

## Statement of Policy and Procedure

Policy No.

Issue/Effective  
Date

June 19, 2019

**Chippewas of the Thames First Nation**

# Finance Policy



# Table of Contents

- 1. Definitions .....9
- 2. Annual Planning and Budgeting ..... 15
  - A. Policy..... 15
  - B. Purpose..... 15
  - C. Scope ..... 15
  - D. Responsibilities..... 15
  - E. Procedures..... 17
    - (1) Annual Integrated Planning Process..... 17
    - (2) Budget..... 17
    - (3) Strategic Plan ..... 18
    - (4) Multi-Year Financial Plan ..... 18
    - (5) Adjustments to the Plans and Budgets ..... 19
  - F. References and Related Authorities..... 19
  - G. Attachments ..... 20
- 3. Financial and Operational Reporting..... 21
  - A. Policy..... 21
  - B. Purpose..... 21
  - C. Scope ..... 21
  - D. Responsibilities..... 21
  - E. Procedures..... 22
    - (1) Financial Reports List..... 22
    - (2) Financial statement preparation ..... 23
    - (3) Financial Reporting Risks ..... 25
    - (4) Fiscal year ..... 27
    - (5) Annual Report..... 27
  - F. References and Related Authorities..... 27
  - G. Attachments ..... 28
- 4. Financial Institution Account and Cash Management..... 29
  - A. Policy..... 29

B.	Purpose.....	29
C.	Scope .....	29
D.	Responsibilities.....	29
E.	Procedures.....	30
(1)	Financial institution account management.....	30
(2)	Cash/non-cash receipts .....	31
(3)	Petty Cash .....	31
(4)	Cheque stock .....	32
(5)	Credit Lines .....	32
(6)	Opening a Financial Institution Account.....	32
(7)	Closing a Financial Institution Account.....	33
(8)	Account Reconciliation .....	33
(9)	Independent Review.....	34
(10)	Irregularities .....	34
F.	References and Related Authorities.....	34
G.	Attachments .....	35
5.	Procurement.....	36
A.	Policy.....	36
B.	Purpose.....	36
C.	Scope .....	36
D.	Responsibilities.....	36
E.	Procedures.....	36
(1)	Procurement of low value items goods and services.....	36
(2)	Procurement of moderate value goods and services.....	37
(3)	Procurement of high value goods and services.....	37
(4)	Approval, initiation and monitoring .....	38
(5)	Documentation requirements.....	38
(6)	Monitoring of Contractors/Suppliers .....	39
(7)	Encouraging new contractors/suppliers.....	39
F.	References and Related Authorities.....	39

G.	Attachments .....	39
6.	Expenditures.....	40
A.	Policy.....	40
B.	Purpose.....	40
C.	Scope .....	41
D.	Responsibilities.....	41
E.	Procedures.....	41
(1)	General and Operational Expenditures .....	41
(2)	Payroll .....	42
(3)	Reimbursable Expenditures.....	44
(4)	Meals and Entertainment (Hospitality) .....	50
(5)	Memberships.....	50
(6)	Other.....	50
(7)	Expenditure Reporting and Documentation .....	50
(8)	Approval for Payment.....	52
(9)	Payments .....	53
F.	References and Related Authorities.....	54
G.	Attachments .....	54
7.	Long-Term Debt.....	55
A.	Policy.....	55
B.	Purpose.....	55
C.	Scope .....	55
D.	Responsibilities.....	55
E.	Procedures.....	56
(1)	Determination of need and evaluation of options .....	56
(2)	Approval .....	57
(3)	Management and monitoring of debt obligations .....	57
(4)	Reporting .....	57
(5)	Records management.....	58
F.	References and Related Authorities.....	58

G.	Attachments .....	58
8.	Loans Receivable, Guarantees and Indemnities.....	59
A.	Policy.....	59
B.	Purpose.....	59
C.	Scope .....	59
D.	Responsibilities.....	59
E.	Procedures.....	61
(1)	Requirements .....	61
(2)	Leases .....	62
(3)	Accessibility .....	63
(4)	Collection.....	63
(5)	Debt Forgiveness .....	63
(6)	Write-offs.....	64
(7)	Monitoring and Reporting.....	64
(8)	Record Keeping.....	64
F.	References and Related Authorities.....	64
G.	Attachments .....	65
9.	Investments .....	66
A.	Policy.....	66
B.	Purpose.....	66
C.	Scope .....	66
D.	Responsibilities.....	66
E.	Procedures.....	67
(1)	Selection of Investment Manager(s) and Custodian .....	67
(2)	Termination of Investment Manager(s) .....	67
(3)	Designation and transfers of investment funds .....	68
(4)	Permitted Investments .....	68
(5)	Monitoring of Investments.....	68
(6)	Re-balancing of the Investment Portfolio .....	69
F.	References and Related Authorities.....	69

G.	Attachments .....	69
10.	Tangible Capital Assets .....	70
A.	Policy.....	70
B.	Purpose.....	70
C.	Scope .....	70
D.	Responsibilities.....	70
E.	Procedures.....	72
(1)	Tangible Capital Asset Register.....	72
(2)	Amortization / Depreciation.....	73
(3)	Annual inspection and review .....	73
(4)	Safeguarding Assets.....	74
(5)	Maintenance of Assets .....	74
(6)	Life Cycle Management Program .....	75
(7)	Capital Projects.....	75
(8)	Construction management.....	76
(9)	Life Cycle Policy Directives.....	77
(10)	Acquisition of Tangible Capital Assets.....	77
(11)	Tangible Capital Asset Reserve Fund.....	77
(12)	Disposal of Tangible Capital Assets .....	77
F.	References and Related Authorities.....	78
G.	Attachments .....	78
11.	Insurance Policy.....	79
A.	Policy.....	79
B.	Purpose.....	79
C.	Scope .....	79
D.	Responsibilities.....	79
E.	Procedures.....	80
(1)	Identify significant material risks.....	80
(2)	Identify and procure insurance products .....	80
(3)	Approval for insurance coverage.....	80

(4) Maintenance of insurance coverage .....	80
F. References and Related Authorities .....	81
G. Attachments .....	81
12. Risk Management .....	82
A. Policy.....	82
B. Purpose.....	82
C. Scope .....	82
D. Responsibilities.....	82
E. Procedures.....	83
(1) Annual Risk Management Plan.....	83
(2) Fraud Risk Assessment .....	84
(3) For-profit business activity risk management considerations .....	85
(4) Loans, guarantees and indemnities.....	85
(5) Investment Risk Assessment .....	85
(6) Financial Reporting Risks .....	85
(7) Insurance and Emergency Plans .....	85
F. References and Related Authorities.....	85
G. Attachments .....	86
13. Emergencies .....	87
A. Policy.....	87
B. Purpose.....	87
C. Scope .....	87
D. Responsibilities.....	87
E. Procedures.....	87
(1) Analyze the current situation .....	87
(2) Develop the emergency plan.....	88
(3) Implement the plan .....	88
(4) Annual review.....	89
F. References and Related Authorities.....	89
G. Attachments .....	89

14.	Financial Management System Improvement .....	90
A.	Policy.....	90
B.	Purpose.....	90
C.	Scope .....	90
D.	Responsibilities.....	90
E.	Procedures.....	91
(1)	Financial Management System Assessment Committee .....	91
(2)	Internal Assessments.....	91
(3)	Continual improvement process .....	92
(4)	Review of Financial Administration Law.....	92
(5)	Citizenship information or involvement.....	93
(6)	Requirements Specific to Borrowing Members .....	93
F.	References and Related Authorities.....	93
G.	Attachments .....	94
	Appendix A – Chippewas of the Thames First Nation Budgeting Schedule .....	95
	Appendix B – Financial Institution Account Reconciliation Template.....	96
	Appendix C – Purchasing Approval Limits .....	97
	Appendix D – Sample Contractor/Supplier Evaluation Template .....	98
	Appendix E – Local Content.....	99
	Appendix F - Purchase Order Requisition.....	100
	Appendix G – Cheque Requisition Form.....	101
	Appendix H - Tangible capital asset categories .....	102
	Appendix I – Presentation and disclosure requirements .....	103
	Appendix J – Fraud Risk Assessment .....	104
	Appendix K – Fraud Risk Assessment Guidelines .....	106
	Appendix L – Sample Risk Management Plan.....	110
	Appendix M – Examples of risks to consider .....	111
	Appendix N – Sample risk assessment template.....	112
	Appendix O – Emergency plan resources.....	113



## 1. Definitions

“Annual Integrated Planning Process”	refers to the annual process whereby all planning and budgeting activities throughout every level of the organization are effectively linked, coordinated, and driven by the Chippewas of the Thames First Nation’s vision and strategic objectives.
“Approved Travel Status”	Travel on official Chippewas of the Thames 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. the Chippewas of the Thames First Nation office).
“Arrears”	refers to an unpaid, overdue debt, or an unfulfilled obligation.
“Assets”	include Tangible Capital Assets such as equipment, buildings and land that have been purchased or constructed by the Chippewas of the Thames First Nation.
“Asset Recognition Criteria”	means the criteria to be used to set the threshold for determining whether a tangible capital asset must be included in the tangible capital asset register and in the Life-Cycle Management Program.
“Auditor”	a member of a recognized accounting association holding a valid public accountant license.
“Best Value”	refers to the optimal combinations of experience, knowledge, expertise, geographic location, performance, quality, time, initial costs, operation and maintenance, cost, life cycle costs, service, performance characteristics, spare parts availability, warranties and guarantees etc.
“Capital Project”	means the construction, Rehabilitation or replacement of the Chippewas of the Thames First Nation’s Tangible Capital Assets and any other major Capital Projects in which the Chippewas of the Thames First Nation or its related bodies are investors.
“Capital Project Plan”	means a plan to carry out a Capital Project and an annual capital plan means all of the Capital Project Plans to be budgeted for undertaken in a fiscal year.
“cash”	is currency, cheques, money orders, and equivalent financial instruments.

“Contract”	an agreement between parties for the construction or repair of any work; the purchase of any items, commodity, equipment, goods, materials or supplies or the performance of a service of any kind.
“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.
“Disbursements”	all monies paid out by a person authorized by the Chief and Council to pay out monies on behalf of Chippewas of the Thames First Nation.
“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.
“Expenditure”	funds that the First Nation expects to pay out during a given fiscal year whether or not such funds are actually paid out.
“Fairness”	refers to giving qualified firms and individuals an equal opportunity to compete for the contract work; and to evaluating tenders and proposals in accordance with accepted practices.
“Fair Value”	is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.
“First Nation / Member of the First Nation / Council of the First Nation”	same meaning as in the Indian Act

“Financial Institutions”	means the Chippewas of the Thames First Nations Finance Authority, a bank, credit union or caise populaire.
“Financial Reporting Risk”	is the possibility of an undetected material misstatement in financial information due to the existence of ineffective Internal Control or fraud resulting from manipulation or alteration of accounting records, misrepresentation or intentional omissions of transactions, or intentional misapplication of accounting principles.
“Financial Reports List”	means the list of financial statements and reports that are to be prepared on a regular basis.
“Fiscal Year”	a 12 month period in which the First Nation carries out projects for which it has prepared a budget. For the purpose of these regulations, the fiscal year will be April 1 <sup>st</sup> to the following March 31 <sup>st</sup> .
“Fraud Risk”	is the potential for an employee, agent or other person connected to the financial administration of the Chippewas of the Thames First Nation to use deception to dishonestly make a personal gain for oneself or a loss for another. This commonly includes activities such as theft, corruption, embezzlement, or bribery etc.
“Fraudulent Financial Reporting”	means an intentional act in financial reporting that is designed to deceive users of financial reports and that may result in a material omission from or misstatement of financial reports.
“Fraudulent Non-Financial Reporting”	means the intentional act in non-financial reporting that is designed to deceive users of non-financial reports.
“Indemnity”	refers to the right of a person to recover the amount of a financial loss or a liability to a third party.
“Internal Assessment”	is a review of an activity/process by an independent Chippewas of the Thames First Nation staff member (i.e. an individual not responsible for or involved in the activity) to determine the effectiveness and sufficiency of controls related to the specific activity or process.
“Internal Control”	is a process, effected by the Chippewas of the Thames 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.

“Invited Tender”	refers to a tender that is distributed to a certain number of contractors who are invited to bid on a specific project. Industry standards indicate that at least three contractors should be invited to ensure that the process is fair and there is sufficient competition.
“Life-Cycle Management Program”	means the program of inspection, review and planning for the management of the Chippewas of the Thames First Nation’s Tangible Capital Assets as described in the Financial Administration Law and this policy.
“Life-Cycle Planning”	is a key component of a Life-Cycle Management Program as it provides information for understanding the condition and assessing the performance of capital assets, anticipates the needs for replacements in the short and long term, and assesses the cost and sustainability of existing programs.
“Loan Guarantee”	is a promise to pay all or a part of the principal and/or interest on a debt obligation in the event of default by the borrower.
“Loan Receivable”	is a financial asset of the Chippewas of the Thames First Nation (as the lender) represented by a promise by a borrower to repay a specific amount, at a specified time or times, or on demand, usually with interest.
“Misappropriation of Assets”	means the theft of Chippewas of the Thames First Nation assets in circumstances where the theft may result in a material omission or misstatement in financial reports.
“Net Book Value”	of a tangible capital asset is its cost, less both accumulated amortization and the amount of any write-downs.
“Open or Public Tender”	is the process by which tenders are advertised publicly. Open tenders should allow any qualified potential bidders the opportunity to bid on a project.
“Planning Documents”	are the combination of a strategic (community development) plan, capital budget, multi-year financial plan, and annual budget.
“Portfolio Rebalancing”	refers to the realigning of the weightings of the Chippewas of the Thames 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.

“Progress payment”	a payment made by or on behalf of the First Nation under the terms of the contract in respect of the portion of the work done under the contract prior to the completion of the work
“PSAS”	refers to Public Sector Accounting Standards of the Canadian Public Sector Accounting Board, as amended or replaced from time to time.
“Receipt”	all monies received by the Chippewas of the Thames First Nation
“Rehabilitation”	includes alteration, extension and renovation but does not include routine maintenance.
“Replacement”	includes substitution, in whole or in part, with another of the Chippewas of the Thames First Nation’s Tangible Capital Assets.
“Requisition”	refers to a purchase order used by the Chippewas of the Thames First Nation when documenting expenditures.
“Residual Value”	is the estimated net realizable value of a tangible capital asset at the end of its Useful Life to the Chippewas of the Thames First Nation.
“Restricted Investments”	are investments made with funds the source of which is either government transfers, local revenues, or other revenues with restrictions on use.
“RFP”	stands for Request for Proposal, which is the process generally followed before awarding a major service contract. RFPs identify the need and leave it up to the prospective contractors to make a proposal that is appropriate.
“Risk”	is defined as anything of variable uncertainty and significance that interferes with the achievement of a Chippewas of the Thames First Nation’s strategies and objectives. In insurance terms is the possibility of a loss or other adverse event that has the potential to interfere with an organization’s ability to fulfill its mandate, and for which an insurance claim may be submitted. <sup>1</sup>

---

<sup>1</sup> Insurance Bureau of Canada: [http://www.ibc.ca/en/Business\\_Insurance/Risk\\_Management/](http://www.ibc.ca/en/Business_Insurance/Risk_Management/)

“Risk Tolerance”	means the degree of uncertainty the Chippewas of the Thames First Nation is willing to accept in the achievement of its goals.
“Sole Source”	means a person or company from whom the Chippewas of the Thames First Nation may purchase goods and/or services.
“Special Purpose Report”	means the report described in subsection [10](2) of the Financial Administration Law. For the purpose of this policy it refers to the annual report on remuneration, and expenses
“Tangible Capital Assets”	<p>are non-financial assets having physical substance that:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• have useful economic lives extending beyond an accounting period;</li> <li>• are to be used on a continuing basis; and</li> <li>• are not for sale in the ordinary course of operations.</li> </ul>
“Tender”	means a signed offer for the performance of any work, purchase of any item, commodity, equipment, goods, materials or supplies or the performance of a service of any kind.
“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.
“Terms of Reference”	is a documented statement of the mandate, objectives, purpose, scope, functions and rules under which a Committee is expected to operate.
“Unrestricted Investments”	are investments made with funds the source of which is not government transfers or local revenues.
“Useful Life”	is the estimate of either the period over which a tangible capital asset is expected to be used by the Chippewas of the Thames First Nation, or the number of production or similar units that can be obtained from the tangible capital asset by the Chippewas of the Thames First Nation. The life of a tangible capital asset may extend beyond the Useful Life of a tangible capital asset to the Chippewas of the Thames 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.

## **2. Annual Planning and Budgeting**

### **A. Policy**

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

### **B. Purpose**

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

The Chippewas of the Thames First Nation annual budget is intended to consider revenue and planned expenses by allocating money according to a prearranged set of objectives and priorities determined during the budget process. The budget helps control the rate of spending, and stipulates the maximum dollar amount allotted for each item in the budget. Regular review of spending by Chief and Council, comparing the planned expenditures of the budget, allows for responsible control of the organization's resources. If a particular expense item exceeds the budget in a particular month, then steps can be immediately taken to correct any overspending.

At year end, or period end, the amount allotted to each item can be compared with the actual amount spent. This comparison can help plan whether more or less funds are needed for the next period.

### **C. Scope**

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

### **D. Responsibilities**

- (1) Council is responsible for:
  - a. reviewing and approving the annual budget and ensuring that it was prepared in accordance with the Chippewas of the Thames First Nation's Financial Administration Law and other applicable Chippewas of the Thames First Nation laws, is based on plausible assumptions and provides for required program and services;
  - b. reviewing and approving any circumstances that are expected to create a budget deficit including consideration of any recommendations from the finance and audit committee on plans to eliminate the budget deficit in a future period;
  - c. reviewing and approving other Planning Documents including but not limited to a strategic (community development) plan, capital budget, and a multi-year financial plan;
  - d. reviewing and approving any changes or amendments to the annual budget or other Planning Documents;
  - e. establishing specific goals and service priorities to guide resource and allocation decisions during the budget planning sessions;

- f. ensuring that a process is in place to address citizenship priorities in the Strategic Plan and other Planning Documents as appropriate;
  - g. ensuring that the citizenship of the Chippewas of the Thames First Nation is informed about or involved in the preparation of the annual budget, multi-year financial plan, forecast budget deficits or forecast extraordinary expenditures as set out in the Chippewas of the Thames First Nation’s Financial Administration Law;
  - h. establishing general budget policies or guidelines such as requirements for balanced budget and use of cash reserves.
- (2) The Finance and Audit Committee is responsible for:
- a. Reviewing the draft annual budget and multi-year financial plan and recommending them to Council for approval;
  - b. Providing recommendations to Council respecting plans to eliminate any budget deficit in a future year;
  - c. Reviewing any draft amendments of the annual budget and recommending them to Council for approval;
  - d. Reviewing information, schedules and proposed budget for Rehabilitation or replacement of Tangible Capital Assets and plans for new construction of Tangible Capital Assets.
- (3) The Executive Administrator is responsible for:
- a. arranging and staffing planning sessions for the development of other key Planning Documents;
  - b. reviewing draft budgets in consultation with the Finance and Audit Committee;
  - c. reviewing other draft Planning Documents in consultation with the Finance and Audit Committee;
- (4) The Comptroller is responsible for:
- a. arranging early budgeting planning sessions with Council and other key stakeholders essential in developing the budget;
  - b. communicating the approved budget to management and line staff;
  - c. maintaining a current register of all Chippewas of the Thames First Nation’s Tangible Capital Assets and arrange for an annual inspection of them.
  - d. creating a budget development calendar and ensuring deadlines are met – subject to the Chippewas of the Thames First Nation’s Financial Administration Law;
  - e. establishing the format for draft budgets;
  - f. participating in budget planning sessions with Council, the Finance and Audit Committee, Executive Administrator and other key stakeholders;
  - g. collaborating with department heads in setting draft expenses for their department;
  - h. preparing the draft budget or consolidating and evaluating draft budgets from department heads for accuracy, reasonableness, applicable guidelines, and anticipated resources in accordance with Section [26] of the Financial Administration Law;
  - i. developing revenue forecasts based on reviews of fiscal transfer agreements and collaboration with other officers on own source revenues forecasts;
  - j. presenting draft annual budgets to the Executive Administrator and to the Finance and Audit Committee on an annual basis;
  - k. 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;

- l. Make forecasts and prepare budgets for Tangible Capital Assets; and
- m. Any other responsibilities as outlined in the Financial Administration Law.

## **E. Procedures**

### **(1) Annual Integrated Planning Process**

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

### **(2) Budget**

- a. Based on the annual integrated planning session, the initial operating budget estimates will be prepared and the 5 year Capital budget estimates will be prepared or updated accordingly;
- b. The Chippewas of the Thames First Nation shall only disburse any funding in accordance with the Council’s approved annual budget for that year, within the provisions of any funding agreement.
- c. Draft annual budgets for each program area shall be prepared by Department Directors and any respective Managers. The budgets are consolidated by the Comptroller and subject to review by the Executive Administrator and the Finance and Audit Committee by the end of December.
- d. Budget assumptions will be documented and updated throughout the budget preparation process with budget adjustments made as required;
- e. Capital budgeting estimates should include all capital improvement projects (purchase, construction, or renovation of physical facilities) and all capital equipment expenditures;
- f. Any projected deficit must be accompanied by a report that outlines the contributing factors and circumstances and the plan by which it will be eliminated in a future year;
- g. Human Resources will provide detailed financial information on staffing and benefits for each department;
- h. 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;

- i. Where a projected deficit exists, the Finance and Audit Committee will provide recommendations to Council on plans to eliminate the budget deficit in a future year;
- j. The final draft budget recommended for approval to Council by the Finance and Audit Committee will be approved by Council no later than March 31<sup>st</sup> of the fiscal year preceding the budget year;
- k. The draft budget must meet the requirements of the Chippewas of the Thames First Nation's Financial Administration Law and the integrated planning process must comply with the schedule for planning activities set out in that Law.
- l. To ensure effective ongoing monitoring of each program area budget, program administrative assistants will be provided with a copy of an approved annual cash flow schedule for their respective program area(s);
- m. Each Department Director, with assistance from their respective committee, shall be responsible for monitoring and take-up of their program budgets. Program budget monitoring and control shall involve comparing and reconciling monthly program revenue and expenditure statements with each program's original projected cash flow schedule.

### **(3) Strategic Plan**

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

### **(4) Multi-Year Financial Plan**

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

Projects as defined in the Financial Administration Law, payments required to address any deficits and payments for all other purposes;

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

#### **(5) Adjustments to the Plans and Budgets**

- a. An annual adjustment process in the Budget Calendar will be included to adjust the plans and budgets.
- b. The circumstances to make adjustments to budgets are limited to substantial change in the forecasted revenues or expenses of the Chippewas of the Thames First Nation or in the expenditure priorities of the Council; which may include the following:
  - i. External factors that impact funding arrangements;
  - ii. impacts related to Capital Project adjustments;
  - iii. unforeseen changes to budget assumptions;
  - iv. Council approved changes to priorities or operating objectives.
- c. Proposed amendments to the strategic plan or multi-year plan will be brought forward to the next annual planning session.
- d. Significant time-sensitive adjustments should be brought to the Finance and Audit Committee for review and recommendation to Council.
- e. On or before September 15 of each year the Comptroller must prepare and submit to the Finance and Audit Committee for review a draft amendment of the component of the annual budget respecting the Chippewas of the Thames First Nation's local revenue account.
- f. On or before September 30 of each year, the Finance and Audit Committee must review the draft amendment of the component of the annual budget respecting the Chippewas of the Thames First Nation's local revenue account
- g. No later than October 15 of each year, the Council must approve the amendment of the component of the annual budget respecting the Chippewas of the Thames First Nation's local revenue account

#### **F. References and Related Authorities**

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

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

**G. Attachments**

- (1) **Appendix A** – Chippewas of the Thames First Nation Budgeting Schedule

### **3. Financial and Operational Reporting**

#### **A. Policy**

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

#### **B. Purpose**

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

#### **C. Scope**

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

#### **D. Responsibilities**

- (1) Council is responsible for:
  - a. Reviewing the financial statements and reports and the Finance and Audit Committee's corresponding recommendations;
  - b. Deciding whether to approve the Financial Reports List, the financial statements and reports; and
  - c. Documenting procedures for identification of risks.
- (2) The Finance and Audit Committee is responsible for:
  - a. Reviewing the Financial Reports List, the monthly reports, quarterly and annual financial statements and reports and the Executive Administrator's corresponding recommendations, and making appropriate recommendations to Council.
- (3) The Executive Administrator is responsible for:
  - a. Preparing and updating the Financial Reports List in conjunction with the Comptroller;
  - b. Reviewing the financial statements and reports and making appropriate recommendations to the Finance and Audit Committee;
  - c. Identifying, assessing, monitoring and reporting on Financial Reporting Risks to the Finance and Audit Committee;

- d. Monitoring and reporting on the effectiveness of mitigating controls for the Financial Reporting Risks and Fraud Risks taking into consideration the cost of implementing these controls;
- e. Ensuring that Financial Reporting Risk assessment and management practices have been performed in relation to quarterly and annual financial statements; and
- f. Periodically reviewing these policies in consultation with the Comptroller and other staff as appropriate and recommending any updates to the Finance and Audit Committee.

(4) The Comptroller is responsible for:

- a. Determining the Financial Reports List contents and frequency of reporting it requires in conjunction with the Executive Administrator from the Chippewas of the Thames First Nation's management team; and
- b. Preparing the financial statements and reports in accordance with PSAS and this policy and procedure;
- c. Assessing and managing Financial Reporting Risk and reporting risks to the Executive Administrator; [and]
- d. Developing and recommending procedures for identifying and mitigating Financial Reporting Risks and Fraud Risks and ensuring approved procedures are followed; and
- e. If the Chippewas of the Thames First Nation has a loan from the First Nations Finance Authority (FNFA) that is secured by other revenues: Maintaining a complete set of all records respecting other revenues of the Chippewas of the Thames First Nation, including all records referred to in section 5 of the *Local Revenue Management Implementation Regulation* as amended by the *Financing Secured by Other Revenues Regulations*.

(5) Managers are responsible for:

- a. Providing all requested information (commentary) in relation to the preparation of financial statements and reports and the assessment and management of Financial Reporting Risk.

## E. Procedures

### (1) Financial Reports List

- a. The Comptroller, with the assistance of the Executive Administrator, is responsible for preparing a list of all financial statements and reports that are to be prepared on a regular basis.
- b. The Financial Reports List must include the required monthly information, as well as quarterly and annual financial statements.
- c. Monthly reports prepared by the Comptroller will be tailored to the needs of the Chippewas of the Thames First Nation's management team for monitoring purposes in the form and content recommended by the Finance and Audit Committee and approved by Council.
- d. Appropriate monthly Program Revenue/Expenditure Statements are to be provided to program workers who have been assigned program budget control responsibilities. Program workers are to review the statements for overage / shortage spending, uncollected revenues, or other issues.
- e. Monthly financial statements will be sent to every Program Manager by the end of the 5<sup>th</sup> business day of the month. A general ledger transaction listings is distributed upon request.
- f. Monthly any transfers between programs/projects or line items should occur by the 15<sup>th</sup> of each month.

- g. Monthly a re-distribution of the general ledger transaction listings and variance reports should occur by the 18<sup>th</sup> of each month.
- h. If the Chippewas of the Thames First Nation has borrowed money from the FNFA secured by other revenues, these other revenues must be accounted for and reported on separately.
- i. For each report or financial statement listed, the following information must also be identified:
  - i. A brief description or contents of the report;
  - ii. The person responsible for its preparation;
  - iii. When it is to be made available and its frequency; and
  - iv. The report's distribution list.
- j. The Finance and Audit Committee will review and update the Financial Reports List quarterly and annually, and submit the list to Council quarterly and annually for their review and recommendation.
- k. Council will review and approve the Financial Reports List quarterly and annually.

**(2) Financial statement preparation**

- a. The Comptroller will prepare monthly information respecting the financial affairs of the Chippewas of the Thames First Nation and its quarterly and annual financial statements. Other financial reports that are listed in the approved Financial Reports List will be prepared by the person identified as responsible for its preparation.
- b. Copies of variance reports produced shall be submitted to the Executive Administrator for review. The variance report will outline:
  - (a) the amount of the shortage/overage
  - (b) the cause(s) contributing to the shortage/overage
  - (c) recommendations to bring the program budget back in line
- c. All variance reports must be submitted to Chief and Council for their review and approval prior to implementation.
- d. Should unexpected or unforeseen expenses be incurred in one part of the program, variance report corrective measures to re-adjust the program's budget may be in the form of an expenditure reduction in another area of the Program. The transfer of funding from one account to another, within a Program, should never occur.
- e. Department/Agency funds provided to the First Nation are to be expended for the purposes identified and approved in signed contractual agreements. Only in situations where flexibility is allowed between functions or programs, may transfers be recommended by program workers or managers.
- f. Each quarterly financial statement will be prepared within 10 business days of quarter end and will include the following for the Chippewas of the Thames First Nation and all its related bodies:
  - i. A statement of revenue and expenditures containing a comparison to the approved annual budget;
  - ii. A statement of financial position;
  - iii. Financial institution account reconciliations;
  - iv. Financial information for the local revenue account as required by the Financial Administration Law and the Local Revenue Policy;
  - v. If the Chippewas of the Thames First Nation has borrowed money from the Chippewas of the Thames First Nations Finance Authority secured by other revenues: Financial information respecting these other revenues;

- vi. If a Land Code is in force: Breakdown of revenue by categories contained in the Chippewas of the Thames First Nation's land code; and
  - vii. Bank Reconciliation Statements;
  - viii. Various Project Reports;
  - ix. Variance Reports;
  - x. Updated Master Cash Flow (based on quarterly updates of the cash flow from each program/project).
  - xi. Any other information requested by the Finance and Audit Committee or Council.
- g. Each annual financial statement will include the following for the Chippewas of the Thames First Nation:
- i. The financial information and disclosures for the Chippewas of the Thames First Nation for the fiscal year prepared in accordance with PSAS;
  - ii. A Special Purpose Report setting out all payments made to honour guarantees and indemnities;
  - iii. A Special Purpose Report setting out the information required in section [10] of the Financial Administration Law (Reporting of Remuneration and Expenses);
  - iv. A Special Purpose Report setting out all debts or obligations forgiven by the Chippewas of the Thames First Nation;
  - v. A Special Purpose Report setting out the information required in the Financial Administration Law (Lending program to Chippewas of the Thames First Nation citizens);
  - vi. If the Chippewas of the Thames First Nation has a land code in force, a report setting out moneys of the Chippewas of the Thames First Nation derived from Chippewas of the Thames First Nation lands, categorized and shown separately from other revenues and that includes a sub-category respecting revenues from natural resources obtained from Chippewas of the Thames First Nation lands; and
  - vii. Any other report required under the Act or an agreement.
- h. Annual financial statements will be prepared according to a standard "financial closing and reporting process checklist".
- i. Annual financial statements, the corresponding completed financial closing and reporting process checklist, and the highlights memo, will be signed by the Comptroller and presented to the Finance and Audit Committee along with his / her comment(s) and recommendation(s), no later than 90 days following the end of the fiscal year for which they were prepared.
- j. The Finance and Audit Committee will review the annual financial statements, the accompanying information, and the Comptroller'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 110 days following the end of the fiscal year for which they were prepared.
- k. Council will review the annual financial statements, the accompanying information, and the recommendation(s) of the Finance and Audit Committee and the Executive Administrator, and make a decision to approve or not approve the annual financial statements.
- l. 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.



- m. A “financial reporting record” file will be created for each annual financial statement. The financial statement record file will at a minimum contain the:
  - i. Financial statements presented to Council for approval;
  - ii. Record of, or reference to Council’s decision to approve or not approve the financial statements, the Finance and Audit Committee’s recommendation(s), and the Executive Administrator’s recommendation(s);
  - iii. Completed financial closing and reporting process checklist;
  - iv. Completed highlights memo.
- n. The financial reporting record file will be classified as confidential and secure, and maintained according to the Records and Information Management Policy and Procedure. Retention period will be seven years unless otherwise specified by council policy

### **(3) Financial Reporting Risks**

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

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

- d) Remediation options where forecast financial performance is not in accordance with plans.
- e. Changes to the accounting software (i.e. new system or major changes to the current system set-up) require authorization from the Comptroller 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 Comptroller or designate.

**(4) Fiscal year**

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

**(5) Annual Report**

- a. The Council must prepare and publish an annual report within the earlier of 180 days after the fiscal year end, or the timeline specified in the Financial Administration Law, that details the progress towards the financial and operational goals of the Chippewas of the Thames First Nation over the course of the fiscal year.
- b. The annual report will contain, at a minimum, the following:
  - i. A description of the services provided by the Chippewas of the Thames First Nation and its operations;
  - ii. A review of the Chippewas of the Thames First Nation's achievement towards its values, goals and objectives;
  - iii. A progress report on any established financial objectives and performance measures of the Chippewas of the Thames First Nation;
  - iv. The audited annual financial statements for the previous fiscal year including any Special Purpose Reports.
- c. The annual report will be made available to all citizens of the Chippewas of the Thames First Nation at the principal offices of the Chippewas of the Thames First Nation, on the Chippewas of the Thames First Nation website, etc. as required by the Financial Administration Law, and provided to all Council members, the First Nations Financial Management Board, the Chippewas of the Thames First Nations Finance Authority, and other organizations as required no later than 180 days after the fiscal year end.
- d. The Council must ensure that a remedy process is available to Chippewas of the Thames First Nation citizens who have requested but have not been provided with the annual report of the Chippewas of the Thames First Nation within the required timeframe.

**F. References and Related Authorities**

(1) FMB's Financial Management System Standards

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

(2) FMB's Financial Administration Law Standards

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

**G. Attachments**

None

## 4. Financial Institution Account and Cash Management

### A. Policy

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

### B. Purpose

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

### C. Scope

This policy and procedure applies to Council, the Executive Administrator, Comptroller, and any other Chippewas of the Thames First Nation employee who has been assigned financial institution account responsibilities.

### D. Responsibilities

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

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

## **E. Procedures**

### **(1) Financial institution account management**

- a. The Comptroller maintains correspondence and official documents relating to the opening, maintenance, and closing of all financial institution accounts.
- b. The Comptroller is the Chippewas of the Thames First Nation's primary representative in dealing with Financial Institutions and at least annually provides the designated financial institution representative with necessary financial reporting information and updates on the Chippewas of the Thames First Nation operations and forecasts in order for the Financial Institutions to respond to the Chippewas of the Thames First Nation's financial service requirements.
- c. The Comptroller is the only individual authorized by Council to negotiate financial service agreements on behalf of the Chippewas of the Thames First Nation.
- d. The Comptroller will develop a clear description of the purpose of each financial institution account and provide it to all employees who are responsible for depositing funds or reconciling the accounts.
- e. The list of individuals with authorized signing authorities for each financial institution account will be maintained by the Executive Administrator. All changes to signing authorities must be approved by Council.
- f. Online financial institution access will be permitted and controlled as follows:

- i. the employee performing account reconciliations will be granted read-only access to the account he/she has been assigned to reconcile;
- ii. only employees with signing authority will be provided with online banking access to perform transactions;
- iii. transaction completion activities, such as electronic funds transfers, will be controlled in a similar manner as cheques. Two employees will be required to approve each transaction. Each employee will have a separate login and individual password.

**(2) Cash/non-cash receipts**

- a. Mail is delivered daily by postal delivery.
- b. The Receptionist opens all mail and sorts according to cheques received, invoices received and other correspondence. Cheques received by direct mail will be recorded in a receipt log and endorsed (stamped) as “for deposit only” by a designated person. The log will include the date, source amount and reason for payment.
- c. The Receptionist lists all cheques or cash received, issues a receipt and forwards the cheques to the Comptroller to scan, direct deposit, and files the original cheque with the e-receipt in the filing cabinet. If cash payments are made directly to the finance department, a receipt will be issued (with the duplicate receipt staying in the receipt book) and the cash will be placed in the safe.
- d. All cash will be kept in the secured safe until deposits are made. Combination to the safe will be known only to the Finance Staff and Comptroller. The deposit receipts from the bank for cash deposits are kept in the file with original cheque receipts.
- e. At the end of the month the Senior Finance Clerk will prepare an entry of all direct deposits and cash deposits made during the month and enter it into ACCPAC.
- f. Senior Finance Clerk discusses any receivable discrepancies (ie. Amount received differs from invoice/remittance amount) with the Comptroller. Deposits are made 2-3 times per week or as needed. The Comptroller or Senior Finance Clerk who makes the deposit will compare the total deposit to the total amount of e-receipts for cheques and regular receipts for cash issued in the period covering the deposit.
- g. Duplicate pre-numbered receipts are to be prepared for all monies received by the First Nation Finance Office and/or Receptionist.
- h. The original receipt is to be issued to the payer; the duplicate copy will remain in the receipt book as a permanent record of the date and amount received, the source and purpose of the reason for the payment to Chippewas of the Thames First Nation.
- i. Programs funded by monthly applications such as programs funded by the Ministry of Community and Social Services and Human Resource and Development Canada should follow an accrual basis of accounting with the revenue recognized for the appropriate period and the receipt of funds allocated against the receivable that was set up at the beginning of the year.
- j. A list of anticipated ongoing deposits will be maintained and reviewed on a monthly basis. Any expected deposits that have not been deposited in the financial institution account(s) will be reported by the accountant to the Comptroller immediately.

**(3) Petty Cash**

- a. A limited number of petty cash accounts as determined by the Comptroller and based on business needs will be created to pay for small items when payment by cheque is not

practical or possible; however, every effort will be made to pay by cheque or electronic transfer. Petty cash will be managed as follows:

- i. the creation of a petty cash account must be approved by the Comptroller;
- ii. the total amount of the fund will not exceed \$50;
- iii. the maximum transaction that can be paid using petty cash will not exceed \$50;
- iv. the person responsible for the security of the fund will maintain an activity log, supporting documentation, and reconciliation;
- v. petty cash reconciliations will occur as needed and at a minimum, at year end;
- vi. accounts payable will replenish the petty cash fund only with complete documentation and a completed petty cash fund reconciliation.

**(4) Cheque stock**

- a. All blank cheque stock will be stored in a locked cabinet or safe with controlled or limited access.
- b. Cheque stock should be sequentially pre-numbered.
- c. No accounts payable personnel, or the person authorized to print out cheques, shall be authorized to sign cheques or approve money transfers.
- d. No one person or employee will be allowed to enter invoices, select invoices for payment and then print and sign cheques. At minimum, this process requires at least two individuals to ensure a minimum segregation of duties.
- e. Cheque signers will not sign blank cheques under any circumstances.

**(5) Credit Lines**

- a. The Comptroller will authorize the draw down on any line of credit or overdraft facilities.
- b. The Comptroller will ensure that any line of credit or overdraft facility is paid down as quickly as possible should sufficient funds exist in other accounts.

**(6) Opening a Financial Institution Account**

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



change in personnel or Band Council members, signatures cards should be obtained, completed and delivered to the bank before the effective date of the change. A photocopy of the current signature card should be kept on file in the Band Office.

**(7) Closing a Financial Institution Account**

- a. A written request to close a financial institution account must be reviewed and approved by a Band Council Resolution.
- b. The request to close must include:
  - i. Name of account;
  - ii. Financial institution account number;
  - iii. Closing bank balance and statement; and
  - iv. Approval by appropriate Chippewas of the Thames First Nation personnel
- c. Upon approval, a financial institution account closing letter will be prepared and delivered to the financial institution with instructions to transfer any remaining account balance. The letter will be signed by at least two authorized signatories of the Chippewas of the Thames First Nation.
- d. Once the financial institution account has been closed, the Comptroller notifies the appropriate Finance Department personnel to deactivate the account in the general ledger.

**(8) Account Reconciliation**

- a. Each of the Chippewas of the Thames First Nation's financial institution accounts will be reconciled to the accounting system records on a monthly basis within 15 business days of the end of the month.
- b. Reconciliation records will be retained. Documentation to support the amounts recorded on the reconciliation, such as accounting system general ledger reports, financial institution statements, list of outstanding cheque, cancelled cheques etc., will be included in the reconciliation file.
- c. In order to verify and prove the accuracy of the bank account(s) month end balance and the First Nation's account records, the First Nation's Comptroller should review all statements and signify in writing this review by initialing the bank statement. The review should include any erasures, or other irregularities, signatories, or endorsements. Upon review, the Comptroller should forward the bank statement(s) for reconciliation.
- d. The Trust Administrator shall perform a reconciliation of the bank statement(s) of the First Nation's accounts with the First Nation's accounting records. The reconciliation shall be performed as soon as the month end bank account statements are received from the bank and be completed within 30 days of month end.
- e. The person preparing deposits and cheques should not reconcile the bank statements.
- f. All cleared cheques, included with the bank statement, shall be compared with each bank statement listing in the order of their listing. Any discrepancies or errors are to be noted.
- g. The previous month's reconciliation shall be used to determine if any cheques outstanding at the end of that month are still outstanding. The previous reconciliation shall also be used to determine if any deposits that were unrecorded by the bank at the end of the previous month have been recorded. Any discrepancies or errors are to be noted.
- h. Any bank memorandum entries on the bank statement are to be verified and compared to entries in the accounting records. Any memorandums that do not appear in the accounting records are to be noted.

- i. The employee preparing the reconciliation will sign it as evidence that the reconciliation is complete and that they have carried out their duties as described in this policy. Once the reconciliation has been finalized, it should be presented to the Comptroller for review and approval. This person should check additions, ensuring all appears reasonable and then signs and dates the reconciliation.
- j. A reconciliation statement that adjusts the bank statement with the accounting record of cash balance is to be prepared. All previously noted discrepancies are to be taken into account and justified with the correct balance. Adjusting entries shall be made to the accounting records, should debits or credits appear on the bank statement that do not appear in the First Nations accounting records.

**(9) Independent Review**

- a. The Comptroller will review and approve each financial institution account's monthly reconciliation for completeness, timeliness and accuracy. The Comptroller will review to ensure the following:
  - i. the reconciliation balances;
  - ii. all amounts recorded on the reconciliation are appropriately supported by documentation such as financial institution statements and financial system reports;
  - iii. adjustments are reasonable, routine in nature (e.g. financial institution fees), supported by documentation, and are not carried over for multiple months on the reconciliation;
  - iv. unusual adjustments are well explained, supported, and, if material in nature, are brought to the attention of the Finance and Audit Committee.
- b. The Comptroller will forward the Bank Reconciliation along with the cancelled cheques, bank statement and list of outstanding cheques to the Chair of the Finance and Audit Committee quarterly.

**(10) Irregularities**

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

**F. References and Related Authorities**

(1) FMB's Financial Management System Standards

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

(2) FMB's Financial Administration Law Standards

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

## **G. Attachments**

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

## 5. Procurement

### A. Policy

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

### B. Purpose

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

### C. Scope

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

### D. Responsibilities

- (1) The Council is responsible for:
  - a. Ensuring effective control of procurement of goods, services and assets through documented policies and procedures.
- (2) The Executive Administrator is responsible for:
  - a. Ensuring the procurement process is fair, open, and demonstrates accountability to obtain the Best Value for time and money;
  - b. Communicating the policies and procedures to all parties who are affected.
- (3) The Comptroller is responsible for:
  - a. Developing, documenting and maintaining policies and procedures relating to the procurement process for goods, services, and assets;
  - b. Assisting in the selection, evaluation, and monitoring of contractors and suppliers;
  - c. Managing and monitoring expenditures and identifying and reporting on budget variances;
  - d. Ensuring that procurement staff receives appropriate guidance and assistance in the performance of their duties.

### E. Procedures

- (1) **Procurement of low value items goods and services**
  - a. Goods and services under the 'low' value threshold can be procured by the individuals noted in Appendix C for each threshold of value.
  - b. The responsible employee noted in Appendix C will ensure that the goods or service selected is the Best Value for Chippewas of the Thames First Nation.

- c. The responsible employee noted in Appendix C will sign the invoice indicating that the goods or services have been received under the terms in the agreement between the Chippewas of the Thames First Nation and the vendor.

**(2) Procurement of moderate value goods and services**

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

**(3) Procurement of high value goods and services**

- a. Goods and services classified as high value according to Appendix C will be procured using a competitive tendering process.
- b. When appropriate, the Chippewas of the Thames First Nation will promote the use of local content in the procurement of goods and services in accordance with Appendix E.
- c. Under a competitive tendering process, the Chippewas of the Thames First Nation must use either an Invited Tender or an open tender to award a contract.
- d. For each tendering process a RFP will be issued and will include the following components:
  - i. Date by which proposals are due;
  - ii. Background to the requirement (e.g., context, challenges);
  - iii. Specific requirements of the proposal including any requirements set out in Council policy for the management of Capital Projects (e.g. course of construction insurance, performance guarantees and bonding);
  - iv. Qualifications of the ideal supplier (e.g. track record, experience, integrated services);
  - v. Criteria and weighting (if applicable) by which proposals will be assessed;
  - vi. Planned contract award date;
  - vii. Process for entertaining questions regarding the RFP and sharing responses with other potential suppliers;
  - viii. Caveat providing the Chippewas of the Thames First Nation with the right to pick any proposal or none;
  - ix. A checklist of other special terms and conditions (e.g., maximum price expected, delivery dates or constraints) that would be critical for an organization to build into their response to meet the needs of the Chippewas of the Thames First Nation.
- e. The Executive Administrator, the Comptroller, at least one 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. The review panel will provide Council with a recommended course of action.
- f. To maintain consistency in the procurement process, a standard methodology will be used to evaluate each contractor/supplier (Appendix D). The methodology will include, at a minimum, an evaluation of:
  - i. How the contractor/supplier meets the RFP or tender requirements and specifications;
  - ii. The contractor/supplier's qualifications;
  - iii. The price quoted; and

- iv. Results and quality of all work the contractor/supplier has previously done for the Chippewas of the Thames First Nation.
- g. Other requirements will be added to the methodology as deemed necessary by the Executive Administrator.
- h. Normally an RFP process as described above will be followed to procure goods and services. Exceptions to this process (i.e. granting a Sole Source contract, non-competitive contract award) will be rare and limited to the following situations:
  - i. If there were no bids received during the tender call or RFP process;
  - ii. When the good or service is available only through a Sole Source;
  - iii. In an emergency situation where a delay in procuring the good or service would result in severe loss or damage to the Chippewas of the Thames First Nation.
- i. Any exceptions to the procurement process will be documented to demonstrate the rationale and approval of a non-standard procurement process.

#### **(4) Approval, initiation and monitoring**

- a. Approval of procurement decisions should be documented on the relevant purchasing document (i.e. Requisition, purchase order, or contract, depending on the nature of the procurement activity).
- b. On a quarterly, the Comptroller will review the status of procurement encumbrances, noting and investigating any over budget commitments. Procurement activities over budget by 10% will be reported to the Executive Administrator.
- c. At each Finance and Audit Committee the Executive Administrator in consultation with the Comptroller 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.

#### **(5) Documentation requirements**

- a. All procurement documents (including but not limited to Requisitions, invoices, purchase orders, request for proposals or tender calls) will clearly indicate the details of the goods and services requested.
- b. Approvals and budget appropriations and accounts from which certain goods or services may or must be purchased will be documented on relevant internal procurement documentation
- c. The following requests will be processed by the Finance Office:
  - i. Purchase Order – to be used when requesting the purchase of goods and services for which the Chippewas of the Thames First Nation will be invoiced;
  - ii. Cheque Requisition – to be used when requesting a cheque for payment and not supported with the above mentioned forms.
- d. Requests will be submitted to the Finance Office by 3:00 pm on Wednesday through the use of the purchase order requisition form (Appendix F) or cheque requisition form (Appendix G).
- e. A file will be created for each RFP/Tendering process that contains the results of each supplier evaluation.

**(6) Monitoring of Contractors/Suppliers**

- a. On an ongoing basis, the Executive 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 resolved by the Executive Administrator.
- b. Performance evaluation should be tailored to job size and complexity. A review of both the project quality and the service quality should be conducted using a standard set of criteria and applying weight factors established at the time of award. Any adjustments to the criteria weighting should not be made without the contractor/supplier's concurrence.

**(7) Encouraging new contractors/suppliers**

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

**F. References and Related Authorities**

(1) FMB's Financial Management System Standards

- a. Standard 18.6 - Procurement
- b. Standard 18.7 - Procurement of suppliers
- c. Standard 24.5 - Contract and tendering requirements

(2) FMB's Financial Administration Law Standards

- a. Standard 8.3 - Policies, Procedures and Directions
- b. Standard 16.2.1 - Expenditure Controls
- c. Standard 22.5 - Contracts and tendering provisions

**G. Attachments**

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

## 6. Expenditures

### A. Policy

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

The Chippewas of the Thames First Nation will, wherever possible, use properly prepared and duly authorized purchase orders or cheque requisitions to commit funds for the purchase of goods or services. The only exceptions to this policy will be standard monthly payments covered by leases, rental contracts, telephone and hydro charges, payments for travel on Band business, and emergency payments. No exception is to be made to accommodate year-end cut off dates and/or those suppliers that are currently not on the approved suppliers list.

Any First Nation employee who wishes to purchase a good or service shall obtain the best possible financial arrangement for the First nation. This means obtaining the best possible price quotes, bulk purchases and shipping costs available.

Under no circumstance are employees authorized to purchase from expense accounts outside of their designated program area.

Chippewas of the Thames First Nation recognizes the need for employees to travel from their normal work site occasionally or on a regular basis to perform the responsibilities and duties of their position. It is the policy of Chippewas of the Thames First Nation that all official travel shall be properly authorized, reported, and reimbursed in accordance with the procedures outlined in this policy. Under no circumstances shall expenses for personal travel be charged to or be temporarily paid for by Chippewas of the Thames First Nation.

It is the traveler's responsibility to report his or her actual travel expenses in a responsible and ethical manner. Under no circumstances shall an employee claim for travel reimbursement from Chippewas of the Thames First Nation and another organization for the same travel expenses. To do so, warrants serious disciplinary action. Individuals authorized to approve travel expense claim are responsible for ensuring that the expenses are for official business purposes and are in accordance with the procedures in this policy.

Chippewas of the Thames First Nation retains the right to audit travel claims and the reimbursement of a claim does not in itself constitute final approval.

### B. Purpose

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



## **C. Scope**

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

## **D. Responsibilities**

- (1) The individuals listed in the Delegation Table from the Delegated/Assigned Responsibilities Policy are responsible for:
  - a. Before approving an expenditure, ensuring that it is permitted under the current Chippewas of the Thames First Nation annual budget and as required in the Financial Administration Law;
  - b. Reviewing reimbursable expenditure claims to ensure that the requirements of this policy have been met before approving for payment; and
  - c. Approving expenditures per the Delegated/Assigned Responsibilities Policy.
- (2) The employees assigned responsibility for paying accounts will:
  - a. Ensure that all expenditures have the required approvals per this policy and the Delegated/Assigned Responsibilities Policy before processing for payment; and
  - b. Ensure that all required documentation accompanies each payment and is retained in the financial records of the Chippewas of the Thames First Nation in accordance with the Information Management Policy.
- (3) Employees, committees and council members are responsible for:
  - a. Ensuring that all reimbursable expenditures claimed are in accordance with this policy;
  - b. Preparing a reimbursable expenditures claim that includes all required documentation such as expense receipts; and
  - c. Seeking approval from the Executive Administrator for items that are not addressed in this policy before proceeding.
- (4) The Executive Administrator is responsible for:
  - a. Providing pre-approvals for planned expenditures that have not been specifically addressed in this policy but that he/she deems to meet the intent of the policy and as are permitted in the Financial Administration Law; and
  - b. Approving expenditures for emergency purpose that were not anticipated in the budget if the expenditure is not expressly prohibited by or under the Financial Administration Law or another Chippewas of the Thames First Nation law.

## **E. Procedures**

### **(1) General and Operational Expenditures**

- a. All purchases of goods or services will be made in accordance with the Procurement Policy and procedure and the Delegated/Assigned Responsibilities policy and procedure.
- b. In emergency situations, the Executive 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 procedure and the Delegated/Assigned Responsibilities policy and procedure. The rationale for the purchases must be documented by the Executive 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 procedure and the Delegated/Assigned Responsibilities Policy and procedure.

- c. Receiving documents will be reviewed and initialed by the individual receiving the goods that all goods on the document have in fact been received in satisfactory condition, and that any goods not received are clearly identified as such. The receiving documentation should be forwarded with the Requisition for payment to the employee responsible for accounts payable.
- d. If goods are received without receiving documents, the employee receiving those goods is to create a receiving slip noting what goods were received, date of receipt, delivery agent, Chippewas of the Thames First Nation contact person (normally the person who initiated the expenditure), and the supplier. The receiving document will be initialed by the delivery agent and the employee receiving the goods, and then forwarded with the Requisition for payment to the employee responsible for accounts payable.
- e. All requests for payments for performance of work or services or supply of good must be initiated through a Requisition for payment that includes a statement certifying that:
  - i. the work or services have been performed or the goods supplied, any conditions in an agreement respecting the work, services or goods have been met and the price charged or amount to be paid is in accordance with an agreement or, if not specified by an agreement, is reasonable; or
  - ii. if payment is to be made before completion of the work or services, delivery of the goods or satisfaction of any conditions in an agreement, the payment is in accordance with the agreement.
- f. All Requisitions for payment must identify the appropriate or trust account out of which payment is to be made and must include a statement certifying that the expenditure is not prohibited and that it is
  - i. in accordance with the appropriation identified in the certified statement; or
  - ii. allowed without the authority of an appropriation under the Financial Administration Law.

## **(2) Payroll**

- a. First Nation employees on reserve are subject to federal jurisdiction. Therefore, all employee payroll policies must adhere to the Labour Codes of Canada.
- b. The pay periods for payroll purposes shall be bi-weekly for permanent salaried and hourly positions and weekly for casual positions (on Thursday).
- c. The Payroll & Benefits Clerk shall be responsible for maintaining all payroll records and for the issuance of payroll cheque stubs and direct deposits.
- d. Any changes to the rate of salary applicable to each employee shall be supplied to the Comptroller and Human Resources Manager by each Department Director in written form January 1st of each fiscal year, a copy of which is to be forwarded to the Payroll & Benefits Clerk with the employee's personnel records.
- e. The Comptroller or their designate shall compile a master list of employees and their respective salaries for approval by the Executive Administrator and then by Band Council. The salary rates will remain in effect unless otherwise changed and approved.

- f. Request for changes in salary rates or positions are to be approved by the Human Resources Manager, the Comptroller and Executive Administrator.
- g. Employees of Chippewas of the Thames FIRST NATION must be classified in one of the following categories:
  - i. Salary (Chief, full-time staff, some contract)
  - ii. Hourly
  - iii. Casual
- h. Employees must document hours worked on their weekly or bi-weekly timesheets. All vacation, leave, overtime, and outstanding loans must be properly documented on the timesheet and approved by the Department Director in accordance with the Personnel Policy Manual.
- i. For bi-weekly positions, the Department Directors shall forward timesheets to the Payroll & Benefits Clerk by 10:00 a.m. on the Wednesday following the pay date.
- j. For weekly positions, the Department Directors shall forward timesheets to the Payroll & Benefits Clerk by 10:00 a.m. on the Wednesday before the pay date.
- k. It is the responsibility of the Payroll & Benefits Clerk to verify all timesheets for mathematical accuracy and ensure sufficient time is available (eg. sufficient overtime hours have been accumulated prior to leave or sufficient sick days remain, etc.).
- l. The Payroll & Benefits Clerk will record time off by classification in an accumulation schedule. The schedule will be accumulated based on the fiscal year end.
- m. The Payroll & Benefits Clerk will produce a spreadsheet indicating employee, wage rate, hours worked in the period and additional comments as required (e.g. \$100.00 loan payment to be deducted).
- n. Upon completion of the data entry, the payroll report for both hourly and salary employees, is printed. The Payroll & Benefits Clerk shall compare hours entered to that of the manually prepared worksheet.
- o. Deductions shall be scrutinized for reasonableness and information on salary employees compared to prior periods for accuracy.
- p. The Payroll & Benefits Clerk shall initial the report indicating accuracy of information and forward it to the Comptroller and Senior Finance Clerk.
- q. The Comptroller shall examine the payroll report for reasonableness of payees, pay amount and deductions.
- r. The Comptroller must examine employee loan balances and determine if a loan payment should be deducted. For amounts in arrears, the Comptroller should determine if wages should be garnished.
- s. The Comptroller shall approve and initial all pages of the payroll report and sign and date the front page indicating approval and return it to the Payroll & Benefits Clerk.
- t. Payroll & Benefits Clerk obtains approved payroll report from the Comptroller.
- u. Any payroll cheques issued are printed and signed by two authorized signing authorities. All direct deposit payroll will be uploaded and released by the Payroll & Benefits Clerk.
- v. All overtime payouts must be pre-approved by the appropriate Department Director. Overtime must be approved by a Department Director, who will indicate approval by signing the employee's timesheet.
- w. Employees shall be compensated, in time off, for overtime worked as defined by the HR Policy.
- x. At the employee's request and pending immediate supervisor approval, employees will be granted leave with pay. Employees are required to indicate leave in lieu of overtime on timesheets prior to submitting for approval.

- y. The Payroll & Benefits Clerk will note time-off in lieu of overtime and subtract the appropriate amount from the respective employee's accumulated total.
- z. The Payroll & Benefits Clerk shall record in the First Nation's payroll records, gross earnings, deductions for employment insurance and other deductions, which may be applicable. The net pay, together with the cheque number shall be recorded in the payroll records.
- aa. The Payroll & Benefits Clerk will prepare a bi-monthly remittance cheque to the appropriate government or insurance authority, covering deductions made from employee's salaries in the last month. These payments are to be approved by the Comptroller.
- bb. All advances are to be repaid by next pay period.
- cc. Errors in pay have to be brought to the attention of the Comptroller and Senior Finance Clerk. The Payroll & Benefits Clerk will make note of the required correction and enter the adjustment in the ACCPAC Payroll Module. The employee's next pay will be adjusted for the correction regardless of whether the employee was overpaid or underpaid.
- dd. Chippewas of the Thames First Nation has made it mandatory for full time staff to participate in direct deposit payroll. Direct deposit forms are completed by the employee.
- ee. Salary adjustments (raises) are to be incorporated into the annual budget planning process.
- ff. Salary adjustments will be determined on the basis of funding availability, increases/decreases to a position's workload and performance evaluations. It is the Department Director and / or Human Resources Manager who will make recommendations for pay increases.
- gg. Employees of Chippewas of the Thames First Nation may be entitled to wage increases upon approval.
- hh. All wage increases are to be approved by Executive Administrator, HR Manager and Comptroller.
- ii. The Payroll & Benefits Clerk is responsible to insert the letter in the employee's personnel file and make appropriate adjustments to the ACCPAC Payroll Module subsequent to all required approvals.
- jj. Payroll advances are now allowed with repayment to occur in full prior to the next pay period.

### **(3) Reimbursable Expenditures**

- a. Employees will clearly demonstrate and document that all amounts they are claiming for reimbursement were directly related to authorized activities performed on behalf of the Chippewas of the Thames First Nation.
- b. Employees will submit expense claims through Chippewas of the Thames First Nation for all travel performed on behalf of the First Nation. Expenses reimbursed by hosts or other third party funding arrangements must be endorsed and forwarded to the Chippewas of the Thames First Nation finance department.
- c. Employees shall be authorized to travel for such purposes including but not restricted to:
  - i. Attending meetings, conferences, workshops, approved by the supervisor;
  - ii. Providing a service to a client;
  - iii. Visiting an organization to research or collect information relevant to Chippewas of the Thames First Nation;
  - iv. Consulting with colleagues;
  - v. Giving lectures or presentations.
- d. Employees who travel on a regular basis as part of their regular duties and assignments shall be pre-authorized to travel based on their annual budget and travel schedule as determined and approved by their supervisor. At the beginning of each fiscal year, each employee shall be made aware of their annual budget and be responsible for spending within their limits.

- e. Employees who wish to travel outside of their regular boundaries in the performance of their duties shall receive prior approval from their supervisor.
- f. The supervisor who is authorized to approve travel shall be responsible for ensuring that funding is available and if necessary consult with the finance department. The supervisor shall be responsible for ensuring that the intended travel falls within the Purpose of Travel set out above and that travel expenses fall within the procedures set out in this policy.
- g. The Executive Administrator shall be pre-approved to incur travel expenses within the limits of his or her annual travel budget.
- h. It is the responsibility of the respective Program's Administrative Assistant to make and cancel all travel arrangements and to maintain an itinerary of all employees who travel. The Program Administrative Assistant shall maintain a file of the frequently used hotels and their regular and seasonal rates. The Program Administrative Assistant will:
  - i. Make the necessary flight, hotel, and vehicle arrangements and prepare a travel itinerary for the traveler and the Receptionist file. Only the travel agency preferred by Chippewas of the Thames First Nation should be contacted for travel arrangements;
  - ii. If necessary, call for hotel rates in the area the employee is traveling to;
  - iii. If possible, prepare and have authorized a letter to be sent to the hotel stating that room and tax charges only are to be invoiced to Chippewas of the Thames First Nation and that late arrivals are covered (if employees will be paying for their hotel charges directly they will submit their receipt with their "Trip Expense Report Form).
  - iv. Email the letter to the hotel along with an approved purchase order;
  - v. Rooms should be reserved at hotels preferred by Chippewas of the Thames First Nation unless otherwise specified;
  - vi. Provide the traveler with a copy of the electronic ticket received from the airline.
- i. If employees' trips are cancelled, it is the employee's responsibility to notify the Receptionist or Administrative Assistant immediately. In the event that the traveler fails to cancel reservations, Chippewas of the Thames First Nation shall not reimburse claims for unused reservations except in special circumstances. The employee shall be billed for the unused reservation by Chippewas of the Thames First Nation for the full amount, except in special circumstances;
- j. An employee may have their accommodations paid for if it is less expensive to do so rather than to pay mileage to travel back and forth to the destination site.
- k. Employees shall check out of the hotel at the established time. Failure to do so will require the employee to pay the additional charge required by the hotel.
- l. Receipts shall be required for the following travel expenses:
  - i. Road tolls;
  - ii. Parking fees;
  - iii. Commercial rental of vehicle, fuel, and collision damage insurance;
  - iv. Flight cancellation insurance;
  - v. Registration and conference fees;
  - vi. Resource material purchased while at a conference which has been pre-approved;
  - vii. Ground transportation—taxi, public transportation, airport buses;
  - viii. Ferries;
  - ix. Rail transportation.

Other travel expenses may be eligible for reimbursement at the discretion of the traveler's supervisor.

- m. The following expenses are deemed ineligible for reimbursement under the Chippewas of the Thames First Nation travel policy:
- i. In room movies, mini-bars, and excursions at a hotel;
  - ii. Personal long distance telephone calls;
  - iii. Lost luggage;
  - iv. Lost or stolen personal items;
  - v. Additional cost for family members or others beyond the single room rate;
  - vi. Parking and traffic fines;
  - vii. Repair to privately owned vehicle;
  - viii. Child care;
  - ix. House or pet sitting;
  - x. Spouse or dependent travel expenses;
  - xi. Laundry and dry cleaning;
  - xii. Costs resulting from failure to cancel a reservation;
- Other travel expenses may not be reimbursable at the discretion of the traveler's supervisor.
- n. Chippewas of the Thames First Nation shall compensate employees on approved travel for meals, incidentals, and mileage for the use of privately owned vehicle as specified below. Per diem rates are considered the maximum reimbursable expense without receipts.
- o. From time to time, Chippewas of the Thames First Nation may identify a preferred travel agency. Notification of such arrangements will be communicated to employees by the Finance Department as they become effective. Direct invoicing to Chippewas of the Thames First Nation from the travel agency for approved travel is only permitted where the individual traveling is not eligible for a corporate credit card. In instances where billing is not permitted by the airline, the company's credit card shall be used only with the written approval of the Executive Administrator.
- p. The lowest cost hotel option will be preferred subject to the standard for accommodation being a single room, in a safe environment, conveniently located and comfortably equipped.
- q. Preferred rates at certain hotels may be negotiated from time to time and a list of those hotels will be circulated by the Finance Department when available. Where reservations are guaranteed, it is the responsibility of the traveler to notify the Receptionist or Administrative Assistant of any cancellation should cancellation become necessary. Chippewas of the Thames First Nation shall not reimburse claims for unused reservations that have not been cancelled.

### **Transport**

- a. For each type of travel, the lowest price alternative will be purchased.
- b. The standard class for rail or air travel will be economy or the equivalent.
- c. Rental cars may be used when economical and when a company vehicle is unavailable for use or when more than one person is travelling to the same location. Employees may rent a vehicle when they arrive at a destination where they require access to a vehicle in order to conduct Chippewas of the Thames First Nation business. In either instance, the rental of a vehicle requires the pre-approval of the traveler's supervisor. Employees must purchase collision damage when renting a vehicle. Compact vehicles should be rented when practical.
- d. The expense of collision damage and fuel for vehicle rentals shall be reimbursed to the traveler when accompanied with receipts. Employees may use the rental vehicle for personal use, within reason, while they are away on a trip.

- e. Any employees who will be driving a Chippewas of the Thames First Nation vehicle must provide their driver's license and driver's abstract to the Senior Finance Clerk for submission to the insurance company. The Senior Finance Clerk will advise the employee if/when they have been approved to drive a First Nation vehicle.
- f. Preferred rates at certain car rental agencies may be negotiated from time to time and notification of such agencies will be circulated by the Finance Department to employees.
- g. Business class travel will be permitted only in exceptional circumstances and must be authorized by the Executive Administrator before booking. If travel is for the Executive 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.
- h. Transportation must be selected in a manner which ensures that the most economical mode of transit is employed, taking into consideration the purpose and urgency of the trip. Unless the nature of the trip makes it impractical, return tickets, reduced fares, special rates should be utilized.
- i. Air travel shall be arranged to incur the lowest air fares (if special fares are not available, economy class is to be used). Chippewas of the Thames First Nation will not reimburse or cover travelers who upgrade to business or first class. Employees who have arranged fares at less than economy which requires staying a Saturday or any other particular night may claim the additional accommodation and meal costs provided that the overall cost savings are still realized compared to flying on preferred dates at economy rates. Upon return of their trip, the traveler is required to include a copy of the airline ticket, or in the case of electronic ticketing, the boarding pass, as proof of travel, when submitting the travel expense.

#### **Private Vehicles**

- a. Private vehicle mileage will be reimbursed based on Chippewas of the Thames First Nation established reimbursement rates. All other non-business related vehicle costs are the responsibility of the individual.
- b. Mileage reimbursement is meant to help cover fuel, maintenance, insurance, and operating costs. Employees shall prioritize the use of Chippewas of the Thames First Nation vehicles rather than claiming mileage for the use of privately owned vehicles. In the event that company vehicle is not available, the employee's supervisor must approve paying mileage for the use of a privately owned vehicle. If travel by air is more economical, Chippewas of the Thames First Nation will reimburse the employee the cost of the equivalent economy fare instead of the kilometer rate. If several people are travelling together, use of a rental car is preferred versus paying mileage for privately owned vehicles.
- c. If an employee decides to travel back and forth from a destination site when it would have been less expensive to stay overnight, the employee shall not normally be reimbursed mileage.
- d. If a privately owned vehicle is used on Chippewas of the Thames First Nation business, the owner must ensure that an adequate level of personal vehicle insurance is purchased and maintained. A minimum of \$1,000,000.00 third party liability coverage is required. Employees shall provide Chippewas of the Thames First Nation with a copy of their insurance coverage annually and their driver's license upon hiring if use of their own vehicle is a condition of employment.
- e. Where an employee's private vehicle is damaged while in use on Chippewas of the Thames First Nation business, Chippewas of the Thames First Nation shall reimburse the lesser of actual

vehicle damage repair cost or the employee's vehicle insurance deductible to a maximum of \$500.00 per occurrence. Damage may occur through vandalism or an accident while on Chippewas of the Thames First Nation business. This section will not apply where a court decides that the employee / appointee or driver of the vehicle is guilty of willful negligence.

- f. Mileage will be reimbursed to and from the employee's normal place of employment or from the point of departure, whichever is closest to the destination being traveled to. The Chippewas of the Thames First Nation mileage chart shall be used to calculate distance where applicable. If an employee travels to an area not included in the mileage chart, it is the responsibility of the employee's Department Director to check the employee's recorded distance in mileage and reimburse the employee at this rate.

### **Per Diems and Incidentals**

- a. The Finance Department shall reimburse rates paid for meals, incidentals, and mileage for the use of privately owned vehicle on authorized travel based on Chippewas of the Thames First Nation established reimbursement rates.
- b. Employees shall be reimbursed for meals within the established rates while traveling on Chippewas of the Thames First Nation business except where meals are included in the ticket price. If traveling to the United States, Canada rates will apply in US dollars.
- c. The Executive Administrator shall be authorized to be reimbursed for the meals of guests based on submission of a receipt of the actual cost of the meals.
- d. Meal allowance shall be provided to all staff who travel to an area away from their normal work location as follows:
  - i. Breakfast may be claimed when the employee is required to leave their normal work location prior to 7:00 a.m. On the date of return, the traveler must return after 7:00 a.m.
  - ii. Lunch may be claimed when the employee is required to work away from their normal work location during the lunch hour and lunch is not provided for them by another party.
  - iii. An employee who remains at their normal work location and voluntarily works through their lunch may not claim for a lunch allowance.
  - iv. Dinner may be claimed when the employee is unable to return to their normal work location prior to 6:00 p.m.
  - v. Dinner may be claimed when the employee leaves for a trip from their normal work location prior to 6:00 p.m. Pre-planned evening activities at the employee's normal work location is considered regular program activities and a dinner allowance will not be provided.
- e. An allowance for incidentals shall be provided to employees who are required to stay overnight at a hotel while on Chippewas of the Thames First Nation business. The allowance will be reimbursable for each night spent. Incidentals shall not be reimbursed when the employee stays at private accommodations. The incidental rate will be applied as per Chippewas of the Thames First Nation Per Diem Travel Rates.

### **Travel Advances**

- a. Travel advance is a cash advance for an upcoming travel expense. Travel advances shall be issued to travelers for Chippewas of the Thames First Nation business expenses which could



not otherwise be financed through the use of purchase orders or other forms of direct billing. An outstanding advance must be cleared before a subsequent advance will be issued.

- b. If the employee requires an advance, that shall submit a "Trip Advance Request Form" within a minimum of one week prior to travel date. The Trip Advance Request Form must be received by the Accounts Payable Clerk by Wednesday at 3:00 p.m., the week before the travel date. Any request for early payment of advances (more than one week prior to the travel date) must be explained and approved.
- c. Within 15 days after returning from their travel, the employee must complete a "Trip Expense Report Form" and attached any receipts to either reconcile their actual travels expenses and any differences for advances or to submit their travel claim for actual travel expenses if no advance has been issued. All advances must be reconciled prior to the employee receiving another advance for future travel.
- d. If a receipt has been misplaced or was not obtained, reimbursement will only occur with the written approval of the employee's supervisor. Employees are required to keep a copy of their travel expenses claim forms.
- f. Any unused amount of a travel advance is to be returned to Chippewas of the Thames First Nation through a personal cheque made payable to Chippewas of the Thames First Nation. If cash is being used to repay the unused portion, the traveler must obtain a receipt from the Finance Department. Cash must not be sent through the mail. As an alternative, any unused portion of a travel advance may be deducted from the traveler's next travel advance or travel expense claim.
- g. The traveler's supervisor shall review the Trip Expense Request Form for accuracy and once approved, forward it to the Finance Department for processing of a cheque to the traveler.
- h. To ensure efficient processing, travelers will be contacted by the Finance Department by email or telephone regarding any incomplete or incorrect information. Prior to making an adjustment, the Finance Department shall notify the supervisor who signed the Trip Expense Request Form to confirm any revisions to the form.
- i. If a meal is provided as official hospitality from another individual/ organization in the course of their duties on Approved Travel Status, a meal allowance will not be claimed by the individual on travel status.
- j. Incidentals can only be claimed for each night away on travel status. Part days on travel status will not be eligible for incidentals.
- k. 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.
- l. Receipts are not required for meals when per diems are claimed or for items that fall under the incidental category as noted above in statement xi.

#### **Other Travel Expenses**

- a. Other travel and business related expenses that are directly attributable to travelling or business on the Chippewas of the Thames 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 Executive Administrator a member of Council will approve, for Council members, the Chair of the Finance and Audit Committee will approve).

#### **(4) Meals and Entertainment (Hospitality)**

- a. If there is a need to establish a hospitality budget, it will be identified during the integrated planning process and included within the operational budget. Any hospitality expense not included within the approved budget must be pre-approved by the Executive Administrator.

#### **(5) Memberships**

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

#### **(6) Other**

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

#### **(7) Expenditure Reporting and Documentation**

##### Purchase Orders

- a. Purchase Order Requisitions are manually completed by an employee and approved by the appropriate Department Director and are submitted to the Finance Department for processing. The Purchase Order Requisition Form (Appendix F) will contain the following information:
  - i. Date and number of program or account;
  - ii. Name and address of supplier
  - iii. Description of equipment, supplies, goods or services;
  - iv. Unit prices and taxes (where applicable);
  - v. Date required; and
  - vi. Authorized signature.
- b. Approved and signed requisitions are forwarded to the finance department by 12:00 pm each day where a Finance Assistant will review for completeness and enter the information into ACCPAC to track purchase order numbers and print two copies. The Finance Assistant "releases" the order and sends one copy to the originating department or to the vendor if requested by the originating department. One copy will be attached to the original signed PO and forwarded to the AP Clerk to be matched up against the invoice and other supporting documentation once received.
- c. If the required equipment, supplies, goods or services exceed budget provisions, the requisition shall be delivered to the Comptroller for financial assessment. Approval may be required by Band Council.
- d. Upon receipt of the equipment, supplies, goods or services, the Department Director or designate shall check and ensure that the proper type and quantities have been delivered. The Department Director or designate will then sign the packing slip acknowledging receipt

of goods and deliver the packing slip to the Accounts Payable Clerk in the Finance Department.

- e. The Accounts Payable Clerk maintains the documents (P.O., Purchase Order Requisition, & packing slip) which is then filed by purchase order number until receipt of invoice.

#### Partially Filled Orders

- a. If equipment or supplies are short-shipped, the Department Director or designate will note this on the copy of the purchase requisitions and packing slip and return them to the Accounts Payable Clerk.
- b. The Accounts Payable Clerk will follow up with the supplier to establish final delivery dates.

#### Cheque Requisition

- a. Cheque Requisitions are to be used when requesting a cheque for payment not previously authorized by the use of a purchase order. No payment or reimbursement will be issued unless it is supported by invoice or receipts (except for items such as honorariums that would not have an invoice or receipt).
- b. Complete cheque requisition by filling in all details of the items purchased and attach receipts to support for reimbursement or payment of the invoice.
- c. Submit completed cheque requisition to appropriate Department Director for their approval;
- d. Department Director or designate will forward the approved cheque requisition to the Accounts Payable Clerk for cheque preparation; and
- e. Approved cheque requisitions with supporting documentation must be submitted to the Accounts Payable Clerk no later than Wednesday at 3:00 pm for cheque distribution on Friday at 3:00 pm.

#### Credit Cards

- a. Credit cards are used in replacement of purchase orders for employees to reserve rooms and to purchase goods from suppliers where no business account exists.
- b. The Membership Office and Department Directors shall be authorized to carry a credit card and he or she may extend its usage to cover the expense of another employee travelling where invoicing to the Chippewas of the Thames First Nation is not possible. Once a credit card is issued, the following shall apply:
  - i. The holder of the credit card will not be issued cash advances for items which can be covered by the credit card;
  - ii. The credit card must not be used for personal expenses;
  - iii. Chippewas of the Thames First Nation will not be responsible for personal charges made to the credit card;
  - iv. Lost or stolen credit cards must be reported immediately to the Finance Department;
  - v. The credit card must be returned to the Finance Department when the cardholder terminates employment with or retires from Chippewas of the Thames First Nation;
  - vi. Employees are required to ensure that any purchases made on their Visa cards fall within their approved available budget limits;
- c. The employee will complete a Visa Reconciliation Form at the end of each statement period and attach all receipts/invoices, identify which program budget the purchase is to be expensed to and properly code each expense with an account code.

- d. The Visa Reconciliation Form once completed is submitted to their immediate supervisor for approval and verifies that all information required has been completed including a proper account code for each item.
- f. The approved Visa Reconciliation Form is submitted to the Finance Department for processing.
- g. The Comptroller or their designate issues the approved credit card to the employee. A register including credit card name, date, description, name of employee and date card is returned is to be maintained by the Comptroller or their designate.
- h. Immediately upon executing the approved transaction, the employee returns the credit card and receipts to the Comptroller.

#### Invoices Received

- a. Mail is retrieved from the post office by a Finance Clerk or an Administrative Clerk.
- b. The Administrative Clerk opens all Chippewas of the Thames First Nation mail and sorts according to cheques received, invoices received and other correspondence.
- c. The Administrative Clerk then forwards all invoices to the Accounts Payable Clerk.
- d. Upon receipt of the supplier invoice, the Accounts Payable Clerk will match the invoice to the purchase order and/or cheque requisitions and packing slip to supplier invoice ensuring quantity, unit prices, and description are identical. The invoice is checked for mathematical accuracy.
- e. If an invoice comes in that does not have a cheque requisition it will go to the requesting individual or to the Comptroller for authorization (via signature).
- f. For regular recurring invoices (eg. hydro) a cheque will be issued without a matching cheque requisition or PO.
- g. Should there be any discrepancy between the purchase order/cheque requisition amount and the amount appearing on the invoice, the Accounts Payable Clerk will attempt to reconcile the difference with the authority who signed the original purchase order requisition.
- h. The Accounts Payable Clerk will then stamp the invoice with the following information:
  - i. Program account number
  - ii. Due date
  - iii. Amount
  - iv. Invoice checked (initial if complete)
  - v. Authorized signature – Comptroller
- i. Accounts Payable Clerk enters invoice payment information into Sage 300 Advanced (ACCPAC) accounts payable sub ledger.

#### **(8) Approval for Payment**

- a. No money may be paid out of any account without a Requisition for payment or a Purchase Order (unless it is a regular recurring monthly payment that is included within the approved budget).
- b. In addition to the steps below, the tax administrator must authorize payment out of a local revenue account.
- c. The individual that approves the expenditure cannot be the same individual who approves the Requisition for payment.
- d. Any exceptions to the above will require authorization from the Comptroller for payment.

- e. 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.
- f. Claims that do not meet the requirements outlined in this policy will be denied reimbursement.

## **(9) Payments**

- a. All disbursements will be made using pre-numbered cheques prepared in duplicate. The distribution and use of the pre-numbered cheques is to be as follows:
  - i. The original cheque which is to be forwarded to the supplier;
  - ii. The second copy is to be attached to accounts payable voucher package and filed in alphabetical filing system. For audit purposes and as proof of payment, the Comptroller will ensure cheque stubs record:
    - i. The date of payment
    - ii. The amount of payment
    - iii. The cheque number
    - iv. To whom the payment was made
- b. The Accounts Payable Clerk will prepare cheques for all of the payments required. The duplicate cheque stub will be attached to the invoice package to identify that it has been paid. This will clearly indicate payment and prevent accidental duplicate payments.
- c. The package of invoices to be paid with supporting documentation will be provided to two signing authorities for review and signature. Each cheque shall have the signatures of two (2) authorized signing authorities.
- d. The Ontario Works Administrator will approve all Ontario Works payments and the cheques and an eft batch (for electronic payments) are prepared by the Ontario Works Assistant. The printout of all recipients and the payments amounts as well as the batch of printed cheques is forwarded to the Comptroller. The printout is reviewed and approved by the Comptroller. The eft batch that was created is sent to the Comptroller who will upload, approve and release the file. The cheques will signed by two authorized signing authorities (other than the Ontario Works Administrator).
- e. All documentation supporting the purchase transaction will be filed alphabetically by supplier name by the Accounts Payable Clerk.
- f. Should a cheque be reported lost, destroyed, or stolen, it shall be canceled and stop payment order sent to the bank. A second cheque may be issued only after the bank has received a stop payment order. The First Nation reserves the right to deduct the stop payment order fees from a re-issued cheque.
- g. Chippewas of the Thames First Nation cheques not presented to the bank for payment (outstanding cheques) within six (6) months of the date of issue are considered 'stale dated'. These payments shall be voided and payment stopped. Another cheque may be issued upon request of the payee. An adjusting journal entry will be made on the void cheque once the bank has received the stop payment order.
- h. Whenever possible, authorized signing officers will not sign or prepare cheques made payable to themselves.
- i. Where the payee reports that a cheque has not been received or where subsequent to its delivery the cheque was lost, destroyed or stolen, the matter is to be referred immediately to the appropriate bank and a stop payment is to be placed on the cheque.
- j. Where progress payments are made in connection with any contract, the Comptroller or Senior Finance Clerk shall hold back an amount not less than 10% of the progress payment.

On completion of the project and certification that the job has been completed according to specifications and to the satisfaction of the project manager, the Comptroller or Senior Finance Clerk, will after 45 days, from receipt of certification of completion and having received from the contractor duly signed declaration that all sub-contractors and materials have been paid, release all holdbacks to the contractor.

- k. The Accounts Payable Clerk will reconcile all supplier statements to the aged accounts payable list on a monthly basis to verify that the amount owing on the supplier statement agrees to the amount recorded on the aged accounts payable list. Investigate any differences to determine if any additional payables need to be set up or if the supplier needs to be notified that their records are inaccurate.
- l. Accounts payable will be paid within thirty (30) days of the receipt of an invoice or reimbursable expense claim, with the exception of those invoices or expense claims which require management approval.
- m. Finance Department will prepare cheques every Thursday.
- n. Payments will be initiated / distributed by Finance immediately upon receipt of the signed payments from two authorized signatories.
- o. All documentation supporting payment will be retained in accordance with the Records and Information Policy. This will include purchase orders, invoices, contracts, packing slips, reimbursable expense claims with receipts, etc.
- p. Accounts Payable employees will notify the Comptroller immediately of any instances of
  - i. Non-compliance with policy requirements that cannot be resolved, and
  - ii. Suspected fraud.

## **F. References and Related Authorities**

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

## **G. Attachments**

- (1) **Appendix F** – Purchase Order Requisition
- (2) **Appendix G** – Cheque Requisition

## 7. Long-Term Debt

### A. Policy

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

### B. Purpose

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

### C. Scope

This policy applies to the Executive Administrator, Comptroller, Tax Administrator, Finance and Audit Committee, Council, and those persons with the authority to recommend or approve long-term debt.

### D. Responsibilities

- (1) Council is responsible for
  - a. Reviewing and approving any proposed long-term debt financing, including the terms and conditions, recommended by the Finance and Audit Committee.
- (2) The Finance and Audit Committee is responsible for
  - a. Reviewing any long-term debt financing proposal report presented by the Executive Administrator and Comptroller and recommending a course of action to Council;
  - b. Monitoring borrowings, loans and payments in respect of each Capital Project.
- (3) The Executive Administrator is responsible for
  - a. Reviewing any long-term debt financing proposal report prepared by the Comptroller and recommending a course of action to the Finance and Audit Committee.
- (4) The Comptroller (in conjunction with the Tax Administrator for local revenue account related debts) is responsible for
  - a. Preparing any long-term debt financing proposal report for each proposed financing and presenting it to the Executive Administrator for review and comment,
  - b. Ongoing monitoring and management of all long-term debt obligations, including timely payments, maintaining sufficient documentation, and performing regular reconciliations of debt transactions, and
  - c. Reporting and disclosing the long-term debt obligations in the financial statements in accordance with PSAS, the Financial Administration Law and any agreements under which the long-term debt obligations were incurred.

## E. Procedures

### (1) Determination of need and evaluation of options

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



## **(2) Approval**

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

## **(3) Management and monitoring of debt obligations**

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

## **(4) Reporting**

- a. The Comptroller will deliver a report to each meeting of the Finance and Audit Committee summarising for each long-term debt obligation:
  - i. the gross amount outstanding;
  - ii. the amounts issued specifically by the Chippewas of the Thames First Nation on behalf of government business enterprises;
  - iii. the net amount reported on the consolidated statement of financial position;
  - iv. the gross interest paid or payable for the period related to the debt described in (a);
  - v. the interest revenue for the period received or receivable from government business enterprises on debt issued specifically by the government on behalf of government business enterprises; and
  - vi. the net amount of interest expense reported on the consolidated statement of operations.
- b. The Comptroller will ensure that the long-term debt obligation is reported to the Finance and Audit Committee on a quarterly basis in the financial statements in accordance with PSAS and any requirements of the Financial Administration Law.

## **(5) Records management**

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

## **F. References and Related Authorities**

### **(1) FMB's Financial Management System Standards**

- a. Standard 18.5 - Debt

### **(2) FMB's Financial Administration Law Standards**

- a. Standard 16.3 - Borrowing

## **G. Attachments**

None

## **8. Loans Receivable, Guarantees and Indemnities**

### **A. Policy**

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

### **B. Purpose**

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

### **C. Scope**

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

- (1) a Councillor;
- (2) a Finance and Audit Committee member;
- (3) an employee of the Chippewas of the Thames First Nation;
- (4) a Chippewas of the Thames First Nation member or entity in which a Chippewas of the Thames First Nation member has an interest; and
- (5) any other third party whether an individual or business entity including government business enterprises.

### **D. Responsibilities**

- (1) Subject to the Financial Administration Law, Council is responsible for:
  - a. Approving and signing Loan Receivable agreements;
  - b. Approving and signing Loan Guarantee agreements;
  - c. Approving and signing Indemnity agreements;
  - d. Approving debt forgiveness.
  - e. Approving the standard template, clauses, and interest rates (if applicable) to be applied to all Chippewas of the Thames First Nation citizens, any entity in which a member of the Chippewas of the Thames First Nation has an interest or any other party with respect to loans receivable, Loan Guarantees and indemnities;

- f. Reviewing the report of the Comptroller and the Finance and Audit Committee for a lending program to citizens where such program is authorized in the Financial Administration Law and, where appropriate, approving such program.
- (2) The Finance and Audit Committee is responsible for:
- a. Reviewing a report made by the Comptroller respecting a lending program to Chippewas of the Thames First Nation citizens and making any recommendations to Council;
  - b. Monitoring the status of Chippewas of the Thames First Nation's loans receivable, Loan Guarantees and indemnities and reporting to the Council;
  - c. Monitoring the administration of any Council approved program of lending to Chippewas of the Thames First Nation citizens and any amendments thereof.
- (3) The Executive Administrator is responsible for:
- a. Ensuring the lending, Loan Guarantee and Indemnity process is transparent by providing Chippewas of the Thames First Nation citizens access to the requirements, standard terms and conditions;
  - b. Ensuring the publication of the terms and conditions of any Council approved program of lending to Chippewas of the Thames First Nation citizens, providing access to the published program to all citizens and administering the program;
  - c. Approving the loan forgiveness report.
- (4) The Comptroller is responsible for:
- a. Reporting to the Council, any risks associated with entering into a new program of loans to be made to Chippewas of the Thames First Nation citizens or entities in which citizens have an interest and the costs of administering such a program;
  - b. Preparing loan, Loan Guarantee and Indemnity agreements using the standard clauses approved by Council;
  - c. Deducting any outstanding amounts from the Chippewas of the Thames First Nation citizens working for the First Nation for any housing loan arrears at a rate to be determined on an individual basis (depending on arrears amount, housing agreement, rate of pay);
  - d. Report on a quarterly basis to the Finance and Audit Committee on all outstanding and current amounts recovered.
  - e. 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;
  - f. On a annual basis, preparing the loan valuation allowance, write-off and forgiveness report;
  - g. 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;
  - h. Ensuring adequate supporting documentation is retained for all loans receivable, Loan Guarantees and indemnities;
  - i. On an annual basis, preparing a report for the Finance and Audit Committee setting out all payments made to honour the Chippewas of the Thames First Nation's Loan Guarantees and indemnities;

- j. On an annual basis, preparing a report for the Finance and Audit Committee setting out all loans or obligations forgiven by the Chippewas of the Thames First Nation.
- (5) The Accounts Receivable Clerk is responsible for:
- a. Providing the Comptroller or Senior Finance Clerk the monthly listing of all accounts receivable from employees, band citizens and tenants;
  - b. Ensuring accounts receivable from any member(s) have supporting documentation in order to be recovered.
  - c. If a member is employed or has become employed with the First Nation, informing the member of the recovery policy prior to any deductions.
  - d. Crediting all recoveries to the accounts receivable account;
  - e. Reconciling all amounts received to the receivable invoices paid and the bank deposit to determine what remains outstanding.

## **E. Procedures**

### **(1) Requirements**

- a. Subject to the Financial Administration Law, any authorized loans receivable issued by the Chippewas of the Thames First Nation are subject to the following conditions:
  - i. Loans available to Chippewas of the Thames First Nation citizens must be set out in a program approved by the Council which has published terms and conditions and is universally available to all citizens;
  - ii. Loan Receivables and all payments received from those loans must be set out in an annual report that includes details about
    - a) the amounts loaned;
    - b) the purposes of the loans;
    - c) subject to applicable privacy law, the names of those receiving a loan; and
    - d) repayments of principal and interest on the loans.
  - iii. The loan must be used for the purpose determined by the Chippewas of the Thames First Nation.
  - iv. Interest, if charged, will be applied consistently to all loans at a risk adjusted rate to be determined by the finance department.
  - v. A binding legal written agreement will be made between the Chippewas of the Thames First Nation and individual requesting the loan. The agreement will contain standard clauses that are consistently applied to every individual that applies for and secures a loan from the Chippewas of the Thames First Nation. The following items, at a minimum, will be present in the agreement:
    - a) The name of the individual;
    - b) Amount of the loan;
    - c) Nature and amount of any security over the loan pledged in favour of the Chippewas of the Thames First Nation or provided as loan collateral;
    - d) Interest (if applicable);
    - e) Repayment schedule.
  - vi. Approval will be enacted by signing the agreement with the individual requesting the loan.
- b. Loan Guarantees will only be granted in the following circumstances:

- i. Loan Guarantees will be approved by Council upon consideration of the report of the Comptroller. Approval will be enacted by 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 the Chippewas of the Thames First Nation.
- ii. The report from the Comptroller 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 the Chippewas of the Thames First Nation to honour the Loan Guarantee should it be required to do so.
- iii. A binding legal agreement will be made between the Chippewas of the Thames First Nation and individual or organization 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 the Chippewas of the Thames First Nation. The following items, at a minimum, will be present in the agreement:
  - a) Name of the individual or organization;
  - b) Amount of the Loan Guarantee;
  - c) Duration of the Loan Guarantee agreement;
  - d) Amount, maturity and repayment terms of the underlying loan or obligation; and
  - e) Purpose and use of the underlying loan (e.g. details of the asset being acquired or leased or investment being made).
- iv. Approval will be enacted by signing the agreement with the individual or organization requesting the Loan Guarantee.
- c. In exceptional circumstances only, indemnities will be granted in the following circumstances:
  - i. The Chippewas of the Thames First Nation must not give an Indemnity unless it is:
    - a) Authorized to do so under section in the Financial Administration Law (“FAL”);
    - b) Necessary and incidental to and included in another agreement to which the Chippewas of the Thames First Nation is a party; or
    - c) In relation to a security granted by the Chippewas of the Thames First Nation that is authorized under the Financial Administration Law or another Chippewas of the Thames First Nation law.
- d. 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 the Chippewas of the Thames First Nation in accordance with the current expense policy.
- e. Standard agreement clauses for loans, Loan Guarantees, and indemnities (including interest provisions) will be reviewed and reported on by the Finance and Audit Committee and approved by Council as necessary and at least annually. Any deviations from the standard agreement clauses require Council approval and consultation with legal counsel.

**(2) Leases**

- a. The Chippewas of the Thames First Nation must comply with the terms and conditions of any lease agreements it enters into.
- b. The Council or the person with delegated authority should ensure that the Chippewas of the Thames First Nation enters into a lease agreement, provided that the amounts payable under the lease are within the budget for the related program or department.

- c. Lease agreements respecting the Chippewas of the Thames First Nation must be made in accordance with the land code or applicable land management laws and policies.

**(3) Accessibility**

- a. Subject to the Financial Administration Law, all Chippewas of the Thames First Nation citizens must be able obtain a loan from the Chippewas of the Thames First Nation subject to any conditions outlined in this policy.
- b. The Executive Administrator will ensure that the requirements to obtain a loan, Loan Guarantee or Indemnity, as well as the standard terms and conditions of these agreements are accessible to all Chippewas of the Thames First Nations citizens. This information will be available to all citizens who request a copy from the local office either in person, by phone or by email.

**(4) Collection**

- a. At the end of each month the Accounts Receivable Clerk will review the file of unpaid receivable invoices. Any amount that has been outstanding for more than 30 days will be listed on a statement and send to the debtor by registered mail and follow-up will be done within 30 days of the letter.
- b. When the review of the accounts receivable reveals that any account has been outstanding for more than 60 days, a form letter will be sent to the debtor by registered mail and follow up will be done within 30 days of the letter.
- c. Prompt and vigorous action should be taken to collect accounts receivable. If no response or an unsatisfactory response is received to the follow-up letter, the Comptroller will review the case. Where a First Nation member is the debtor, the Comptroller will recommend a repayment schedule of deduction from monies due from the Band. Repayment schedules will be passed by the Finance and Audit Committee for approval. On receipt of a motion, the Comptroller will commence deductions for the first available payment after taking the following steps:
  - i. Review outstanding accounts receivable;
  - ii. Determine whether or not it is recoverable;
  - iii. Draft letter of recommendation for recovery/repayment and schedule of payments;
  - iv. Forward to Chief and Council to get BCR approval to begin deductions;
  - v. Inform the debtor;
  - vi. Inform Accounts Payable Clerk, Accounts Receivable Clerk and Payroll Benefits Clerk;
  - vii. Maintain a list of all deductions received on a monthly basis.
- d. Any additional financing arrangements or amendments to existing loan agreements to improve the likelihood of repayment between the Chippewas of the Thames First Nation and an individual with payments in Arrears will be determined by the Comptroller and approved by the Executive Administrator.

**(5) Debt Forgiveness**

- a. All reasonable steps should be taken to attempt to collect the outstanding balance. However, when it becomes evident that the Chippewas of the Thames First Nation will be unable to collect the outstanding balance, a report should be compiled by the Comptroller and approved by the Executive Administrator detailing the following:

- i. Individual and amount in Arrears;
  - ii. Principal and interest outstanding on the loan;
  - iii. Length of time in Arrears and measures taken to collect on payments in Arrears;
  - iv. Rationale for debt forgiveness.
- b. The Executive Administrator has authority to approve a debt forgiveness based on the Comptroller's report and recommendations.

**(6) Write-offs**

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

**(7) Monitoring and Reporting**

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

**(8) Record Keeping**

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

**F. References and Related Authorities**

(1) FMB's Financial Management System Standards

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

(2) FMB's Financial Administration Law Standards



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

**G. Attachments**

None

## 9. Investments

### A. Policy

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

### B. Purpose

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

### C. Scope

This policy and procedure applies to Council, the Finance and Audit Committee, the Executive Administrator and the Comptroller.

### D. Responsibilities

- (1) Council is responsible for:
  - a. determining the Chippewas of the Thames First Nation's short and long term investment objectives;
  - b. determining allowable uses of available funds;
  - c. approving preliminary risk assessment of funds;
  - d. selecting / de-selecting investment manager(s) and custodian(s);
  - e. approving the creation of an investment account;
  - f. approving funds to be invested; and
  - g. approving the redemption of invested funds.
- (2) The Finance and Audit Committee is responsible for:
  - a. providing Council with recommendations in relation to the funds to be invested;
  - b. monitoring performance; and
  - c. the redemption of invested funds.
- (3) The Executive Administrator is responsible for:
  - a. monitoring the performance of all parties to whom duties have been delegated;
  - b. reporting any significant changes to the investment portfolio to Council;
  - c. liaising with the Finance and Audit Committee, Investment Manager, Comptroller, and Investment Consultants as required; and
  - d. providing the Finance and Audit Committee with recommendations in relation to preliminary risk assessment of funds, selection / de-selection of the investment manager(s) and custodian, funds to be invested, monitoring performance, rebalancing portfolios, and the redemption of invested funds.

- (4) The Comptroller is responsible for:
- a. analysis of proposals received from Investment Managers and Custodians;
  - b. performing a preliminary risk assessment analysis against criteria to be met prior to investing decisions being made by Council;
  - c. overseeing rebalancing of the investment portfolios asset mix according to Council instructions;
  - d. executing transfers of funds to / from the investment account(s) according to Council instructions;
  - e. preparing an accounting for additions, withdrawals and balances in the investment account;
  - f. reviewing the record prepared by the Investment Company of the amount of, and market value of, the asset classes and units held within the investment portfolio; and
  - g. preparation of a quarterly investment monitoring report including investment performance and a summary of professional advisory fees attributed to the management of the portfolio;
  - h. recommending transfers, rebalancing, monitoring actions, Investment Manager changes, and any other recommendations relevant to the successful management of the investments.
  - i. monitoring ongoing level of risk for each investment (i.e. inflationary risk, interest rate risk, market risk)

## **E. Procedures**

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

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

### **(2) Termination of Investment Manager(s)**

- a. Council may terminate an Investment Management agreement for:
  - i. performance results;
  - ii. changes in the Chippewas of the Thames First Nation or its investment strategy which would no longer require the services of an Investment Manager;
  - iii. changes in Investment Manager personnel, firm or ownership structure, investment philosophy, style or approach which might adversely affect the potential return and / or risk level; and
  - iv. failure to adhere to this policy and procedure.

### **(3) Designation and transfers of investment funds**

- a. The Comptroller will notify Council in writing when there is Chippewas of the Thames 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.
- b. Council must approve the transfer of funds to and from the investment account(s) and authorize the creation of a new investment account if required.
- c. The Comptroller will transfer the approved funds into the designated investment account(s) and communicate to the Custodian and Investment Manager whether the funds are restricted or unrestricted, and whether they are to be invested over the short term or long term.
- d. The Comptroller will communicate and oversee approved requests to redeem investments and transfer the proceeds to the Chippewas of the Thames First Nation.

### **(4) Permitted Investments**

- a. Restricted funds may only be invested in:
  - i. securities issued or guaranteed by Canada or a province;
  - ii. securities of a local, municipal, or regional government in Canada;
  - iii. investments guaranteed by a bank, trust company or credit union;
  - iv. deposits in a bank or trust company in Canada or non-equity or membership shares in a credit union; or
  - v. securities issued by the Chippewas of the Thames First Nations Finance Authority.
- b. Unrestricted funds may be invested in:
  - i. securities issued or guaranteed by Canada, a province or the United States of America;
  - ii. fixed deposits, notes, certificates and other short term paper of, or guaranteed by a financial institution including swaps in United States of America currency;
  - iii. securities issued by the First Nations Finance Authority or by a local, municipal or regional government in Canada;
  - iv. commercial paper issued by a Canadian company that is rated in the highest category by at least two (2) recognized security-rating institutions;
  - v. any class of investments permitted under an Act of any province relating to trustees;
  - vi. any other investments or class of investments prescribed by a regulation under the Act;
  - vii. a company that is incorporated under the laws of Canada or of a province or territory and in which the Chippewas of the Thames First Nation is a shareholder;
  - viii. a trust in which the First Nation is a beneficiary;
  - ix. a limited partnership in which the Chippewas of the Thames First Nation is a partner; and
  - x. subject to the Financial Administration Law, a member investment program.

### **(5) Monitoring of Investments**

- a. The Comptroller will reconcile the investment and custodian accounts to the general ledger and financial statements quarterly.

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

**(6) Re-balancing of the Investment Portfolio**

- a. The Executive Administrator and Comptroller will transmit any rebalancing instructions to the Custodian and Investment Manager only if first approved by the Council.

**F. References and Related Authorities**

- (1) FMB's Financial Administration System Standards
  - a. Standard 19.3 – Investments
- (2) FMB's Financial Administration Law Standards
  - a. Standard 17.3 – Investments

**G. Attachments**

- (1) None

## **10. Tangible Capital Assets**

### **A. Policy**

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

### **B. Purpose**

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

### **C. Scope**

This policy applies to the Council, Finance and Audit Committees, Executive Administrator, Comptroller, and senior management of the Chippewas of the Thames First Nation, as well as any employees directly involved in capital asset management.

### **D. Responsibilities**

(1) Council is responsible for:

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

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

- a. Reviewing on or before January 15 the financial information provided on the Life-Cycle Management Program by the Comptroller;
- b. Reviewing and recommending to Council the annual budget for Tangible Capital Assets;
- c. Reviewing and recommending to Council procedures for the safeguarding of assets;
- d. Reviewing status reports on the capital asset reserve fund and if necessary making a recommendation to Council relative to the funding contribution;
- e. Monitoring at each meeting the status of all Capital Projects including borrowings, loans and payments for each project, comparison of expenditures to date with the project budget, details of identified problems with the project and how they will be addressed and steps taken for each Capital Project to comply with Council policies for management of Capital Projects;

- f. Reviewing the Executive Administrator’s recommendations on Asset Recognition Criteria and making recommendations to Council for approval;
  - g. Reviewing any scheduled Capital Project Plans including supplemental information and their budgets and developing recommendations for Council.
- (3) The Executive Administrator is responsible for:
- a. Ensuring Chippewas of the Thames First Nation citizens are informed and involved in tangible capital asset projects and borrowings for construction as required in the Financial Administration Law;
  - b. Serving as a point of contact to retain Capital Project consultants to assist the Executive Administrator, Finance and Audit Committee and Council.
- (4) The Comptroller is responsible for:
- a. Developing the Life-Cycle Management Program in accordance with the requirements of this policy and the Financial Administration Law and making recommendations to the Finance and Audit Committee and Council on matters concerning the management of the Chippewas of the Thames First Nation’s Tangible Capital Assets;
  - b. Maintaining the Tangible Capital Assets register as required in this policy and the Financial Administration Law, including arranging for an annual inspection to obtain updated information of each capital asset (e.g. physical condition, remaining Useful Life, etc.);
  - c. Developing and recommending to the Finance and Audit Committee the Asset Recognition Criteria and reviewing the criteria annually for possible recommended changes;
  - d. The accurate and timely recording and reporting of Tangible Capital Assets in the financial statements in accordance with PSAS;
  - e. Monitoring the application of this policy and updating the policy on a regular basis;
  - f. 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 the Financial Administration Law and this policy;
  - g. Monitoring the tangible capital asset protection insurance program and making recommendations to the Executive Administrator in adequate time before each annual renewal, or sooner if circumstances warrant;
  - h. 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;
  - i. Developing and recommending procedures for the safeguarding of assets and ensuring approved procedures are followed;
  - j. Developing the budget for Capital Project Plans and annual capital plan.
- (5) Employees involved in the Life-Cycle Management Program are responsible for:
- a. Maintaining tangible capital asset information and implementing asset security and safeguarding measures as provided through the application of these policies and safeguarding procedures approved by Council;
  - b. Recording and reporting periodic changes in Tangible Capital Assets to the Comptroller;

## E. Procedures

### (1) Tangible Capital Asset Register

- a. A detailed tangible capital asset register is to be established, maintained and kept current by the Executive 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.
- b. The register will include the information required in the Financial Administration Law and, at a minimum, the following information:
  - i. Location and intended purpose of the asset;
  - ii. Ownership and restrictions over ownership (e.g. pledges or collateral agreements);
  - iii. Date of acquisition;
  - iv. Previous inspection date;
  - v. Original expected life of the asset at the time of acquisition;
  - vi. Most recent assessment of the condition of the asset and its expected remaining Useful Life<sup>2</sup>;
  - vii. Original cost to acquire or develop the asset;
  - viii. Any costs capitalised subsequent to the initial acquisition or development of the asset (e.g. additions, betterments);
  - ix. Any amounts de-recognised as a result of the sale or disposal of the asset;
  - x. Any proceeds received as a result of the sale of the asset;
  - xi. The amount of depreciation expense calculated for the current period;
  - xii. The total accumulated depreciation expense as at the end of the current period;
  - xiii. Any increase to accumulated depreciation made during the current period to reflect an impairment in the carrying value of the asset;
  - xiv. The total cost, accumulated depreciation and carrying value (i.e. Net Book Value) of the asset as at the end of the current period;
  - xv. Estimated Residual Value of the asset (i.e. the estimated net realizable value of the tangible capital asset at the end of its Useful Life to the Chippewas of the Thames First Nation);
  - xvi. Insurance coverage details for the asset;
  - xvii. Any other information required by the Council.
- c. An activity center code (for the purposes of accounting for depreciation) will be assigned to each of the Chippewas of the Thames First Nations Tangible Capital Assets which is to be recorded in the tangible capital asset register and communicated to the department manager for which the management of the asset is assigned.
- d. 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.

---

<sup>2</sup> 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.



- e. The Finance Department will annually reconcile the general ledger to the tangible capital asset register. Please refer to Appendix A for additional guidance on the Tangible Capital Asset Register.

## **(2) Amortization / Depreciation**

- a. A suitable method for amortizing (or depreciating) each category of Tangible Capital Assets should be selected to form part of the Chippewas of the Thames First Nation's accounting policies.
  - i. Different methods of amortizing a tangible capital asset result in different patterns of cost recognition. The objective is to provide a systematic and rational basis for allocating the cost of a tangible capital asset, less any Residual Value, over its Useful Life. A straight-line method reflects a constant charge for the service as a function of time. A variable charge method reflects service as a function of usage. Other methods may be appropriate in certain situations.
- b. The cost, less any Residual Value, of a tangible capital asset with a limited life should be amortized over its Useful Life in a rational and systematic manner appropriate to its nature and use by the Chippewas of the Thames First Nation. Amortization (or depreciation) expense should be calculated and recorded on an annual basis.
  - i. The amortization of the costs of Tangible Capital Assets should be accounted for as expenses in the statement of operations.
  - ii. Land normally has an unlimited life and would not be amortized.
  - iii. Where the Chippewas of the Thames First Nation expects the Residual Value of a tangible capital asset to be significant, it would be factored into the calculation of amortization.
  - iv. The Useful Life of a tangible capital asset depends on its expected use by the Chippewas of the Thames First Nation. Factors to be considered in estimating the Useful Life of a tangible capital asset include:
    - a) expected future usage;
    - b) effects of technological obsolescence;
    - c) expected wear and tear from use or the passage of time;
    - d) the maintenance program;
    - e) studies of similar items retired; and
    - f) the condition of existing comparable items.
- c. The amortization method and estimate of the Useful Life of the remaining unamortized portion of a tangible capital asset should be reviewed on a regular basis and revised when the appropriateness of a change can be clearly demonstrated.

## **(3) Annual inspection and review**

- a. On or before [November 30], the Executive Administrator will initiate an annual inspection of the Chippewas of the Thames First Nation's capital asset inventory. Employees in the property management department will be assigned by the Executive Administrator to complete the inspection under his/her supervision. Where appropriate or necessary the Executive 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.).
- b. Any changes necessary to the tangible capital asset register will be documented by the employee noting the changes, and communicated to the Executive Administrator for review

and approval. Once reviewed and approved by the Executive Administrator, the changes will be input in the tangible capital asset register by the employee responsible for the register.

- c. The Executive 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.
- d. In the event that there is evidence of damage to or a loss of an asset identified during the inspection process or at any other time of the year, the Executive 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.
- e. When conditions indicate that a tangible capital asset no longer contributes to the Chippewas of the Thames First Nation's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its Net Book Value, the cost of the tangible capital asset should be reduced to reflect the decline in the asset's value.
  - i. The net write-downs of Tangible Capital Assets should be accounted for as expenses in the statement of operations.
  - ii. A write-down should not be reversed.

#### **(4) Safeguarding Assets**

- a. Physical security arrangements over capital assets will be reviewed annually<sup>3</sup> by the Comptroller and the results of this review will be reported to and reviewed by the Finance and Audit Committee with any recommendations to Council.
- b. Insurance coverage for Tangible Capital Assets will be obtained and remain in force unless an asset is to be self-insured based on a risk management assessment that balances any potential loss with the cost of insurance, replacement value of items, etc. Insurance will be obtained in accordance with the Insurance Policy.

#### **(5) Maintenance of Assets**

- a. Employees in the property management department (or its equivalent) will provide the Executive Administrator with a annually update on the condition of Tangible Capital Assets and preventative maintenance reports (including machine and vehicle logs) showing maintenance completed compared to scheduled maintenance. Explanations for deficiencies noted will be obtained and, where appropriate, shared with the Finance and Audit committee.
- b. A list of any Tangible Capital Assets identified as no longer in use will be prepared and reported to the Executive Administrator. Steps will be taken to decommission and appropriately dispose of the assets in accordance with any applicable laws or regulations.
- c. All warranty and related work including inspections will be undertaken in a timely manner.
- d. The Executive 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.
- e. The Executive Administrator, with the assistance of staff in the property management department, will ensure that appropriate staff training on the use of the particular tangible capital asset will be provided to ensure safety.

---

<sup>3</sup> This may occur at the same time as the physical inspection of asset condition is performed

- f. The Executive Administrator will ensure the tangible capital asset register and accounting records are updated, and, in conjunction with the Comptroller, will make recommendations to the Finance and Audit Committee for changes to the annual capital plan based on the results of the condition assessments performed for the year.

**(6) Life Cycle Management Program**

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

**(7) Capital Projects**

- a. The Executive Administrator, with input from the Comptroller, will develop an annual capital plan for all Capital Projects. The plan will include a business case for the Capital Project, that will contain, at a minimum, the following:
  - i. The financial viability of the project (i.e. how it will be financed, what the expected return on investment will be, etc.);
  - ii. Project operating requirements (e.g. annual operating and maintenance costs, cash flow considerations, etc.);
  - iii. Evaluation of all other options considered;
  - iv. A project risk assessment.
- b. The annual capital plan will be integrated with the Chippewas of the Thames First Nation's strategic plan.
- c. The Executive 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 Executive Administrator.

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

#### **(8) Construction management**

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

**(9) Life Cycle Policy Directives**

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

**(10) Acquisition of Tangible Capital Assets**

- a. Department managers will identify to the Executive 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.
- b. The acquisitions of Tangible Capital Assets are subject to the Delegated and Assigned Responsibilities Policy and the Procurement.
- c. Subject to the Delegated Authorities Policy, all purchases or leases of capital assets are to be made in accordance with the annual budget, annual capital plan.
- d. Any significant variance between budgeted and actual cost of the tangible capital asset is to be reported to the Executive Administrator and the Finance and Audit Committee.
- e. Following acquisition and delivery of a tangible capital asset, the Finance Department will ensure the asset is reflected in the accounting records and the financial statements of the Chippewas of the Thames First Nation.

**(11) Tangible Capital Asset Reserve Fund**

- a. The Council will establish a Tangible Capital Asset Reserve Fund to be applied for the purposes of construction, acquisition, maintenance, Rehabilitation and replacement of the Chippewas of the Thames First Nation's Tangible Capital Assets.
- b. The Comptroller and the Finance Department will manage the Tangible Capital Asset Reserve Fund.
- c. All withdrawals from the tangible capital asset reserve fund must be approved by the Comptroller and in accordance with the annual budget and approved annual capital plan.
- d. Contributions are to be budgeted and made to the tangible capital asset reserve fund on an annual basis based on those amounts required in the annual budget and annual capital plan.

**(12) Disposal of Tangible Capital Assets**

- a. Department managers will identify to the Executive 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.
- b. The fair market value must be determined for all disposals as a prior condition of approval. The Executive Administrator shall have the authority to determine the fair market value for all disposals. The Executive Administrator will consult with external specialists in establishing the fair market value, where appropriate.
- c. All disposals of the Chippewas of the Thames First Nation's Tangible Capital Assets must be approved by the Executive Administrator.
- d. All proceeds from the sale or disposal of the Chippewas of the Thames First Nation's Tangible Capital Assets are to be deposited in the Tangible Capital Asset Reserve Fund.
- e. 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.

- f. 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.
- g. Citizens of the Chippewas of the Thames First Nation shall have an equal opportunity to purchase surplus assets through a competitive disposal process.
- h. All items to be sold are on an “as is, where is” basis with no warranties or guarantees expressed or implied.

## **F. References and Related Authorities**

- (1) FMB’s Financial Management System Standards
  - a. Standard 24.0 - Tangible Capital Assets Including Capital Projects
- (2) FMB’s Financial Administration Law Standards
  - a. Standard 22.0 - Tangible Capital Assets Including Capital Projects

## **G. Attachments**

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

## **11. Insurance Policy**

### **A. Policy**

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

### **B. Purpose**

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

### **C. Scope**

This policy and procedure applies to Council, the Finance and Audit Committee, the Executive Administrator, the Comptroller, and all other employees involved in insurance matters at the Chippewas of the Thames First Nation.

### **D. Responsibilities**

- (1) Council is responsible for:
  - a. Procuring and maintaining in force all insurance coverage that is appropriate and commensurate with the risks under the care or control of the Chippewas of the Thames First Nation based on the recommendation of the Finance and Audit Committee;
  - b. If Council chooses, procuring and maintaining insurance for the benefit of a councillor or a Chippewas of the Thames First Nation officer or their personal representatives against any liability arising from that person being or having been a councillor or an officer.
  
- (2) The Finance and Audit Committee is responsible for:
  - a. Providing its insurance coverage recommendation to Council (The Finance and Audit Committee may retain external expertise to assist in its deliberations given the technical nature of insurance decisions).
  
- (3) The Executive Administrator is responsible for:
  - a. Leading and managing the risk identification and assessment process;
  - b. Selecting an insurance broker;
  - c. Evaluating options from insurance providers, as provided by the insurance broker, to address the risks that require insurance coverage;
  - d. Recommending a preferred option to the Finance and Audit Committee and Council that meets the needs of the Chippewas of the Thames First Nation;
  - e. Monitoring insurance coverage expiration and payment dates to ensure coverage does not lapse; and
  - f. On an annual basis reviewing insurance coverage to ensure that it continues to meet the needs of the Chippewas of the Thames First Nation.

## **E. Procedures**

### **(1) Identify significant material risks**

- a. The Executive 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 the Chippewas of the Thames First Nation's financial assets, Tangible Capital Assets and the operations of the Chippewas of the Thames First Nation. This will include an examination of:
  - i. Potential sources of liability of the Chippewas of the Thames First Nation arising from its operations;
  - ii. Values and use of Property and equipment;
  - iii. Values and use of Assets under control of the Chippewas of the Thames First Nation;
  - iv. Potential sources of Liability for individuals such as councillors, officers and staff members of the Chippewas of the Thames First Nation; and
  - v. Other risk areas that could result in a loss to the Chippewas of the Thames First Nation and could be insured.

### **(2) Identify and procure insurance products**

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

### **(3) Approval for insurance coverage**

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

### **(4) Maintenance of insurance coverage**

- a. The Comptroller will maintain a schedule of insurance policy expiration dates and payment dates and monitor on a regular basis to ensure that coverage does not lapse.
- b. The Executive Administrator will review insurance coverage on an annual basis to ensure that it continues to adequately address the risks and meet the needs of the Chippewas of the Thames First Nation.



## **F. References and Related Authorities**

- (1) FMB's Financial Management System Standards
  - a. Standard 19.4 - Insurance
- (2) FMB's Financial Administration Law Standards
  - a. Standard 17.5 - Insurance

## **G. Attachments**

None

## **12. Risk Management**

### **A. Policy**

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

### **B. Purpose**

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

### **C. Scope**

This policy and procedure applies to Council, the Finance and Audit Committee, the Executive Administrator, the Comptroller, and all other employees involved in risk management at the Chippewas of the Thames First Nation.

### **D. Responsibilities**

- (1) Council is responsible for:
  - a. Providing input to the annual risk assessment, including consideration of Fraud Risks;
  - b. Reviewing and approving the annual Chippewas of the Thames First Nation Risk Management Plan (Appendix C) and Fraud Risk assessment;
  - c. Subject to the Financial Administration Law, approving:
    - i. For-profit business activities, consolidated entities and ventures;
    - ii. The investment strategy and investment risk assessment;
    - iii. Loans, guarantees or indemnities;
    - iv. Insurance coverages; and
    - v. Emergency plan
- (2) The Finance and Audit Committee is responsible for:
  - a. Providing input to the annual risk assessment including consideration of Fraud Risks;
  - b. Reviewing the risks management plan and Fraud Risk assessment on a regular basis to ensure risks are adequately identified and monitored.
- (3) The Executive Administrator is responsible for:
  - a. Managing the annual risk assessment process and preparing the Risk Management Plan;
  - b. Managing the annual Fraud Risk assessment process and preparing the Fraud Risk assessment;
  - c. Identifying and assessing risks associated with specific material business activities, loans, guarantees, indemnities, investments, general operations, financial reporting and Fraud Risks;

- d. Preparing risks associated with proposed for-profit business activity, steps taken to limit the risks, approvals required to undertake for-profit activity and monitoring of any approved for-profit activity.
  - e. Reviewing and updating the Risk Management Plan and Fraud Risk assessment on a regular basis;
  - f. Immediately reporting any significant changes to the Risk Management Plan and Fraud Risk assessment to the Finance and Audit Committee;
  - g. Preparing a documentation that assesses qualification of individuals engaged in control activities in the Chippewas of the Thames First Nation's financial management systems; and
  - h. Obtaining a written confirmation from the persons engaged in the Chippewas of the Thames First Nation's financial management system that they understand their responsibilities.
- (4) The Comptroller is responsible for:
- a. Ensuring all for-profit business activities are separately reported in the monthly, quarterly and annual financial statements and management reports;
  - b. Developing and recommending procedures for identifying and mitigating risks for the annual Risk Management Plan;
  - c. Developing and recommending procedures for identifying and mitigating Financial Reporting Risks and Fraud Risks;
  - d. Reviewing and recommending approval for loan, guarantee or Indemnity requests;
  - e. Preparation of the Chippewas of the Thames First Nation investment strategy, insurance coverage and emergency plans; and
  - f. Monitoring the control activities and its impact on the Chippewas of the Thames First Nation and the Risk Management Plan.

## **E. Procedures**

### **(1) Annual Risk Management Plan**

- a. On an annual basis as part of the integrated planning process, a risk assessment will be performed by the Executive Administrator. Risks identified will include any risks that could impact the Chippewas of the Thames First Nation's achievement of its strategic goals or its operations in general.
- b. Risks will be recorded in the Chippewas of the Thames First Nation's Risk Management Plan. The management team will analyze the potential impact and likelihood of each risk identified and develop an appropriate risk mitigation plan.
- c. The risk management plan must ensure that risks related to specific business activities, loans, guarantees, indemnities, investments, general operations and Financial Reporting Risks are separately addressed, managed and monitored.
- d. Responsibility for each risk and corresponding risk mitigation plan will be assigned to a Chippewas of the Thames First Nation staff member.
- e. The Risk Management Plan will be presented to the Finance and Audit Committee for review and recommendation to council for approval on an annual basis (during the integrated planning review).
- f. On a quarterly basis, the Executive Administrator will review the Risk Management Plan with the risk owners to update or adjust as required the risks or mitigation plans. Any

significant changes will be reported to and reviewed by the Finance and Audit Committee and reported to the Council.

**(2) Fraud Risk Assessment**

- a. On an annual basis as part of the integrated planning process, a Fraud Risk assessment will be performed by the Executive Administrator. (Refer to documents in Appendix B and the Fraud Risk Assessment template example in Appendix A)
- b. Fraud Risk assessment will include identification and assessment of following types of fraud in the Chippewas of the Thames First Nation:
  - i. Fraudulent Financial Reporting;
  - ii. Fraudulent Non-Financial Reporting;
  - iii. Misappropriation of Assets; and
  - iv. Corruption and illegal acts.
- c. Fraud Risk assessment will include identification of risks arising from the following:
  - i. Incentives and rewards associated with achievement of objectives; and
  - ii. Pressures associated with achievement of objectives.
- d. Fraud Risk assessment will also include identification of opportunities for fraud created by the following:
  - i. Ineffective design and monitoring control activities as it relates to the following:
    - a) Unauthorized acquisition, use of disposal of Chippewas of the Thames First Nation assets;
    - b) Poor management oversight;
    - c) Management override of Internal Control; and
    - d) Ineffective technology systems;
  - ii. Willful violation of laws that could have a material direct or indirect impact on financial reporting.
- e. Fraud Risk assessment will also identify the risk of fraud resulting from attitudes of and rationalizations by individuals justifying inappropriate actions.
- f. Fraud Risks assessment will include various ways that fraudulent reporting can occur taking into account the following:
  - i. Management bias;
  - ii. The degree of estimates and judgements used in financial reporting;
  - iii. Possible fraud schemes and scenarios in Chippewas of the Thames First Nation communities;
  - iv. The geographic region where Chippewas of the Thames First Nation lands are located;
  - v. The nature of technology and management's ability to manipulate information using that technology;
  - vi. Any unusual or complex transactions which are subject to significant management influence; and
  - vii. The vulnerability of Internal Controls to management override and potential schemes to circumvent existing control activities.
- g. On an annual basis, the Executive Administrator will prepare a documentation that assesses the qualification of individuals engaged in Fraud Risk control activities in the Chippewas of the Thames First Nation's financial management system.
- h. On a periodic basis, the individuals involved in the Fraud Risk controls must confirm in writing that they understand their responsibilities.

**(3) For-profit business activity risk management considerations**

- a. All for-profit business activity will be directed to the CTDC (Chippewas of the Thames Development Corporation).
- b. The risk assessment should address all risks related to the project and the resulting overall impacts on the Chippewas of the Thames First Nation.
- c. For each risk, a detailed mitigation plan with assigned responsibility will be developed.

**(4) Loans, guarantees and indemnities**

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

**(5) Investment Risk Assessment**

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

**(6) Financial Reporting Risks**

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

**(7) Insurance and Emergency Plans**

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

**F. References and Related Authorities**

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

a. Standard 17.0 - Risk Management

**G. Attachments**

- (1) **Appendix J**– Fraud Risk Assessment Template
- (2) **Appendix K** – Fraud Risk Assessment Guidelines
- (3) **Appendix L** – Risk Management Plan Template

## **13. Emergencies**

### **A. Policy**

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

### **B. Purpose**

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

### **C. Scope**

This policy applies to the Chippewas of the Thames First Nation council, committee members, staff and Chippewas of the Thames First Nation citizens.

### **D. Responsibilities**

- (1) Council is responsible for:
  - a. Approving the emergency response plan.
- (2) The Executive Administrator is responsible for:
  - a. Ensuring that an emergency response plan is prepared and approved;
  - b. Ensuring that the emergency response plan is communicated to the affected Chippewas of the Thames First Nation staff and citizens as part of its implementation along with any necessary training;
- (3) The Comptroller is responsible for:
  - a. Ensuring that funds allocated by Council for emergency planning are responsibly invested to generate appropriate returns while maintaining liquidity
- (4) The emergency planning committee members are responsible for:
  - a. Preparing the emergency plan;
  - b. Updating the emergency response plan on an annual basis.

### **E. Procedures**

#### **(1) Analyze the current situation**

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

## **(2) Develop the emergency plan**

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

### **Buildings and sites**

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

### **Critical equipment**

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

### **Information Technology**

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

### **People**

- ix. How will the Chippewas of the Thames First Nation communicate with staff/citizens during the emergency?
  - x. Do the critical finance and operations staff members have designated and trained back-ups?
  - xi. Is there an offsite location where limited but critical operations can continue during an emergency?
  - xii. Are there any potential health and safety issues associated with a particular risk? How would these be dealt with?
- c. Responsibilities for each component of the emergency plan will be clearly identified and communicated with the assigned individuals. Alternates for key individuals will be identified and provided with information on their duties.
  - d. The emergency planning committee will develop an emergency notification procedure to explain how to enact the plan should an emergency occur.
  - e. Documented approval of the plan will be obtained from council.

## **(3) Implement the plan**

- a. The Executive Administrator will develop a communication strategy to ensure all affected staff and Chippewas of the Thames First Nation citizens have access to the emergency plan.



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

**(4) Annual review**

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

**F. References and Related Authorities**

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

**G. Attachments**

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

## **14. Financial Management System Improvement**

### **A. Policy**

Areas for improvement in the financial management system will be managed, tracked and resolved on an ongoing basis as identified by the Comptroller and annually through Internal Assessments of critical activities.

### **B. Purpose**

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

### **C. Scope**

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

### **D. Responsibilities**

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

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

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

(4) The Comptroller is responsible for:

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

## **E. Procedures**

### **(1) Financial Management System Assessment Committee**

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

### **(2) Internal Assessments**

- a. At the beginning of each fiscal year, the Assessment Committee will prepare an assessment plan which identifies critical or significant activities which should undergo an Internal Assessment in the current year. The criteria for identifying these issues are as follows:
  - i. Risk – likelihood and potential impact if the process/controls in a specific area are not functioning properly;

- ii. Activities with previously identified problems – Any areas that have been identified in past Internal Assessments with recurring issues will be considered for review in the current year.
- b. The assessment plan will contain a schedule and timeframe for completion of each Internal Assessment identified.
- c. The assessment plan proposed by the Assessment Committee will be approved by the Finance and Audit Committee. Approval will be documented in the Finance and Audit Committee minutes.
- d. The individual performing the Internal Assessment (“the Assessor”) will be independent of the operations or activities being assessed. This individual will be assigned by the Assessment Committee and can be a Chippewas of the Thames First Nation staff member so long as the individual is independent of the operation or activity under review.
- e. A documented report will be prepared by the Assessor for each Internal Assessment performed. The report will contain the Assessor’s findings and resolutions of any concerns identified in the findings.
- f. Reports will be issued to the Comptroller, to individuals responsible for the area/activities assessed, the Assessment Committee and the Finance and Audit Committee.

**(3) Continual improvement process**

- a. The Comptroller will be responsible for ensuring that any concerns or issues regarding the financial management system of the Chippewas of the Thames First Nation and brought to his/her attention are tracked, managed, and resolved on an ongoing basis.
- b. Based on the Comptroller’s analysis of the concern or issue, the following steps will be taken:
  - i. For items that relate to improvements in efficiency and/or effectiveness, the Comptroller will consider the cost versus benefit of implementing the changes and act accordingly;
  - ii. For any other issues, such as minor instances of non-compliance with policy, the Comptroller will take the necessary steps to remediate and will report the findings and actions taken to the Executive Administrator;
  - iii. All items will be tracked and records maintained of all actions taken.
- c. On a yearly basis, a report of the concerns or issues raised, actions taken, and any remaining potential process improvement opportunities will be submitted to the Assessment Committee.

**(4) Review of Financial Administration Law**

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

**(5) Citizenship information or involvement**

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

**(6) Requirements Specific to Borrowing Members**

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

**F. References and Related Authorities**

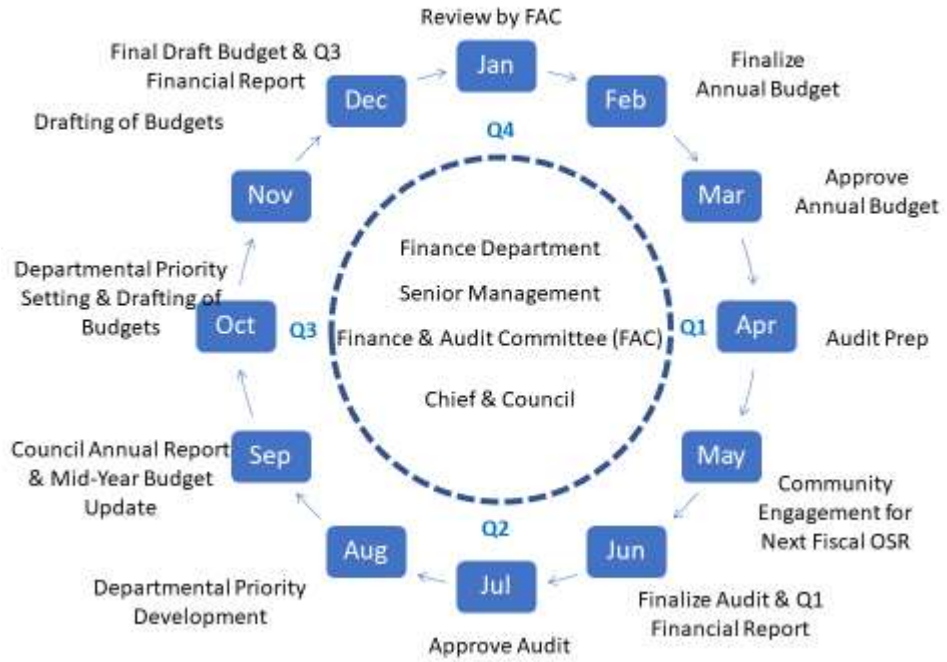
- (1) The FMB's Financial Management System Standards
  - a. Standard 25.0 - Board Standards
  - b. Standard 28.0 - Financial Management System Improvement
- (2) The FMB's Financial Administration Law Standards
  - a. Standard 28.0 - FAL Review
  - b. Standard 23.0 - Board Standards

**G. Attachments**

None

**Appendix A – Chippewas of the Thames First Nation Budgeting Schedule**

**Chippewas of the Thames First Nation Budget Cycle**



**Appendix B – Financial Institution Account Reconciliation Template**

**Chippewas of the Thames First Nation**

**Financial Institution Account Reconciliation**

**Account Name:** \_\_\_\_\_

**Account Number:** \_\_\_\_\_

**GL Number:** \_\_\_\_\_

**Month:** \_\_\_\_\_

**Ending Bank Balance:** \_\_\_\_\_

**Prepared by:** \_\_\_\_\_ **Title:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Approved by:** \_\_\_\_\_ **Title:** \_\_\_\_\_ **Date:** \_\_\_\_\_



## Appendix C – Purchasing Approval Limits

Purchase Values		Process to be followed:	Who is responsible:
Less than \$50		Petty Cash	Petty Cash Clerk
Greater than [\$50]	Less than or equal to [\$1,000]	Low Value <sup>2</sup>	Department Director <sup>1</sup>
Greater than [\$1,000]	Less than or equal to [\$5,000]	Low Value <sup>2</sup>	Department Director
Greater than [\$5,000]	Less than or equal to [\$25,000]	Moderate value: Informal Quotation <sup>3</sup>	Executive Administrator and Comptroller
Greater than [\$25,000]		High value: Tender Call/Request for Proposal	Executive Administrator and Comptroller

1. Department Director = Department Director/Manager or equivalent.

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

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

## Appendix D – Sample Contractor/Supplier Evaluation Template

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

### Attachments:

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

## **Appendix E – Local Content**

The Chippewas of the Thames First Nation should promote the use of local content when appropriate in the procurement of goods and services. For construction contracts on reserve lands, the Chippewas of the Thames 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, the Chippewas of the Thames First Nation should establish:

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

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





## Appendix H - Tangible capital asset categories

Capital assets consist of property, plant and equipment. These assets are stated at cost in the capital fund. Amortization is recorded as a reduction of the capital fund at the following annual rates:

Building	40 Years Straight Line
Water and sewage lines	25 Years Straight Line
Upgrades to water and sewage lines	10 Years Straight Line
Roads and bridges	15 Years Straight Line
Furniture and equipment	5 Years Straight Line
Solar equipment	20 Years Straight Line
Vehicles	5 Years Straight Line
Computer equipment	3 Years Straight Line
Monument and exhibit	Indefinite Life

Intangible assets are initially recorded at cost and subsequently measured at cost less accumulated amortization. Amortization is provided as follows:

Contract rights	20 Years Straight Line
-----------------	------------------------

## Appendix I – Presentation and disclosure requirements

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

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

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

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

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

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

## Appendix J – Fraud Risk Assessment

The following is an example of a Fraud Risk assessment that includes the process to consider potential fraud risks when updating the annual Risk Register and Risk Management Plan.

Identified Fraud Risks and Schemes <sup>1</sup>	Likelihood <sup>2</sup>	Significance <sup>3</sup>	People/ Department <sup>4</sup>	Existing Anti-Fraud Controls <sup>5</sup>	Assessment of Anti-Fraud controls <sup>6</sup>	Fraud Risk Response <sup>7</sup>
<i>Conflict of Interest – Contracts improperly awarded</i>	<i>Remote</i>	<i>Material</i>	<i>Accounting</i>	<i>Council reviews and approves awarded contracts prior to payment.</i>	<i>Evidenced by council meeting minutes.</i>	<i>Risk of council override exists.</i>
<i>Recording of rent receipts in incorrect periods</i>	<i>Remote</i>	<i>Insignificant</i>	<i>Accounting</i>	<i>Year-end reconciliation of the rent revenue and receivables</i>	<i>Risk of override still exists</i>	<i>No further action, receipts are minimal.</i>
<i>Unauthorized payroll adjustments</i>	<i>Reasonably Possible</i>	<i>Material</i>	<i>Payroll</i>	<i>Finance Manager approves periodic payroll registers and reviews one-time payment queries</i>	<i>Adequately mitigated by control</i>	<i>N/A</i>

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



3. Significance to the Chippewas of the Thames First Nation: Quantitative and qualitative factors should be considered when assessing the significance of Fraud Risks to the Chippewas of the Thames First Nation. For example, certain Fraud Risks may only pose an immaterial direct financial risk to the Chippewas of the Thames First Nation, but could greatly impact its reputation, and therefore, would be deemed to be a more significant risk. For purposes of the assessment, it should be adequate to evaluate the significance of risks as immaterial, significant, and material.
4. People and/or Department Subject to the Risk: As Fraud Risks are identified and assessed, it is important to evaluate which people inside and outside the Chippewas of the Thames First Nation are subject to the risk. This knowledge will assist in tailoring its Fraud Risk response, including establishing appropriate segregation of duties, proper review and approval chains of authority, and proactive anti-fraud procedures.
5. Existing Anti-Fraud Internal Controls: Map pre-existing controls to the relevant Fraud Risks identified. Note that this occurs after Fraud Risks are identified and assessed for likelihood and significance. By progressing in this order, this framework intends for the Chippewas of the Thames First Nation to assess identified Fraud Risks on an inherent basis, without consideration of Internal Controls.
6. Assessment of Mitigating Controls: The Chippewas of the Thames First Nation should evaluate whether the identified controls are operating and mitigating Fraud Risks as intended.
7. Fraud Risk Response: Residual risks should be evaluated by the organization and Fraud Risk responses should address such remaining risk. The Fraud Risk response could be implementing additional controls.

## **Appendix K – Fraud Risk Assessment Guidelines**

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

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

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

### **Performing Fraud Risk Assessments**

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

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

#### ***Risk Assessment Team***

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

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

The Finance and Audit Committee should have an active role in the oversight of process, understand identified Fraud Risks, and evaluate the Chippewas of the Thames First Nation’s implementation of antifraud

measures. The Finance and Audit Committee, together with Executive Administrator and the risk assessment team, should also consider the potential risk of management's override of controls or other inappropriate influence over the financial reporting process.

### ***Questions to Consider***

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

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

anonymous surveys (i.e. Third-party whistleblower service providers), inquiries, interviews or by external auditors during their annual financial statement audit engagements.

- Does the Chippewas of the Thames First Nation have whistleblower policy with adequate procedures to handle anonymous complaints and accept confidential submission of concerns about questionable accounting, control and financial and non-financial matters?
- Does the management design and implement preventative and detective controls? Preventative controls are designed to stop fraud from occurring and detective controls are designed to identify the fraud if it occurs.
- Are Fraud Risk assessments updated periodically to include considerations of changes in operations, new information systems, changes in roles and responsibilities and revisions to identified Fraud Risks within the Chippewas of the Thames First Nation?
- Is information on ethics and management and council's commitment to antifraud programs and controls effectively communicated throughout the Chippewas of the Thames First Nation to all employees?
- Has management linked identified existing Fraud Risks to existing Internal Control and documented mitigating existing or new antifraud control activities related to the Fraud Risks?

### **Creating a Strong Control Environment**

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

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

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

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

### **Designing and Implementing Antifraud Control Activities**

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

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

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

### **Sharing Information and Communication**

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

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

### **Monitoring Activities**

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

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

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

**Appendix L – Sample Risk Management Plan**

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

**Appendix M – Examples of risks to consider**

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

**Appendix N – Sample risk assessment template**

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



## **Appendix O – Emergency plan resources**

Plan creation resources: Emergency Management Ontario

[https://emergencymanagementontario.ca/english/emcommunity/ProvincialPrograms/hira/hira\\_workbook/hira\\_workbook.html](https://emergencymanagementontario.ca/english/emcommunity/ProvincialPrograms/hira/hira_workbook/hira_workbook.html)

Online tool to create an emergency plan

<https://beprepared.emergencymanagementontario.ca/myplan/CreatePlan.aspx>

Ministry of Community Safety & Correctional Services

<https://www.sac-isc.gc.ca/eng/1309369889599/1535119888656>