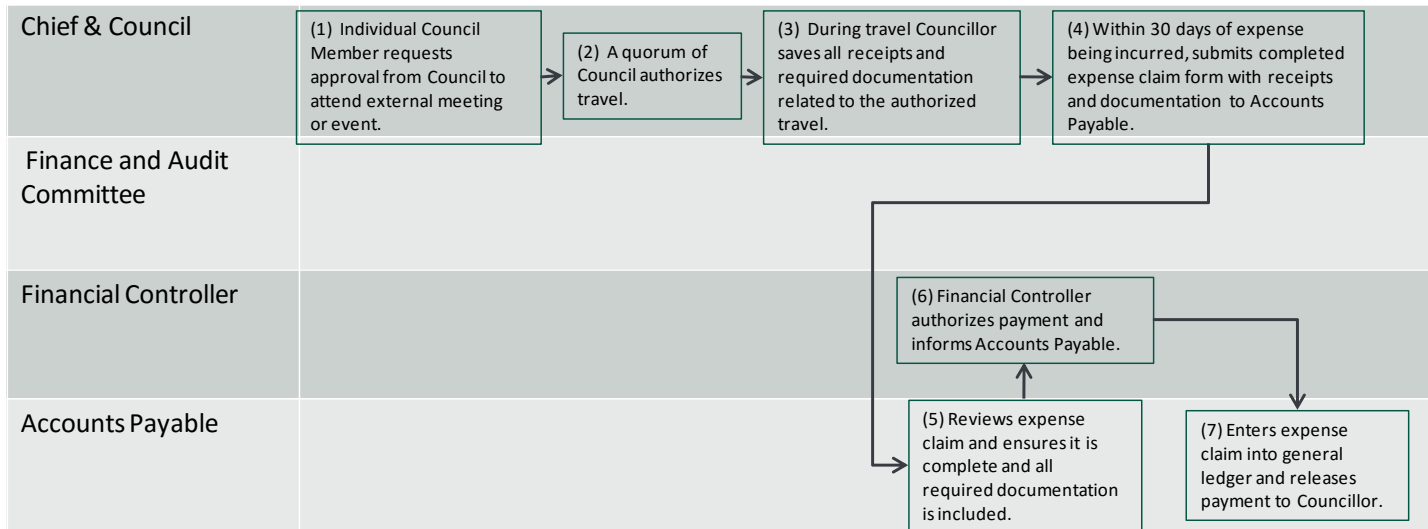


- In the case where a meeting or event is reimbursable to more than one staff member by an external entity, the maximum number of reimbursable attendees may apply to attend, pending approval by the employee's immediate supervisor.
- If a Council Member would like to attend an external meeting or event that is not reimbursable by an external party, a quorum of Council must approve the attendance prior to the trip being taken.
- No more than one Council member is permitted to attend a given meeting or event held outside of Ahousaht, unless the event is reimbursable for more than one person by the event organizers or an external sponsor. If Council is in conflict about which Council member should attend an external event, a quorum of Council will determine which Councillor will attend on behalf of the Nation.
- In the case where a meeting or event is reimbursable to more than one Council Member by an external entity, the maximum number of reimbursable attendees may apply to attend.

Regular Travel and Reimbursement - Employees



Regular Travel and Reimbursement - Chief and Council





Reimbursable Expenditures

- Expense claims will be reviewed and approved by an employees' immediate supervisor. The expense claim will then be forwarded to accounts payable.
- Employees will clearly demonstrate and document that all amounts they are claiming for reimbursement were directly related to authorized activities performed on behalf of Ahousaht First Nation.
- **Expenses reimbursed by hosts or other third-party** funding arrangements must be declared on the expense claim. Upon delivery of completed travel claim and receipts, Ahousaht First Nation will reimburse to the employee (or leader) the **greater of** 'Ahousaht Travel Rates' or 'Third Party Travel Rates'. If a travel advance is requested prior to this travel, the advanced amount will not exceed 'Ahousaht Travel Rates'. Upon return from travel, the claimant will be able to receive the difference between the Ahousaht travel rates and the higher Third Party Travel Rates, as long as they submit their actual travel receipts.
- Prior to travel, employees will submit a request for travel authorization to their immediate supervisor stating the purpose, dates, and estimated costs for the proposed travel. The immediate supervisor will review it to ensure the proposed travel is in support of official Ahousaht First Nation business and that there is sufficient budget available. The supervisor's review will be evidenced by signing the travel authorization form. Refer to Personnel Policy 122 for additional details.
- An employee is deemed to be on official "travel status" for an approved trip for the period when an employee departs their residence or office, until he or she returns to their residence or office.
- Travel expenditures eligible for reimbursement include:
 - Transport
 - For each type of travel, the lowest price alternative will be purchased.
 - The standard class for rail travel will be economy or the equivalent.
 - The standard class of air travel will be economy.
 - The standard car rental will be mid-size. Gas purchases and full vehicle insurance will be reimbursed for rental cars.
 - Business class travel will be only in exceptional circumstances and must be authorized by the Administrator before booking. If travel is for the Administrator, the Chair of the Finance and Audit Committee must authorize business class travel. In each case, the pre-authorization will be attached to the reimbursable expense claim for payment.
 - Private Vehicles
 - Private vehicle mileage will be reimbursed at a rate of \$0.54 per kilometre. All other non-business related vehicle costs are the responsibility of the individual.
 - Individuals using a private vehicle for official travel must have the minimum insurance coverage legally required by their province of residence. Ahousaht First Nation will not be held responsible for any claims, accidents or damage to a private vehicle. See Personnel Policy 122 and 123 for additional details.
 - Accommodation
 - The lowest priced hotel option will be selected. The standard for accommodation is a single room in a safe environment, conveniently located and comfortably equipped.
 - Per Diems and Incidentals
 - A maximum per diem and incidental of \$77.95 per day will be reimbursed for each day on approved travel status on behalf of Ahousaht First Nation to cover meal expenses. Per diems may be claimed according to the following table:

Breakfast	\$13.70
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Lunch	\$13.15
Dinner	\$37.40
Incidentals	\$13.70

- A Standard rate of \$20 applies for Seabus travel (each way). Receipt required.
- A standard rate of \$122.80 applies for Ferry travel (each way). Receipt required.
- Meals will only be reimbursed for those incurred during approved travel status (i.e. if an individual begins travelling on behalf of Ahousaht First Nation at 5pm, the individual is only eligible for the 'Dinner' meal allowance on that day).
- If a meal is provided as official hospitality from another individual/ organization in the course of their duties on approved travel status, a meal allowance may not be claimed by the individual on travel status.
- If a claim is made for a business meal, a receipt and a list of attendees must be provided.
- Incidentals can only be claimed for each night away on travel status, and only after a stay away from home of at least one (1) night. Part-days on travel status will not be eligible for incidentals.
- The purpose of the daily 'incidentals' amount is to cover general expenses during official travel. This amount covers items such as: dry cleaning, tips, personal phone calls, and other personal expenses incurred while on travel status.
- Receipts are not required for meals when per diems are claimed or for items that fall under the incidental category as noted above.
- See Personnel Policy 123 for additional details.
- Other Travel Expenses
 - Other travel and business related expenses that are directly attributable to travelling or business on Ahousaht First Nation's behalf will be reimbursed, including internet access, business long-distance phone calls, parking, airport taxes, tolls, taxi fares, and public transit fares.
 - Any other travel or business related expense will only be reimbursed with the approval of the claimant's immediate supervisor (for the Administrator, a member of Council will approve; for Council members, the Chair of the Finance and Audit Committee will approve).

Travel Advances

- For pre-approved travel, an employee can request a travel advance for out-of-pocket costs (meals, transportation, hotel, etc.). The request for travel advance must be approved by the Financial Controller. The approved travel advance request is then sent to accounts payable, which will produce a travel advance cheque for the employee. Travel advances require seven days for processing.
- The employee who receives a travel advance agrees to submit all receipts for actual travel costs within thirty days after their return to work. These receipts are to be attached to the expense claim form (See Appendix A). The form, when completed, is to be initialized by the immediate supervisor and sent to accounts payable for processing.
- If an employee does not submit receipts, they will be denied future requests for travel advances.

Emergency Funding and Donations

- All emergency funding and donations are subject to the availability of community funds.



- Ahousaht First Nation will provide emergency funding to Ahousaht members for use during medical emergencies, including the hospitalization of Nation members. (If the funding request is a medical emergency, the request to council can be made verbally by someone on behalf of the family).
- Subject to available funds, Ahousaht First Nation may provide donations to Ahousaht First Nation members and groups. The maximum allowable donation to a group is \$500 per year. The maximum allowable donation to an individual is \$250 per year. Exceptions to these guidelines will require Council resolution.
- To access a donation, the individual or group must submit a request to the Administrator in writing, stating the amount requested and how the funds will be used. Donations will be considered for groups and individuals who plan to use the funds for activities related to:
 - Health;
 - Physical activity; and/or
 - Education.
- Donations may not be used to pay day-to-day expenses, such as rent, hydro bills, car payments, etc.

Expenditure Reporting and Documentation

- For general and operational expenditures, the following should be submitted to Accounts Payable for payment:
 - Original contract/agreement (if applicable);
 - Original invoice;
 - P.O. (if applicable);
 - Confirmation of conference registration.
 - Receiving documents / packing slips;
 - For payroll: payroll authorization form, timesheets, and salaried employee adjustments; and
 - Requisition for payment that has signed approval according to the Delegated/Assigned Authorities Policy.
- Reimbursable expense claims must be complete, sufficiently supported, and recorded on the prescribed expense claim form. Before submitting expenses to Accounts Payable for approval and payment, the employee will ensure that they have prepared a complete claim that includes:
 - The employee's signature and date signed, acknowledging that all amounts claimed are accurate and in support of Ahousaht First Nation official business;
 - Original receipts for all amounts claimed. Depending on the nature of the claim, these can include:
 - Invoices;
 - Itineraries for air/train travel; or
 - Itemized restaurant bills (where per diems do not apply).
 - Support for any exchange rates used in the expense claim. Sufficient support includes receipts from exchange bureaus for money exchanged or credit card bills showing the exchange rate received. When neither is available, the Bank of Canada official rate shall be used;
 - Signed travel authorization from the employee's manager (for the Administrator, a member of Council will approve; for Council members, the Chair of the Finance and Audit Committee will approve);
 - If applicable, a signed pre-authorization supporting business class travel;
 - Proof of payment for items claimed, which includes credit card or debit receipts; and
 - Credit card receipts alone are not sufficient; the original itemized receipt or invoice from the supplier must be included in every reimbursement or expense claim.



- For all expenditures, claims with the appropriate support must be submitted to Accounting within 30 days of the expense being incurred.

Approval for Payment

- No money may be paid out of any account without a requisition for payment.
- Either the Financial Controller or the Administrator can authorize payment of payment requisitions. (Note, if both of these individuals are out of the community, either one can authorize payment remotely by reviewing an emailed or faxed copy of the list of payment requisitions, and sending a copy of the document with their authorizing signature).
- Invoices received must be immediately forwarded to Accounts Payable, with a requisition for payment, which will then process them to:
 - Match with the P.O., the receiving document (if applicable), and invoice;
 - Ensure that receiving documents have been signed by appropriate personnel to confirm that goods have been received;
 - Ensure that all required documentation has been submitted to support payment;
 - Verify mathematical accuracy;
 - Ensure that any taxes are correctly calculated and processed, if applicable, for tax exemption claims;
 - Confirm that funds are available to pay the invoice; and
 - Identify and note the authorized general ledger account coding.
 - **Make note of the invoice due date and the interest penalty that will result if payment is late. Attach a note to the invoice with due date and penalty amount, so that administration can process the invoice and get it mailed out on time.**
- Approval for payment will:
 - Be evidenced by a dated signature or initials on the invoice by a manager other than the person who authorized the purchase;
 - Attest that the good or service has been received in accordance with the terms and conditions of the purchase, and that the invoiced amount is accurate, mathematically, and also for any taxes calculation; and
 - Identify and note the authorized general ledger account coding.
- The individual that approves the expenditure cannot be the same individual who approves the requisition for payment.
- Reimbursable expense claims will be reviewed by Accounts Payable to ensure that:
 - The expense claim is mathematically correct, and taxes are identified and accounted for correctly;
 - Authorized general ledger account coding instructions are identified;
 - Expenses claimed are for authorized activities;
 - The claimed expenses are eligible and comply with this policy and procedure; and
 - Adequate and sufficient supporting documentation is attached.
- Any exceptions to the above will require authorization from the Financial Controller for payment.
- The Accounts Payable Clerk will enter invoices and reimbursable expense claims into the general ledger for payment only when they have been appropriately processed and approved, according to this policy and procedure.
- Invoices or reimbursable expense claims that are still being processed or approved at the end of an accounting period will be recorded as an accrued liability.
- Claims that do not meet the requirements outlined in this policy will be denied reimbursement.



Payments

- Accounts payable will be paid within thirty (30) days of the receipt of an 'approved/authorized' invoice or reimbursable expense claim. If there is a due date with penalty (less than 30 days), the invoice will be paid earlier to avoid interest costs.
- Accounting will prepare cheques every second Thursday.
- The payments package will be provided to two authorized signatories, and will be accompanied by:
 - A listing of all payments prepared, noting the payee, amount, and payment date; and
 - Supporting documentation for each payment (e.g. cheque, transfer) including:
 - Approved invoices, expense claims, P.O.s, and receiving documents; and
 - Evidence that Accounting has completed the processing of the payment, including account coding.
- Payments will be initiated / distributed by Finance immediately upon receipt of the signed payments from two authorized signatories. If payment is made electronically, the person making the payment will print a receipt or screen capture, initialize the printout, and attach it to the cheque/payment requisition.
- The accounts payable clerk will ensure that payment checks are mailed out on the same day that the checks are signed and put into envelopes. The accounts payable clerk should make a note in their work calendar or accounting software, the date in which an accounts payable batch was mailed out.
- All documentation supporting payment will be retained and filed for easy retrieval. This will include P.O.s, invoices, contracts, packing slips, reimbursable expense claims with receipts, etc.
- Accounts Payable employees will notify the Financial Controller immediately of any instances of:
 - Non-compliance with policy requirements that cannot be resolved; or
 - Suspected fraud.



Attachments

Appendix A – Sample Reimbursable Expenses Claim Template

Employee name: _____

Title: _____

Date: _____

Reason for claim:

Description of the claim and why it was necessary for Ahousaht First Nation's operations and activities, Declare any third party funding / reimbursements received as a result of this activity. I certify that the above statements are true and that false claims are grounds for dismissal.

Employee signature:

Date:

Receipt No.	Date	Description	Type of expense	Amount	Exchange rate	CAD amount
1, 2	Sep 1	Return flight to Toronto Aug 7-9	Airfare	\$500.00	-	\$500.00
			Taxi			
			Hotel			
			Per diem / incidentals			
			Membership			
			Etc.			
Total Claimed:				xxx.xx		\$xxx.xx
Less: travel advance (if applicable)						(\$xxx.xx)
Total to be reimbursed:						\$xxx.xx

Approval signature: _____

Date: _____

Attach all associated receipts with this form.



BORROWING/DEBT POLICY

Policy No: FP0090	Effective Date:
Distribution:	Approval Date:
Page ___ of ___ pages:	Motion Number:
Policy replaces:	Revision Date:

Policy

All proposals for funding through debt obligations will be submitted to the Finance and Audit Committee for review and recommendation and to Council for review and approval, and will be supported by a financing proposal. Debt obligations will be recorded, monitored, reconciled, and reported to Council quarterly through the Finance and Audit Committee, and any exceptions or issues identified and resolved. The debt limit of the Nation and of each Agency is set as no higher than .075 times the annual revenue of the Nation or the Agency, as the case may be. Exceptions to this rule can only be made by Council resolution.

Purpose

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

Scope

This policy applies to the Administrator, Financial Controller, Finance and Audit Committee, Council, and those persons with the authority to recommend or approve debt.

Definitions

- “**GAAP**” means generally accepted accounting principles established by the Canadian Institute of Chartered Accountants, as revised or replaced from time to time.
- “**Debt obligation**” means an obligation to make regular debt repayments to a financial institution in exchange for a loan. The obligation is to pay back the loan principal as well as periodic interest payments for a fixed number of periods. These details are defined in the loan agreement.

Responsibilities

Council is responsible for:

- Reviewing and approving any proposed debt financing, including the terms and conditions, recommended by the Finance and Audit Committee.

The Finance and Audit Committee is responsible for:

- Reviewing any debt financing proposal report presented by the Administrator and Financial Controller and recommending a course of action to Council; and
- Monitoring borrowings, loans, and payments in respect of each debt financing arrangement.

The Administrator is responsible for:

- Reviewing any debt financing proposal report prepared by the Financial Controller and recommending a course of action to the Finance and Audit Committee.



The Financial Controller is responsible for:

- Preparing a debt financing proposal report for each proposed financing and presenting it to the Administrator for review and comment;
- Ongoing monitoring and management of all debt obligations, including timely payments, maintaining sufficient documentation, and performing regular reconciliations of debt transactions; and
- Reporting and disclosing the debt obligations in the financial statements in accordance with GAAP and any agreements under which the debt obligations were incurred.

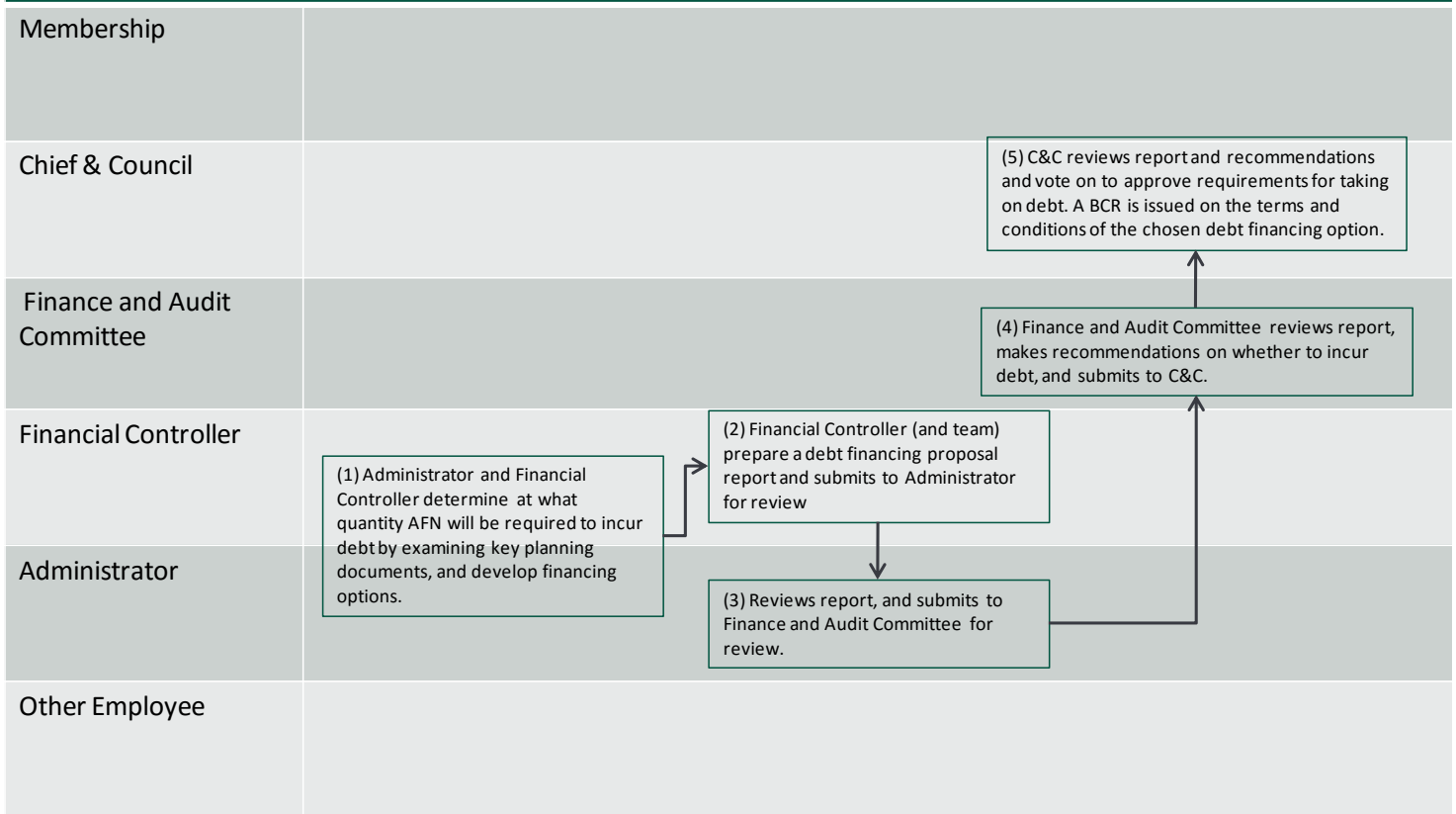
Procedures

Determination of Need and Evaluation of Options

- The Administrator and Financial Controller will document the requirement for Ahousaht First Nation to incur a debt obligation by examining the strategic plans, multi-year financial plan, annual budget, current financial situation, and any planned activities requiring funding. Once the need and amount of funding required is determined, the Financial Controller will work with the Administrator to outline the various financing options available to Ahousaht First Nation.
- The Financial Controller (and members of the finance team under the supervision of the Financial Controller as appropriate) will prepare a debt financing proposal report which includes the following:
 - The purpose, use and application of funds;
 - Need for financing and alternatives considered;
 - Evaluation of available financing options;
 - Recommended financing option;
 - Proposed security for the financing option;
 - Description of re-payment plans based on cash flow analysis;
 - Linkage to Ahousaht First Nation integrated planning process, including the strategic plan, multi-year financial plan, annual budget, and cash flow statements;
 - Identification of any provisions in any other applicable law that limits debt, which can be incurred by Ahousaht First Nation or that imposes requirements or conditions which must be met before debt may be incurred; and
 - Requirement for consultation with members of Ahousaht First Nation before any capital project-related debt is incurred by Ahousaht First Nation.
- The Financial Controller will consider at least the following for each financing alternative identified in the report:
 - Impact on future budgets and projected cash flow;
 - The cost to Ahousaht First Nation;
 - Level of risk involved (i.e. covenant risks, refinancing, earnings dilution, interest rate risk, project completion risk);
 - Ahousaht First Nation's ability to service the debt and repayment schedules;
 - An analysis of the terms and conditions and how these would impact Ahousaht First Nation; and
 - Any financial reporting implications.
- The Administrator will review and approve the content of the debt financing proposal report prepared by the Financial Controller, including a recommended course of action to the Finance and Audit Committee.
- The Administrator will obtain concurrence from legal counsel on the debt financing proposal.



Decision to Incur Debt



Approval

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

Management and Monitoring of Debt Obligations

- The Council will manage and monitor the debt obligation by:
 - Ensuring the multi-year financial plan of Ahousaht First Nation demonstrates how and when this deficit will be addressed and how it will be serviced;
 - Ensuring the deficit does not have a negative impact on the credit-worthiness of Ahousaht First Nation; and
 - Ensuring that any financial covenants contained in lending agreements are reported upon to the appropriate stakeholders in a timely manner.
- The Financial Controller will manage and monitor the debt obligation by:
 - Ensuring that timely payments are made according to the terms and conditions/repayment schedule of the debt obligation;



- Performing monthly reconciliations between Ahousaht First Nation's financial records and statements from the lender; and
- Calculating any financial covenants contained in lending agreements and evaluating whether compliance with the terms of the covenants has been met.

Reporting

- The Administrator will report to each meeting of the Finance and Audit Committee the year-to-date borrowings, loans, and payments in respect of each debt financing arrangement.
- The Financial Controller will ensure that the debt obligation is reported to the Finance and Audit Committee on a quarterly basis in the financial statements, in accordance with GAAP.

Records Management

- The Financial Controller will ensure that records pertaining to the debt obligation are created, maintained, and retained. For each debt obligation, the following will be documented:
 - The loan agreement and any ancillary agreements;
 - The debt financing proposal report on which Council based its decision;
 - Council approval and required membership information or involvement;
 - An interest and principal repayment schedule (if applicable) that includes the dates of all payments required under the loan agreement, or plan for extinguishing the debt;
 - The cost of borrowing, including interest payments and service or other charges;
 - The purpose for which the debt has been incurred; and
 - Reconciliations of the debt with lender records.

Attachments

None



FINANCIAL REPORTING POLICY

Policy No: FP0100	Effective Date:
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Policy

Financial statements and reports will be prepared on a regular basis in accordance with generally accepted accounting principles for Ahousaht First Nation. An annual operations report, including the audited annual financial statements and an assessment of progress towards financial and operational goals of Ahousaht First Nation, will be published following the fiscal year-end and will be provided to Ahousaht First Nation members, Council, and other organizations as required.

Purpose

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

Scope

This policy applies to all of the financial operations and activities of Ahousaht First Nation, including those operations that Ahousaht First Nation controls. The persons affected by this policy include the Council, Finance and Audit Committee, Administrator, Financial Controller, and managers of Ahousaht First Nation.

Definitions

- **“Financial reporting risk”** is the possibility of an undetected material misstatement in financial information due to the existence of ineffective internal control or fraud resulting from manipulation or alteration of accounting records, misrepresentation or intentional omissions of transactions, or intentional misapplication of accounting principles.
- **“Financial reports list”** means the list of financial statements and reports that are to be prepared on a regular basis.
- **“Fraud risk”** is the potential for an employee, agent or other person connected to the financial administration of Ahousaht First Nation to use deception to dishonestly make a personal gain for oneself or a loss for another. This commonly includes activities such as theft, corruption, embezzlement, or bribery, etc.
- **“GAAP”** refers to generally accepted accounting principles (“GAAP”) of the Canadian Institute of Chartered Accountants, as amended or replaced from time to time.
- **“Internal control”** is a process, effected by Ahousaht First Nation’s Council, Finance and Audit Committee, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:
 - Effectiveness and efficiency of operations;
 - Reliability of reporting; and
 - Compliance with applicable laws and regulations. Bill C-27 is an example. Under Bill C-27 the Ahousaht First Nation is required to post the Ahousaht consolidated financial



statements on a website within 120 days of year end; provide Ahousaht financial statements to members who request it; prepare a schedule of remuneration and expenses incurred by chief and council; provide disclosure of salary and travel incurred by senior administration.

Responsibilities

Council is responsible for:

- Reviewing the financial statements and reports and the Finance and Audit Committee's corresponding recommendations;
- Deciding whether to approve the financial reports list, the financial statements, and reports; and
- Preparing and publishing an annual operations report and making it available to members.

The Finance and Audit Committee is responsible for:

- Determining the financial reports list contents and frequency of reporting it requires from Ahousaht First Nation's management team; and
- Reviewing the financial reports list, the monthly reports, quarterly and annual financial statements and reports and the Administrator's corresponding recommendations, and making appropriate recommendations to Council.

The Administrator is responsible for:

- Preparing and updating the financial reports list;
- Reviewing the financial statements and reports, and making appropriate recommendations to the Finance and Audit Committee;
- Identifying, assessing, monitoring, and reporting on financial reporting risks to the Finance and Audit Committee;
- Monitoring and reporting on the effectiveness of mitigating controls for the financial reporting risks and fraud risks, taking into consideration the cost of implementing these controls;
- Ensuring that financial reporting risk assessment and management practices have been performed in relation to quarterly and annual financial statements; and
- Periodically reviewing these policies in consultation with the Financial Controller and other staff as appropriate, and recommending any updates to the Finance and Audit Committee.

The Financial Controller is responsible for:

- Preparing the financial statements and reports in accordance with GAAP and this policy and procedure;
- Assessing and managing financial reporting risk and reporting risks to the Administrator; and
- Developing and recommending procedures for identifying and mitigating financial reporting risks and fraud risks, and ensuring approved procedures are followed.

Managers are responsible for:

- Providing all requested information in relation to the preparation of financial statements and reports, and the assessment and management of financial reporting risk.

Procedures

Financial Reports List

- Council and the Finance and Audit Committee, with input from the Administrator, is responsible for preparing a list of all financial statements and reports that are to be prepared on a regular basis.



- The financial reports list must include the required monthly information, as well as quarterly and annual financial statements.
- For each report or financial statement listed, the following information must also be identified:
 - A brief description or contents of the report;
 - The person responsible for its preparation;
 - When it is to be made available and its frequency; and
 - The report's distribution.
- The Finance and Audit Committee will review and update the financial reports list annually, and submit the list to Council for their review and recommendation.
- Council will review and approve the financial reports list.

Financial Statement Preparation

- The Financial Controller will prepare monthly information respecting the financial affairs of Ahousaht First Nation and its quarterly and annual financial statements. Other financial reports that are listed in the approved financial reports list will be prepared by the person identified as responsible for its preparation.
- Each quarterly financial statement will include the following for Ahousaht First Nation and all its related bodies:
 - A statement of revenue and expenditures containing a comparison to the approved annual budget;
 - A statement of financial position; and
 - Financial institution account reconciliations.
- Each annual financial statement will include the following for Ahousaht First Nation and all its related bodies:
 - The financial information for Ahousaht First Nation for the fiscal year prepared, in accordance with GAAP;
 - A special-purpose report, setting out all payments made to honour guarantees and indemnities;
 - A special purpose report setting out all debts or obligations forgiven by Ahousaht First Nation; and
 - Any other report required (i.e. funding agreement or federal acts that apply).
- Annual financial statements will be prepared according to a standard "financial closing and reporting process checklist".
- Annual financial statements, the corresponding completed financial closing and reporting process checklist, and the highlights memo (if applicable), will be signed by the Administrator and presented to the Finance and Audit Committee along with his / her comment(s) and recommendation(s), no later than 45 days following the end of the fiscal year for which they were prepared.
- The Finance and Audit Committee will review the annual financial statements, the accompanying information, and the Administrator's comment(s) and recommendation(s). Subsequently, the Finance and Audit Committee will forward the financial statements, accompanying information, and its comment(s) and recommendation(s) to Council no later than 60 days following the end of the fiscal year for which they were prepared.
- Council will review the annual financial statements, the accompanying information, and the recommendation(s) of the Finance and Audit Committee and the Administrator, and make a decision to approve or not approve the annual financial statements.
- In the event that the financial statements are not approved by Council, a documented rationale will be communicated to the responsible party(ies) for corrective action. The financial statements will be re-submitted for approval within the timeframe stated by Council.



- A “financial reporting record” file will be created for each annual financial statement. The financial statement record file will, at a minimum, contain the:
 - Financial statements presented to Council for approval;
 - Record of, or reference to, Council’s decision to approve or not approve the financial statements, the Finance and Audit Committee’s recommendation(s), and the Administrator’s recommendation(s);
 - Completed financial closing and reporting process checklist; and
 - Completed highlights memo (if applicable).
- The financial reporting record file will be classified as confidential and secure. Retention period will be seven years.

Financial Reporting Risks

- The Financial Controller will review the financial reporting list to ensure that all identified financial statements and reports have been prepared and submitted for review and approval by the dates specified.
- Annually, as part of the evaluation process, the Administrator will ensure that the persons engaged in the financial management system:
 - Have the necessary knowledge, skills and competence to perform the services for which they have been engaged; and
 - Confirm in writing that they understand their responsibilities.
- The Financial Controller will develop a “financial closing and reporting process checklist” for use at the end of each accounting period, which will include procedures to mitigate financial reporting risk. The financial closing process checklist will include the following minimum procedures:
 - Reconciliation / analysis of all statement of financial position accounts with approval by the Financial Controller. In those instances where the Financial Controller prepared the reconciliation or analysis, then the Administrator will be required to approve the reconciliation or analysis (or alternatively, a member of the Finance and Audit Committee);
 - Review of trade, loan, and other receivable balances to identify late payments. Late payments should be followed up on and have been reviewed for collectability. Any necessary adjustment to the allowance for doubtful accounts has been prepared;
 - Reconciliation of general ledger balances with sub-ledger balances (e.g. trade accounts receivable, trade accounts payable, contribution receivable, etc);
 - Search for unrecorded liabilities and preparation of accrual journal entries, including:
 - Reconciliation of payable balances to supplier statements;
 - Review of unmatched receiving information;
 - Review of unmatched purchase orders;
 - Review of numerical continuity of purchase orders; and
 - Review of current contracts for supplies or services, including follow-up with supplier when necessary.
 - Enquiries of departmental managers for any invoices, expense reports, commitments, or any other knowledge of liabilities incurred at reporting date;
 - Analysis of revenue and expense accounts for budgetary variances and for reasonability. Where necessary, an account analysis will be prepared;
 - Reconciliation of payroll expense to the payroll register, and bank account balance;
 - Preparation of non-recurring journal entries and journal entries not in the ordinary course of business, with supporting documentation;
 - Material non-recurring journal entries and journal entries that are not in the ordinary course of business are approved by Finance and Audit Committee and recorded;



- Recurring journal entries have been prepared, approved by the Financial Controller, and recorded;
- The financial statements have been reviewed for accuracy, additions, and cross-references;
- The financial statements agree with the general ledger;
- The presentation of the financial statements has been reviewed. Necessary disclosures and reclassification entries have been prepared and have been approved by the Financial Controller;
- Draft departmental financial statements have been provided to managers for their review, comment, and budgetary variance explanations. Any issues or questions have been resolved; and
- The Financial Controller is satisfied that the financial statements are accurate and presented in accordance with GAAP.
- The Financial Controller will prepare a highlights memo for each set of quarterly and/or annual financial statements prepared. The highlights memo will, at a minimum, report:
 - Financial performance, specifically:
 - An assessment of the overall financial situation for Ahousaht First Nation (i.e. surplus, deficit, adequate reserves, etc.);
 - A review of progress towards financial and operational goals set during the planning process;
 - Identification and explanation of material budgetary variances;
 - Current ratio and any ratios required to be maintained by contract (e.g. financial covenants contained in borrowing agreements);
 - Doubtful accounts receivable, with changes since last quarter summarized;
 - Payment status of statutory and contractual obligations. Specifically, a listing of all late payments with explanations; and
 - Remediation options where financial performance is not in accordance with plans.
 - Exceptions to expected financial and system performance. Specifically:
 - Unanticipated problems preparing the financial statements and the resolution;
 - Unusual or unexpected accounting balances or transactions;
 - Accounting entries not in the ordinary course of business;
 - Explanation of transactions where measurement or accounting treatment was uncertain or where there were choices under GAAP; and
 - Weaknesses in, and suggestions to improve, the financial management system.
 - Forecast to end of year. Specifically:
 - Forecast of annual operations and budgetary performance, and annual cash flow and expected cash surplus or financing requirement;
 - Statement of assumptions used in the budget process and any changes in assumptions that affect the budget;
 - Identification of emerging financial performance risks and opportunities; and
 - Remediation options where forecast financial performance is not in accordance with plans.
- Changes to the accounting software (i.e. new system or major changes to the current system set-up) require authorization from the Financial Controller and consultation and communication with the Finance and Audit Committee and Council. Changes such as the addition/deletion/ modification of general ledger accounts, customer/member accounts, or vendor accounts require approval from the Financial Controller or designate.



Fiscal Year

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

Annual Operations Report

- The Council must prepare and publish an annual operations report that details the progress towards the financial and operational goals of Ahousaht First Nation over the course of the prior fiscal year.
- The annual operations report will contain, at a minimum, the following:
 - A description of the services provided by Ahousaht First Nation and its operations;
 - A review of Ahousaht First Nation's achievement towards its values, goals, and objectives;
 - A progress report on any established financial objectives and performance measures of Ahousaht First Nation; and
 - The audited annual financial statements for the previous fiscal year, including any special-purpose reports prepared and approved.
- The annual operations report will be made available to all members of Ahousaht First Nation at the principal offices of Ahousaht First Nation, on Ahousaht First Nation website, and provided to all Council members, to Ahousaht First Nations Finance and Audit Committee, and other organizations as required.

Attachments

None



INSURANCE POLICY

Policy No: FP0110	Effective Date:
Distribution:	Approval Date:
Page ___ of ___ pages:	Motion Number:
Policy replaces:	Revision Date:

Policy

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

Purpose

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

Scope

This policy and procedure applies to Council, the Finance and Audit Committee, the Administrator, the Financial Controller, and all other employees involved in insurance matters at the First Nation.

Definitions

“**Risk**” in insurance terms is the possibility of a loss or other adverse event that has the potential to interfere with an organization’s ability to fulfill its mandate, and for which an insurance claim may be submitted.³

Responsibilities

Council is responsible for:

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

The **Finance and Audit Committee** is responsible for:

- Providing its insurance coverage recommendation to Council (The Finance and Audit Committee may retain external expertise to assist in its deliberations, given the technical nature of insurance decisions).

The **Administrator** is responsible for:

- Leading and managing the risk identification and assessment process;
- Selecting an insurance broker;
- Evaluating options from insurance providers, as provided by the insurance broker, to address the risks that require insurance coverage;

³ Insurance Bureau of Canada: http://www.ibc.ca/en/Business_Insurance/Risk_Management/



- Recommending a preferred option to the Finance and Audit Committee and Council that meets the needs of Ahousaht First Nation;
- Monitoring insurance coverage expiration and payment dates to ensure coverage does not lapse; and
- On an annual basis, reviewing insurance coverage to ensure that it continues to meet the needs of Ahousaht First Nation.

Procedures

Identify significant material risks

- The Administrator, with input from members of the management team, the Finance and Audit Committee and Council, will develop a list of potential significant material risks to Ahousaht First Nation's financial assets, tangible capital assets, and the operations of Ahousaht First Nation. This will include an examination of:
 - Potential sources of liability of Ahousaht First Nation arising from its operations;
 - Values and use of Property and equipment;
 - Values and use of Assets under control of Ahousaht First Nation;
 - Potential sources of Liability for individuals such as Councillors, officers and staff members of Ahousaht First Nation; and
 - Other risk areas that could result in a loss to the First Nation and could be insured.

Identify and procure insurance products

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

Approval for insurance coverage

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

Maintenance of insurance coverage

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

Attachments

None



RECORDS MANAGEMENT AND RETENTION POLICY

Policy No: FP0120	Effective Date:
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Page ___ of ___ pages:	Motion Number:
Policy replaces:	Revision Date:

Policy

Ahousaht First Nation will have a records management and retention policy to meet legal obligations, support decision making and implementation of decisions, and to provide knowledge transfer to future leaders and administrators.

Purpose

This Statement of Policy and Procedure provides guidance to all employees on policies and procedures for records protection, retention, and destruction in order to:

- Maintain confidentiality of information;
- Ensure compliance with laws, legal requirements, regulations and obligations;
- Minimize litigation and settlement cost in the event of a lawsuit; and
- Provide effective operation and control of information.

Scope

This Statement of Policy and Procedure applies to Council and all employees of Ahousaht First Nation.

Responsibilities

Council is responsible for:

Approving the policy on Records Management and Retention as well as reviewing and approving any subsequent amendments to the policy.

The **Administrator** is responsible for:

Implementation of the policy including delegation of responsibilities and tasks related to records management, communicating the policy to managers and staff. Making recommendations to Chief and Council on amendments to the policy. The administrator will receive recommendations from:

- The legal department, with respect to the appropriate retention, protection, and destruction of First Nation corporate records, legal records, and human resource records according to the specifications of the policy;
- The finance department, with respect to the appropriate retention, protection, and destruction of financial records according to the specifications of the policy; and



- The remaining operations departments, with respect to the individual and corresponding appropriate retention, protection, and destruction of operation records and information.

The **Ahousaht Employees** are responsible for:

Following the procedures for records management and retention.

Making recommendations to the administrator for appropriate retention, protection and destruction of records in their specific work areas.

Definitions

None

Procedures

Identification of Records

All records shall be legible, readily identifiable and retained for the retention periods specified below:

- **General Ahousaht First Nation records**, including:
 - All bylaws and amendments to the bylaws;
 - Ahousaht First Nation constitution;
 - Resolutions;
 - Appointments;
 - Terms of appointments;
 - Applicable Acts and agreements;
 - Funding arrangements;
 - Council commitments;
 - Land codes in force;
 - Minutes from the meetings of the Council and all Council committees;
 - Annual reports;
 - Debenture records and Council;
 - Committee and membership records;
 - Public notices;
 - Records of incorporation; and
 - Corporate seal.

The above listed documents are to be retained permanently.

- **Legal files and papers:**
 - Customer and supplier contracts and correspondence related to the terms of the contracts – seven years beyond the life of the contract;
 - Papers relating to major litigation, including those documents relating to internal financial misconduct – five years after the expiration of the legal appeal period or as specified by legal counsel;
 - Papers relating to minor litigation, including those documents relating to internal financial misconduct – one year after the expiration of the legal appeal period;



- Insurance policies including product or service liability, Council and officers liability, general liability, and third-party liability, property, and crime coverage – seven years after the policy has been superseded; and
- Documents pertaining to the purchase, sale, or lease of property – permanently.
- **Human Resources documents:**
 - Personnel manuals and procedures, Organization Charts – permanently;
 - Where there is a pension plan (excluding RRSP plans):
 - Original plan documents, records of pensionable employee service and eligibility, associated personal information, including name, address, social insurance number, pay history, pension rate – seven years after the death of the employee or employee's spouse, in the case of spousal eligibility
 - Letters of offer, individual contracts of employment, signed Code of Conduct obligations, signed Conflict of Interest declarations, attendance records, payroll history including RRSP contributions, commission and bonus history, medical information – three years after termination of the employee;
 - Job descriptions and performance assessments – three years beyond the period to which it applies, unless otherwise specified; and
 - Applications, resumes and correspondence related to individuals not hired – no retention required.
- **Financial Records:**
 - Operations manuals and procedures, internal control guidelines – permanently;
 - Signed, audited financial statements and external auditors reports – permanently;
 - Internal review, annual operations report, and/or internal audit reports – ten years;
 - General ledgers, general journals, financial records, supporting documentation, monthly and quarterly financial statements, monthly and quarterly management reports, special purpose reports, financial institution statements, cash register tapes, cancelled cheques, invoices, annual budgets, multi-year financial plans – eight years;
 - Asset register, reserve fund reports, life cycle planning, capital project budgeting, contract and tendering provisions – eight years beyond completion of the project or asset utilization;
 - Taxation documents, taxation working papers, summary payroll records for tax purposes – eight years; and
 - Charitable contribution records – eight years.
- **Operation records:**
 - Operations manuals and procedures – permanently;
 - Original patents, trademarks, copyrights – seven years after the expiration of the right;
 - Customs documents – seven years;
 - Annual physical inventories – permanent;
 - Safety committee minutes, inspection reports, and related action reports – ten years;
 - First Nation business product lab test reports, mechanical and other testing reports, safety tests – seven years after the life of the product line;
 - First Nation business catalogues and price lists – three years after superseded; and
 - First Nation customer credit applications – one year after termination of the customer relationship.



- Departments within the First Nation are subject to various federal and provincial statutes and acts. Records and information are unique to each department and must be established in accordance to specific legal requirements and obligations. The following departments have corresponding **Acts that include records retention**:
 - Social Services (Welfare Act)
 - Health (Health Act)
 - Human Services (Child and Family Act)
 - Land (First Nation Land Management Act)
 - Housing (Housing Act)
 - Public Works (various i.e. Drainage Act)
 - Education (Education Act – ranges from 7 – 55 years)
 - Justice and Policing (Indian Act, various)
 - Community Services (Indian Act, various)
 - Administration (Indian Act, various)
 - Elections (Indian Act)
 - Membership (Indian Act)
 - Economic Development (Indian Act)
 - Employment and Training (Human Rights Code of Canada, various)

Notwithstanding the foregoing, records and information that have a documented purpose to be retained or to be retained for a longer period should be kept for that longer period, along with the documented reason for their retention.

Records shall be destroyed at the end of their retention period as set out in this policy. Records containing personal information of customers, suppliers, and employees which are not required by law, regulation, or documented need must be destroyed within one year of their acquisition.

Records shall be readily retrievable and securely stored, with access limited to only those with a valid business reason and appropriate security authorization for requiring access.



Annual Retention Cycle

- Annually, the Administrator shall send a reminder to all managers and employees regarding the First Nation's retention policies identifying the individuals responsible for legal, financial, human resources, and operations retention systems.
- All employees will submit for archiving those records and documents requiring archiving to the one responsible individual identified by the appropriate responsible department.
 - Electronic records may be submitted by filing in unique, password protected electronic folders on a shared server.
 - Paper records must be submitted physically.
 - All electronic and paper records must clearly state the appropriate security access provision.

Record Keeping

- The individuals responsible for retention of records will keep separate records of archived materials. For each annual retention cycle, both electronic files and storage boxes will be established. Files or boxes will be organized by retention period, and labelled with (or, in the case of electronic files, associated with):
 - A box number or electronic file identifier;
 - The type of records (legal, financial, HR or operations);
 - The retention officer name and contact information;
 - The retention date;
 - The retention period; and
 - The date by which the material should be returned from archives
- In some cases, retained records will not be archived. These records must nevertheless be recorded on the retention register and the location of the records documented.

Annual Archiving Cycle

- Retained records, both electronic and physical, shall be kept in a secure location, preferably offsite from the normal work location.
- Access to retained records shall be restricted to:
 - The individuals responsible for retention of records;
 - The applicable department head; and
 - The Administrator.
- Originators of the archived records may apply to the individual responsible for retention of records in writing for access to, or return of, the archived records, documenting the business requirement and the expected return date of the records to the archives.
- Originators may also identify in writing to the individual responsible for retention of records a requirement to extend the retention on certain records, stating the business reason for the requirement. The retention officer will then adjust the storage location and the retention register, according to the need identified.



Annual Review and Destruction Cycle

- Annually, individuals responsible for retention of records shall review the records whose retention period has expired and make a recommendation to the Administrator.
- Upon approval by the Administrator, the process used to destroy the records should commensurate with the confidentiality level of the information.
- In cases where there is some reason to believe that the records should be retained for a longer period, the individual responsible for retention of records shall correspond in writing (electronically is acceptable) with the originator of the records, questioning or requesting clarification (legal or otherwise) of the retention period. The individual responsible for retention of records holds the final accountability in recommending the decision to retain or destroy records beyond the expiry date.

Attachments

Appendix A – Box List Template

Appendix B – Sample Archiving Register



Appendix A – Box List Template

Record Description: (Type)		
Contents Start Date:		Contents End Date:
Identifying Code: (if applicable)		
Owner: (name of employee or department responsible for the records)		
Destruction Date: (Date records are to be destroyed)		
Comments / Notes:		Box of (use if multiple boxes)



RISK MANAGEMENT POLICY

Policy No: FP0130	Effective Date:
Distribution:	Approval Date:
Page ___ of ___ pages:	Motion Number:
Policy replaces:	Revision Date:

Policy

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

Purpose

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

Scope

This policy and procedure applies to Council, the Finance and Audit Committee, the Administrator, the Financial Controller, and all other employees involved in risk management at Ahousaht First Nation.

Definitions

“**risk**” is defined as anything of variable uncertainty and significance that interferes with the achievement of Ahousaht First Nation’s strategies and objectives.

“**risk tolerance**” means the degree of uncertainty Ahousaht First Nation is willing to accept in the achievement of its goals.

Responsibilities

Council is responsible for:

- Providing input to the annual risk assessment;
- Reviewing and approving the annual Ahousaht First Nation risk register;

The Finance and Audit Committee is responsible for:

- Providing input to the annual risk assessment;
- Reviewing the risks register on a regular basis to ensure risks are adequately managed.



The Administrator is responsible for:

- Managing the annual risk assessment process and preparing the risk register;
- Reviewing and updating the risk register on a regular basis;
- Immediately reporting any significant changes to the risk register to the Finance and Audit Committee;
- Preparing the business case and risk assessment for any for-profit business activities or ventures.

The Financial Controller is responsible for:

- Ensuring all for-profit business activities are separately reported in the monthly, quarterly and annual financial statements and management reports;
- Reviewing and recommending approval for loan, guarantee or indemnity requests;
- Preparation of the Ahousaht First Nation investment strategy.

Procedures

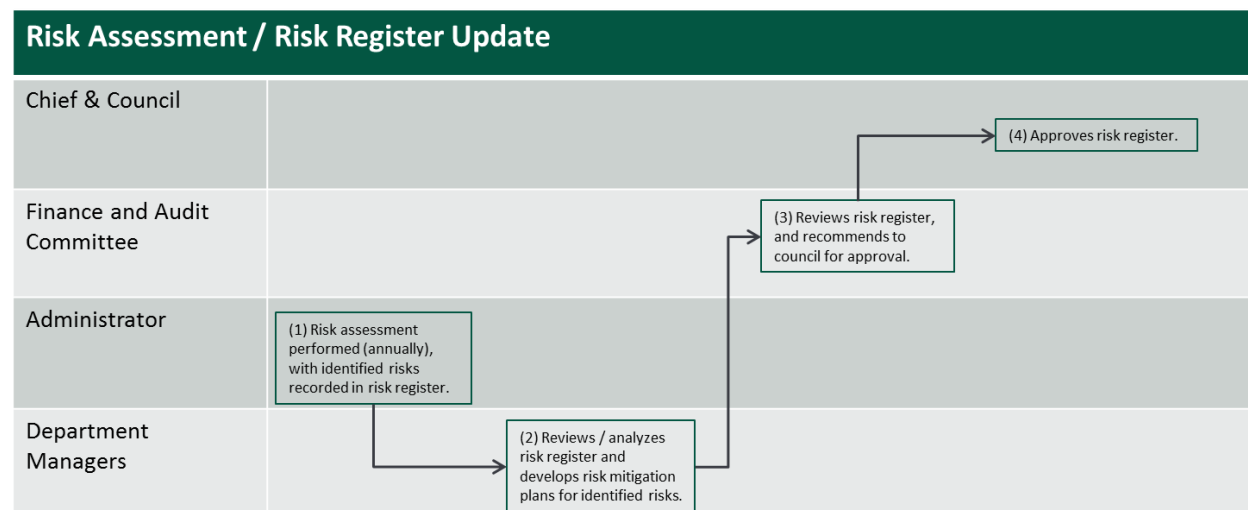
General Risk Management Approach

On an annual basis as part of the integrated planning process, a risk assessment will be performed by the Administrator. Risks identified will include any risks that could impact Ahousaht First Nation's achievement of its strategic goals or its operations in general.

Risks will be recorded in the First Nation Risk Register. The management team will analyze the potential impact and likelihood of each risk identified and develop an appropriate risk mitigation plan.

Responsibility for each risk and corresponding risk mitigation plan will be assigned to a Ahousaht First Nation staff member.

- The risk register will be presented to the Finance and Audit Committee for review and recommendation to council for approval on an annual basis (during the integrated planning review).
- On a quarterly basis, the Administrator will review the risk register with the risk owners to update or adjust as required the risks or mitigation plans. Any significant changes will be reported to and reviewed by the Finance and Audit Committee and reported to the Council.





Loans, guarantees and indemnities

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

Investments

- The Financial Controller will, with the input of the management team, the Finance and Audit Committee, and expert external advisors as required, develop a proposed investment strategy for Ahousaht First Nation which describes Ahousaht First Nation's short and long term investing strategies, goals, desired returns, allowable uses of available funds, and overall investment risk tolerance.
- The Financial Controller will provide the proposed investment strategy to the Finance and Audit Committee for review and recommendation to Council for approval.
- The investment strategy must be reviewed annually with a report and any recommendations to the Finance and Audit Committee for review and recommendation to Council.
- All investment decisions will be evaluated for fit with the investment strategy and Ahousaht First Nation's overall strategic priorities. Investment decisions must be at or below the maximum risk tolerance of Ahousaht First Nation.
- The investment strategy and all investment decisions should be approved according to the Delegated Assigned Responsibilities Policy.
- Records of all risk assessments, documented approvals, and detailed investment information will be maintained for all investment decisions.
- The Investments Policy should be referred to for all investment related matters.

Financial reporting

- Ahousaht First Nation will follow the documented procedures in the Financial Reporting Policy to mitigate the risk of a material misstatement in the quarterly and annual financial statements.
- Individuals involved in the financial reporting process (i.e. the Financial Controller, etc.) will have a minimum of three years' experience and ideally have a recognized professional accounting/financial qualification (e.g. CAFM, CA, CPA, CGA, CMA).
- On a regular basis (minimum every two years), the individuals involved in the financial reporting process must confirm in writing that they understand their responsibilities.

Insurance

- A separate policy has been developed to provide guidance on insurance. Refer to Insurance Policy.

Attachments

Appendix A – Risk Register Example



Appendix A – Risk Register Example

#	Risk	Potential Impact	Likelihood	Mitigation / action plan	Individual responsible
<i>Risk category (i.e. financial, political, environmental, etc.)</i>					
1	<i>Provide a description of the risk and date identified</i>	<i>Provide estimates of the impact of the risk – quantitative/ qualitative as appropriate</i>	<i>An estimation of the likelihood, from low to high</i>	<i>Specific steps to either reduce or eliminate the impact/likelihood of the risk</i>	<i>Name of who will implement and monitor the action plan</i>
2					
3					
<i>Risk category (i.e. financial, political, environmental, etc.)</i>					
4					
5					
6					



INFORMATION TECHNOLOGY POLICY

Policy No: FP0140	Effective Date:
Distribution:	Approval Date:
Page ___ of ___ pages:	Motion Number:
Policy replaces:	Revision Date:

Policy

Ahousaht First Nation's information systems will support its operational requirements and have appropriate safeguards and monitoring processes in place to adequately protect Ahousaht First Nation's information.

Purpose

The purpose of this policy is to ensure that information system integrity, specifically as it relates to the financial administration system, is maintained and supports the strategic and operational requirements of Ahousaht First Nation.

Scope

This policy applies to all staff involved in the selection, implementation, operations, or ongoing maintenance of Ahousaht First Nation's information systems. This includes the Administrator, and information technology staff, including external contracted service providers.

Definitions

“Rollback procedure” means the ability to restore system to previous configuration prior to change, with documented procedures and steps to complete the process.

“Virtual Private Network” means a virtual private network (“VPN”) which is a way to use a public telecommunication infrastructure, such as the Internet, to provide remote offices or individual users with secure access to their organization's network.

Responsibilities

Council is responsible for:

- Establishing and implementing documented procedures for information technology used by Ahousaht First Nation in its operations.

The Administrator is responsible for:

- Ensuring that controls are in place over information technology, whether performed by an internal staff member or outsourced to an external organization;



- Monitoring the performance of internal and/or external information technology professionals.

The information technology professional is responsible for:

- Maintaining the integrity of information systems within Ahousaht First Nation.

Ahousaht Employees are responsible for:

- Following this policy and using the I.T. systems, that are provided to them by Ahousaht First Nation, for work purposes only. The personnel policy will provide additional conditions on acceptable usage of I.T. in the workplace.

Procedures

Planning and Evaluation

The Council, with the assistance of the Administrator and input from information technology staff, will ensure that information systems are developed that support Ahousaht First Nation's strategic plan and operations.

When there are no individuals internally with the requisite technical skills to identify information technology requirements or evaluate options, the Administrator will seek advice from a qualified external individual or organization.

Outsourcing

Subject to the Procurement Policy, the Administrator is responsible for the selection of contractors providing information technology services, the definition of services in their contracts and the administration of the contracts.

Specific items which should be included in the procurement of information technology services and final contract with the chosen provider include:

- A requirement that the service provider submits regular reports of all work performed on Ahousaht First Nation's information systems;
- A requirement that outsourced parties are responsible to comply with legal and regulatory requirements, including the protection of confidential and private information;
- Access by outsourced parties to Ahousaht First Nation information is provided on a 'need to know basis' only.

Data Management

Subject to the Records and Information Policy, data retention allows access to appropriate data to specified personnel where required, depending on the type of data retained.

All sensitive, valuable, or critical information/data residing on Ahousaht First Nation's information technology systems must be periodically backed-up. Backups will occur incrementally on a daily basis, with full backups on a weekly and monthly basis.



Backup tapes must be stored in a secure location with access limited to the Administrator and limited other staff as appropriate. Ideally, tapes will be securely stored at an offsite location that is easily accessible to individuals with authorized access.

Backup tapes will be retained for a period of 8 years, according to the Records and Information Policy and any other applicable legal requirements.

Access Management

All individuals requiring access to Ahousaht First Nation information systems will have unique user identification. Shared user IDs or passwords will not be permitted.

Requests for access to Ahousaht First Nation's network, accounting system, or other access restricted information system must include a description of an employee's role and rationale for the level of access required. Signed approval must be obtained from the Administrator (or designate).

User ID and password are required for access to the network and other critical programs/areas such as the accounting system. Automatic authentication using scripts or macros inserting user IDs and/or passwords are prohibited.

Individuals will be given access privileges to the extent necessary to fulfill their individual job function and no more. Systems and applications should not be configured with unrestricted access to all data.

When an individual or contractor is terminated or ends employment with Ahousaht First Nation, their user IDs must be disabled immediately.

Support personnel must notify the user when attempting to take control of a workstation. All instances where specific software is loaded to remotely control a workstation must be removed when the support function is completed. The use of the remote control software must be in accordance to applicable agreements.

Information System Security

Security tools and techniques are implemented to enable restrictions on access to programs and data.

Security tools and techniques are administered to restrict access to programs and data.

Each computer resource must have an approved antivirus ("AV") program installed. The following standards must be met:

- The AV program must not be disabled and must be configured to scan all programs and files upon execution and must have real time protection enabled. If encrypted and password protected files cannot be virus checked, it is the responsibility of the user to ensure that virus checking takes place whenever this protection is removed;
- Antivirus files must be updated on the network every two weeks or whenever a new threat is identified.

Network firewalls must be configured to support a 'least-privilege' approach to security, allowing only specific systems, services and protocols to communicate through the network perimeter. Logical and physical access to these systems must be limited strictly to those personnel with specific training and authorization to manage the device. Additionally, the following Firewall standards must be addressed:



- Firewall and proxy servers must be securely installed;
- Detailed firewall logs must be maintained;
- Alerts must be raised if important services or processes crash.

Change Management

All new data structure and modifications to data structure will be tested before implementation.

All computers, hardware, software and communication systems used for a production environment must employ a documented change control process. The change management process should include the following activities:

- The data structure is consistent with the needs of Ahousaht First Nation;
- Description and rationale for the new network, hardware, communication and systems software change and how it is consistent the needs of Ahousaht First Nation;
- An assessment of any risks involved with the change;
- Roll-back considerations;
- Implementation considerations;
- A description of the testing required;
- Approval from the Administrator;
- Communication of changes to Ahousaht First Nation staff as appropriate.

Monitoring

Only approved and authorized programs will be implemented onto Ahousaht First Nation information management systems. Periodic reviews of the workstations and the system will take place to monitor compliance with this requirement.

A log of staff, their user IDs, and their access levels within Ahousaht First Nation information systems will be maintained. On a quarterly basis, the Administrator will review the log to ensure users and the associated access rights are appropriate. Access rights that will be monitored include the following:

- User access management (i.e. the accounting system);
- Third party access (i.e. outsourced information technology professionals);
- Network access and file sharing;
- Remote and VPN access.

Network system performance is monitored on a regular basis.

The firewalls must be monitored daily and their functionality audited semi-annually.

Attachments

None



EXTERNAL AUDIT POLICY

Policy No: FP0150	Effective Date:
Distribution:	Approval Date:
Page ___ of ___ pages:	Motion Number:
Policy replaces:	Revision Date:

Policy

A qualified external auditor will be appointed to render an audit opinion on the annual financial statements (and special purpose reports, as applicable) of Ahousaht First Nation in accordance with generally accepted audit standards as established by the Canadian Institute of Chartered Accountants. Ahousaht First Nation will appropriately prepare for the audit and ensure that the external auditor has the necessary access and authorities to complete their work.

Purpose

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

Scope

This policy applies to Council, the Finance and Audit Committee, the Administrator and the Financial Controller and those personnel providing service within the financial administrative system.

Definitions

“Engagement letter” is a written communication from the independent auditor outlining the terms and conditions of appointment and may include a letter to management (or post audit letter) reporting on audit findings.

“GAAP” means Generally Accepted Accounting Principles as established by the Canadian Institute of Chartered Accountants as modified or changed from time to time.

“Independence” means independence from parties that have an interest in the results published in financial statements of the First Nation. The code of ethics of the Public Accountant profession helps give guidance on independence issues between the auditor and the audit client. Independence requires integrity and an objective approach to the audit process. The concept requires the auditor to carry out his or her work freely and in an objective manner.



Responsibilities

Council is responsible for:

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

The Finance and Audit Committee is responsible for:

- Providing oversight on the external audit and advising the council as required;
- Making recommendations to Council on the selection, engagement and performance of an auditor;
- Receiving assurances on the independence of a proposed or appointed auditor;
- Ensuring that the appropriate action is taken with respect to any communication from the external auditors;
- Approving the terms and conditions of the appointment of the auditor as set out in the engagement letter and ensuring that it includes the auditor's obligation to confirm that the annual financial statements and the audit of them comply with the Financial Administration Law, the FSMA and the First Nations Financial Management Board Standards and any relevant funding agreements;
- Reviewing the draft annual financial statement from the senior financial officer and presenting the statements to council within sixty days following the end of the fiscal year for which they were prepared;
- Reviewing and making recommendations to council on the planning, conduct and results of audit activities;
- Reviewing and making recommendations to the Council on the audited annual financial statements, including the audited local revenue account financial statements and any special purpose reports.

The Administrator is responsible for:

- Directing and facilitating any notices regarding meetings concerning the annual audit or audited financial statements;
- With the Financial Controller, preparing the Auditor performance evaluation report.

The Financial Controller is responsible for:

- Overseeing, supervising, directing and facilitating requests for any information required by the auditor to carry out its audit responsibilities;



- Preparing and providing to the Finance and Audit Committee within forty-five days of the fiscal year end the annual financial statements and special purpose reports for the fiscal year in accordance with GAAP and any funding agreements;
- Facilitating the flow of account and other information and acting on auditor's requests during the audit;
- Ensuring the accounts are properly updated to reflect audit adjustments, the account balances are reconciled to the audit statements and schedules, and a proper year end closing of the accounts is completed;
- With the Administrator, preparing the Auditor performance evaluation report.

Procedures

Auditor Selection, Engagement and Performance

The Administrator and the Financial Controller will establish evaluation criteria to be included in a Request for Proposal ("RFP") for the external audit which will be approved by the Finance and Audit Committee and include, at a minimum:

- Independence from Ahousaht First Nation, its related bodies, Councillors and officers and members;
- In good standing with regulatory bodies (Canadian Institute of Chartered Accountants, Certified General Accountants Association of Canada, or the Society of Management Accountants of Canada) and their respective counterparts in the province or territory in which the firm or accountant is practising;
- License to practice public accounting;
- Other considerations as appropriate (i.e. funding agreement requirements).

The Finance and Audit Committee will review and approve the RFP before it is made public.

The Finance and Audit Committee will review Management's evaluation of the proposals and their recommendation. The Finance and Audit Committee may approve the recommendation or may ask for additional information, including an in-camera (i.e. without management) interview with the recommended Auditor.

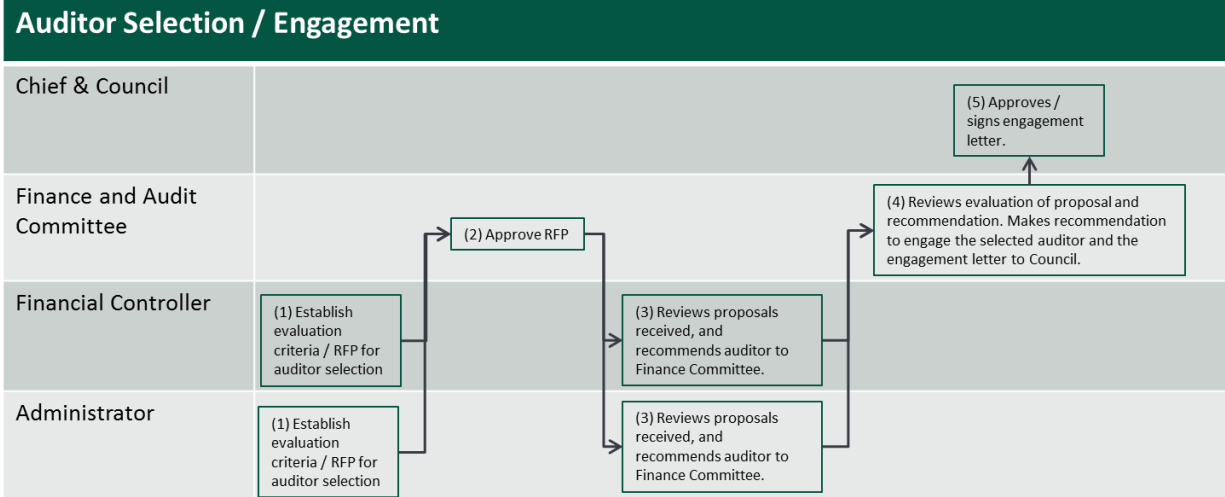
Upon approval, the Finance and Audit Committee will recommend the engagement of the selected Auditor and the engagement letter to Council.

Council will review the engagement letter with the Auditor selected to ensure it contains the content required by the Financial Administration Law and any other applicable requirements, and will proceed to sign the engagement letter in accordance with Ahousaht First Nation's approved signing authorities and ensure that it is delivered to the Auditor.

Annually at the conclusion of the audit, the Administrator and Financial Controller will prepare a performance evaluation report of the Auditor's activities, along with any Management recommendations, and present the report to the Finance and Audit Committee.

The Committee will review the Auditor performance evaluation and recommendations and take necessary steps as appropriate.

On a periodic basis, the Finance and Audit Committee and Council will review the engagement of the external auditor and determine whether an RFP should be initiated for a new auditor.



Auditor Independence

The Finance and Audit Committee will ensure that Ahousaht First Nation has received a letter from the Auditor, before the audit is finalized, in which the Auditor confirms their continued independence.

Audit Planning

The Finance and Audit Committee will meet with the Auditor before commencement of the annual audit to review the proposed audit plan, to make any requests or to provide any feedback that the Auditor should consider when finalizing the plan and conducting the audit.

The Finance and Audit Committee will submit the finalized audit plan along with any recommendations, to Council for approval.

Preparations for the Audit

The Financial Controller will keep the auditor apprised and discuss in advance of the audit of any significant accounting issues, developments or changes for the Ahousaht First Nation that could have an impact on the audit and the audit report.

Prior to fiscal year end, the Financial Controller will issue instructions to the finance and accounting staff concerning fiscal year end procedures to help ensure the accuracy and completeness of Ahousaht First Nation’s financial statements and disclosures.

Additionally, finance staff, under the direction of the Financial Controller, will commence preparation before fiscal year end of necessary schedules and working papers for audit according to the audit work plan. This will also include preparation of third party confirmation letters, bank confirmations, and account balance reconciliations.

Issues arising or communicated in a mid-year review (if applicable) by the auditor will be discussed with the Finance and Audit Committee for recommended resolution. The instructions for preparation of Ahousaht First Nation’s financial statements will take into account any such resolutions.



The Finance and Audit Committee will be informed of any issues that could affect the audit (e.g. where the auditor believes a change in the terms of the engagement may be warranted).

Audited Annual Financial Statements

The Finance and Audit Committee will receive and review the draft audited annual financial statements, including any special purpose reports and the Local Revenue Account financial statements.

The Committee will satisfy itself that:

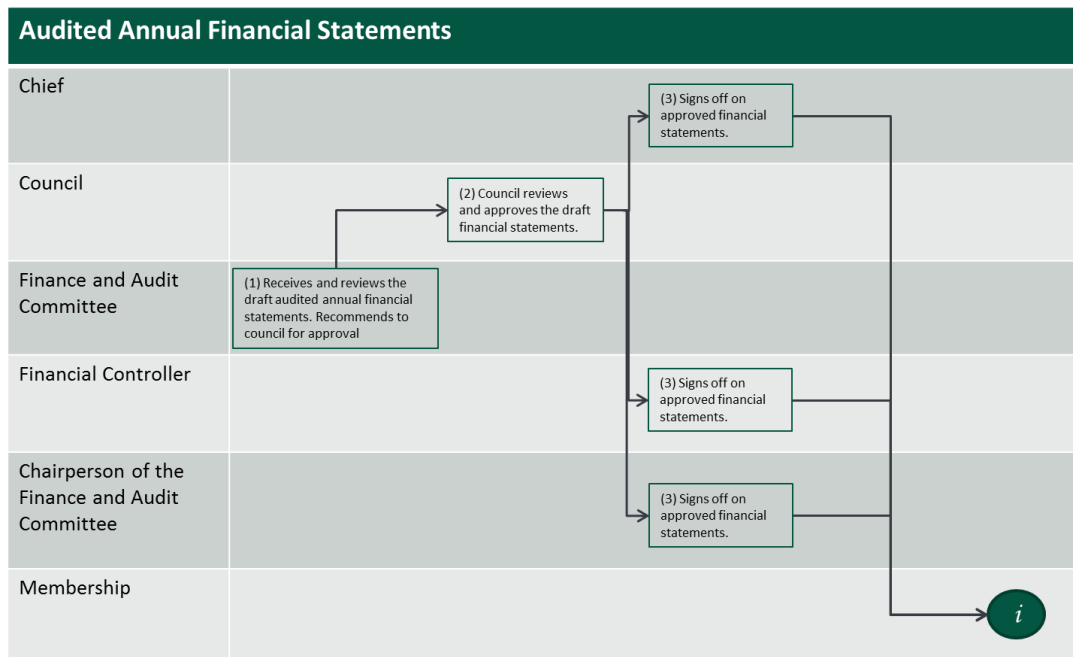
- The audit has been completed according to the plan;
- The financial statements are fairly presented according to GAAP;
- The auditors have provided an opinion on the financial statements and an opinion or review of any special purpose reports as required by the First Nation's Financial Administration Law;
- There are no significant unresolved issues.

The Committee will meet with the Auditor to review the draft audited financial statements. To ensure sound governance, the committee will meet with the auditor 'in camera' (without Ahousaht First Nation Management team) for a part of the meeting.

When satisfied with its review of the draft audited financial statements and the resolution of any audit issues, the Finance and Audit Committee will recommend the draft audited financial statements to Council for approval.

Before publishing the audited financial statements, the following approvals are required:

- Approval of council;
- Approval by signature from all of the following:
 - The Chief of Ahousaht First Nation;
 - The Chairperson of the Finance and Audit Committee;
 - The Financial Controller.





Attachments

None