

**SAMPLE TEMPLATES and  
SYNOPSIS of  
FINANCIAL POLICIES  
and PROCEDURES  
for a  
FIRST NATION  
COMMUNITY/ORGANIZATION**

**Aboriginal Financial Officers Association of Canada  
(AFOA)**

*Disclaimer: The following sample financial policy/procedural templates have been reviewed and certified by the Aboriginal Financial Officers of Canada (AFOA) as meeting Generally Accepted Accounting Principles (GAAP). Any resemblance to an existing First Nation community/organization's financial code is entirely coincidental, or permission to share has been obtained and credited to the source First Nation community/organization. As these samples are intended for knowledge-sharing purposes only, wherever possible, the AFOA has attempted to include all potential financial procedural information that could apply to both a large or small First Nations community and organization. Additional sample financial code samples will be available in the upcoming year. For more information, please contact the AFOA toll-free at 1-(866)-722-2362.*

## Table of Contents

<u>Module 1: SAMPLE Core Financial Management Policies</u>		<u>Tab Number</u>
		1
<u>Sec.</u>	<u>Topic</u>	
1.	Objectives	
2.	Roles and Responsibilities	
3.	Legal and Financial Framework	
4.	Managerial Authorities	
5.	Financial Year	
6.	Plans and Budgets	
7.	Budget Administration	
8.	Classification of Transactions	
9.	Investments	
10.	Banking and Cash Management	
11.	Signing Authorities	
12.	Execution of Instrument	
13.	Financial Management Control Systems	
14.	General Accounting Policies	
15.	Accounting and Control of Expenditures	
16.	Accounting and Control of Revenues and Accounts Receivables	
17.	Asset Administration	
	17.1 Capitalization	
	17.2 Leases	
	17.3 Amortization of Capital Assets	
	17.4 Write-offs	
	17.5 Disposal	
	17.6 Accountability	
18.	Internal Management Reports	
19.	External Financial Reporting	
20.	External Performance Reporting	
<u>Module 2: SAMPLE Instrument of Financial Signing Authorities Policies</u>		<u>Tab Number</u>
		2
<u>Sec.</u>	<u>Topic</u>	
1.	Objectives	
2.	Policies	
3.	Advice and Validation	
4.	Acting Grants	
5.	Restrictions on Financial Signing	
6.	Internal Control	

7. Authorities

Tab Number

Module 3: SAMPLE Financial Concurrence Policies

3

Sec. Topic

1. Objectives
2. Policies

Tab Number

Module 4: SAMPLE General Accounting Policies & Authorities

4

Sec. Topic

1. Objective
2. General Accounting
3. Financial Signing
4. Accounting and Financial Control
5. Banking Arrangements
6. Accounts Receivable
7. Journal Vouchers
8. Year-End Accounting
9. Authorities

Module 5: SAMPLE Financial Procedures

Tab Number

Sub-Module 5.1: SAMPLE Cheque Signing Authorities Procedure

5

Sec. Topic

1. Objectives
2. Policies
3. Internal Control
4. Signing Authorities

Tab Number

Sub-Module 5.2: SAMPLE Policy/Procedure for Operating Budgets

6

Sec. Topic

1. Objectives
2. Policies
  - 2.1 Financial Management
  - 2.2 Management Plan
  - 2.3 Division or Department Work Plans
3. Operating Budget Preparation
  - 3.1 General
  - 3.2 Staffing Requirements
  - 3.3 Personnel Costs
  - 3.4 Non-Personnel Costs
  - 3.5 Dependencies

- 3.6 General Contingency
- 3.7 Uncommitted Resources
- 3.8 Support to External Agencies
- 3.9 Hospitality and Representation
- 4. Changes to Plans and Budgets
- 5. Mid-Year Review

Tab Number

**Sub-Module 5.3: SAMPLE Procedure for General Accounting** 7

**Sec. Topic**

- 1. Objective
- 2. Accounting and Control of Disbursements
  - 2.1 Payment of Accounts
  - 2.2 Supporting Documentation
  - 2.3 Preparation of Cheque
  - 2.4 Cheque Cancellations
  - 2.5 Outstanding Cheques
  - 2.6 Adjustment of Coding Errors
  - 2.7 Petty Cash Funds
  - 2.8 Travel Expenses and Advances
  - 2.9 Salary Advances
- 3. Mail Opening
- 4. Subsidiary Ledgers
- 5. Bank Reconciliations
- 6. Credit Card Reconciliations

Tab Number

**Sub-Module 5.4: SAMPLE Procedure for Capital Budgets** 8

**Sec. Topic**

- 1. Objectives
- 2. Financial Management
- 3. Capital Assets
- 4. Planning and Budgeting for Capital Assets
- 5. Budget Preparation and Approval
- 6. Monitoring, Reporting and Control

Tab Number

**Sub-Module 5.5: SAMPLE Classification of Accounts Procedure** 9

**Sec. Topic**

- 1. Objective
- 2. Policies
- 3. General Ledger and Accounting Structure
- 4. Responsibility Centre Accounting Structure

5. Authorities

Tab Number

Sub-Module 5.6: SAMPLE Policy/Procedure for Spending Authority

Delegation

10

Sec. Topic

1. Criterion for Spending Authority
2. Combined Criteria for the “Programs and Projects” Category
3. Signing Officers
4. Directors/Managers Responsibilities
5. Payment Authorities
6. Signing Authorities

Tab Number

Module 6: Other SAMPLE Financial Policies/Procedures

Sub-Module 6.1: SAMPLE Financial Policy/Procedure for Cellular Phone, Blackberry, Laptop Computer and Calling Card Usage

11

Sec. Topic

1. Purpose
2. Management Policy
3. Calling Card
4. Cellular Phone
5. Blackberry/Laptop Computer
6. Approvals
7. Issuance
8. Transfers
9. Expenses
10. Blocks of Time
11. Loss of Cellular Phone/Blackberry/Laptop Computer
12. Repairs to Cellular Phone/Blackberry/Laptop Computer
13. Return of Cellular Phone/Blackberry/Laptop Computer
14. Upgrades
15. Miscellaneous Equipment

Tab Number

Sub-Module 6.2: SAMPLE Policy/Procedure for Contracting Professional Services

12

Sec. Topic

1. Purpose and Scope
2. Management Policy
  - 2.1 Capacity to Contract
  - 2.2 Sole Sourcing
  - 2.3 Competitive Bidding

- 2.4 Contract Splitting
- 2.5 Employer – Contractor Relationship
- 2.6 Professional Fees
- 2.7 Amendments
- 2.8 Contract Management
- 2.9 Contractor Evaluation
- 2.10 Disclosure
- 3. Roles and Responsibilities
- 4. Definitions

**Tab Number**

**Module 7: SAMPLE Instruments of Delegation**

**Sub-Module 7.1: SAMPLE Instrument/Letter of Delegation 13**

**Sub-Module 7.2: SAMPLE Advice of Delegation (Spending Approval Form) 14**

**Sub-Module 7.1: SAMPLE Validation of Authority (Signing Authority Card) 15**

## **Module 1: SAMPLE Core Financial Management Policies**

**Synopsis:** In Module 1, a *Community/Organization* can address a broad range of financial management policies that have been based on generally accepted or ‘core’ accounting principles. Under section 1, the objectives of the policies relative to the legally authorized *Community/Organization* are introduced as an initial point of reference. Whereas section 2 details the roles and responsibilities delegated to key decision makers (e.g *Band Manager/Executive Director*), as well as delegated senior managers, sections 3 and 4 describes the legal and managerial authorities upon which the financial policies are based on.

The Module continues with section 5 serving to define the financial year, and sections 6 to 12 presenting basic policy to support the *Community/Organization* ability to plan and administer a budget, points of reference for the classification of transactions, investments, banking and cash management, as well as signing authorities and instruments. Where appropriate, this module cross-references templates listed in Module 7, which includes examples of forms that could be used to formalize all delegated financial authorities relative to spending approval and signing authority.

For the remainder of Module 1, sections 13 to 20 presents policy with reference to the *Community/Organization* financial management system, as well as controls relative to expenditures (accounts payable) and revenues (accounts receivable). The module concludes with essential policy specific to asset administration (e.g. from capitalization to disposal), as well as policy to formalize internal and external reporting requirements.

### **Table of Contents**

<b><u>Sec.</u></b>	<b><u>Topic</u></b>
<b>1.</b>	<b>Objectives</b>
<b>2.</b>	<b>Roles and Responsibilities</b>
<b>3.</b>	<b>Legal and Financial Framework</b>
<b>4.</b>	<b>Managerial Authorities</b>
<b>5.</b>	<b>Financial Year</b>
<b>6.</b>	<b>Plans and Budgets</b>
<b>7.</b>	<b>Budget Administration</b>
<b>8.</b>	<b>Classification of Transactions</b>
<b>9.</b>	<b>Investments</b>
<b>10.</b>	<b>Banking and Cash Management</b>
<b>11.</b>	<b>Signing Authorities</b>

12. **Execution of Instrument**
13. **Financial Management Control Systems**
14. **General Accounting Policies**
15. **Accounting and Control of Expenditures**
16. **Accounting and Control of Revenues and Accounts Receivables**
17. **Asset Administration**
  - 17.1 **Capitalization**
  - 17.2 **Leases**
  - 17.3 **Amortization of Capital Assets**
  - 17.4 **Write-offs**
  - 17.5 **Disposal**
  - 17.6 **Accountability**
18. **Internal Management Reports**
19. **External Financial Reporting**
20. **External Performance Reporting**

**1. Objectives**

- 1.1 The *name of the First Nation Community/Organization* is established under the authority of the Canada Corporations Act Letters Patent, issued on \_\_\_\_\_, 20\_\_\_. [*Typically applies to First Nations businesses and organizations only*].
- 1.2 The *Community/Organization* shall pursue its objectives, as described within the *Community/Organization* funding agreement.
- 1.3 Books of account, records in relation thereto, and financial and management control shall be established and maintained in such a manner as to provide reasonable assurance that:
  - Assets are safeguarded, accounted for and controlled;
  - The transactions of the *Community/Organization* are in accordance with the bylaws; and,
  - The financial, human and physical resources of the *Community/Organization* are managed economically and efficiently and the operations of the *Community/Organization* are carried out effectively.
- 1.4 The *Community/Organization* financial policies provides the framework within which the Community/Organization's financial guidelines and procedures are established. The policies set out the parameters within which business transactions in the *Community/Organization* are made.



## **2. Roles and Responsibilities**

2.1 The Chief and Council/Board of Directors, in its responsibility towards the membership for the delivery of the mandate, is accountable for all of the Community/Organization financial obligations.

2.2 The Finance Committee shall be accountable to the Chief and Council/Board of Directors on all financial matters to ensure that activities carried out are consistent with the financial and accounting policies, authorities and guidelines as established by the Chief and Council/Board of Directors.

2.3 The Finance Manager/Director of Finance, as Secretary/Treasurer for the Community/Organization, shall carry out the duties as outlined in the Community/Organization's bylaws. In addition, the Finance Committee shall select from its members, a Chairperson.

2.4 The Band Manager/Executive Director, as senior financial officer designate, shall be responsible for the day-to-day implementation of the Community/Organization's Finance Policy and shall be an Ex-Officio member of the Finance Committee.

2.5 The Finance Manager/Director of Finance shall be responsible and accountable to the Band Manager/Executive Director for ensuring that activities carried out are consistent with the financial and accounting policies, authorities, guidelines, practices and procedures as established by the Finance Committee.

2.6 Submissions to the Chief and Council/Board of Directors having financial and budgetary implications shall be reviewed by the Finance Manager/Director of Finance before submission, to ensure that the financial consequences of the proposal are properly displayed.

## **3. Legal and Financial Framework**

3.1 The Legal and Financial Framework shall comprise the financial structure of the Community/Organization, its legal authorities as provided by law, and financial authorities.

3.2 The activities of the Community/Organization shall be grouped into several business components, including but not limited to economic

development, communications, finance, human resources, health & social, environmental, education, \_\_\_\_\_, \_\_\_\_\_ and other projects.

- 3.3 Legal Authorities shall primarily comprise the Canada Corporations Act and the bylaws [*typically applies to First Nations businesses or organizations only; bylaws can apply to First Nations community*].
- 3.4 The financial authorities shall comprise the Canada Corporations Act and the approved Community/Organization annual budget [*typically applies to First Nations businesses or organizations only; budgets can apply to First Nations community*].
- 4. Managerial Authorities**
  - 4.1 Managerial authorities shall comprise the Core Financial Management Policies, the Instrument of Delegation of Financial Signing authorities, cheque signing, banking and document resolutions and Financial Procedures (*Module 5.0*).
  - 4.2 The Core Financial Management Policies provide the framework within which the Community/Organization financial guidelines and processes are established. The policies set out the parameters within which business transactions in the Community/Organization are made.
  - 4.3 The Instrument of Delegation of Financial Signing Authorities shall represent the financial signing authorities as delegated by the Chief and Council/Board of Directors to Officers and Employees of the Community/Organization to carry out the business operations of the Community/Organization, as set out in the bylaws.
  - 4.4 Cheque signing, banking and document resolutions shall represent those authorities delegated by the Chief and Council/Board of Directors to Officers and Employees of the Community/Organization to carry out and execute business transactions.
  - 4.5 The Financial Procedures (*Module 5.0*) that follow shall set out the various guidelines and processes in the area of financial management and administration and shall be consistent with financial policy and directives.

**5. Financial Year**

5.1 The Community/Organization fiscal year-end shall be the 12 months ended March 31<sup>st</sup>.

**6. Plans and Budgets**

6.1 The Community/Organization shall prepare plans and budgets in accordance with the framework established.

6.2 The Community/Organization shall prepare annually the following documents on a Community/Organization or corporate-wide basis:

- Community/Organization Corporate Plan;
- Operating Plan and Budget; and,
- Summary of the Corporate Plan and Annual Budgets.

6.3 All plans and budgets shall display activities in accordance with the Community/Organization Legal and Financial Framework.

6.4 The Community/Organization shall establish and maintain a process to ensure that plans and budgets are:

- Prepared in accordance with the Community/Organization planning and resource allocation process;
- Consistent with the Community/Organization bylaws;
- Consistent with the Community/Organization classification of accounts;
- Consistent with management policy;
- Prepared on the basis of approved performance standards;
- Based on plausible assumptions;
- Internally consistent;
- Prepared in accordance with instructions; and,
- Clearly assigned for preparation and approval.

**7. Budget Administration**

7.1 No commitment shall be made until budgets are allocated.

7.2 The Community/Organization shall maintain records to ensure that approved limits are not exceeded.

7.3 The Community/Organization shall review actual experience against budget and shall analyze variances and take appropriate remedial action, where required.

## **8. Classification of Transactions**

- 8.1 The Community/Organization shall identify its transactions so as to be able to display aggregate financial data:
- On the basis of the Community/Organization financial responsibility codes or centres; and,
  - According to the Community/Organization accounting structure classification of accounts.

## **9. Investments**

- 9.1 The Community/Organization may invest in securities of/or guaranteed by the Government of Canada [*typically can apply to both First Nations community and organizations*].
- 9.2 Investments shall be managed in accordance with accepted financial management practices.

## **10. Banking and Cash Management**

- 10.1 The Chief and Council/Board of Directors, through its Finance Committee, shall determine the specific provisions respecting the Community/Organization banking arrangements.
- 10.2 The Community/Organization shall assess the cost and quality of its banking services relative to other banks, not less than every three to five years for example.
- 10.3 The Community/Organization shall manage its cash economically and efficiently and shall seek to maximize the return on its temporary surplus funds, within the approved investment policies.

## **11. Signing Authorities**

- 11.1 The financial authorities assigned to the Band Manager/Executive Director and the Finance Manager/Director of Finance by the bylaws, and to the Chief and Council/Board of Directors, are delegated as documented by the Instrument of Delegation of Signing Authorities (*Samples Module 7.0*).
- 11.2 The Finance Manager/Director of Finance shall maintain an Instrument of Delegation of Signing Authorities (*refer to Module 2.0 for detail*) on behalf of the Band Manager/Executive Director, as approved by the

Finance Committee, on behalf of the Chief and Council/Board of Directors.

- 11.3 Signing authorities shall be exercised only:
- Within the area of delegated authority;
  - In accordance with the Community/Organization policies and guidelines; and,
  - To the extent that unencumbered budget funds are available.
- 11.4 Financial obligations on behalf of the Community/Organization shall not be entered into unless the authority to do so is included in the Instrument of Delegation of Financial Signing Authorities (*Module 2.0*).
- 11.5 Proposed commitments shall not be purposely parceled or divided in order that the authorized level of consideration is not exceeded.
- 11.6 Financial Signing Authorities shall be delegated in such a way as to ensure an appropriate division of responsibility in the disbursement process.

## **12. Execution of Instrument**

- 12.1 The Band Manager/Executive Director, on behalf of the Chief and Council/Board of Directors, may establish the signing authorities for corporate documents, other than those authorized by resolution of the Chief and Council/Board of Directors as stipulated in the bylaws.
- 12.2 The seal of the Community/Organization, where required to be applied to any instrument in writing, shall be affixed by or on behalf of, as contained in the bylaws.

## **13. Financial Management Control Systems**

- 13.1 The Community/Organization financial information systems shall support business and financial reporting requirements, and will include controls to ensure that the information is complete, accurate, and properly authorized.

## **14. General Accounting Policies**

- 14.1 For the purposes of its annual audited financial statements (March 31<sup>st</sup>), the Community/Organization shall establish significant accounting policies for control of revenues and expenses.

14.2 The Community/Organization shall follow Generally Accepted Accounting Principles (GAPP) or, in certain cases, accounting policies appropriate to the Community/Organization activities.

14.3 The accounting policies shall be confirmed by the Finance Committee, on the behalf of the Chief and Council/Board of Directors, annually at the time of approval of the audited financial statements. An Audit Committee, comprising of a sub-committee of the Finance Committee, will provide an adequate venue for dealing with auditing issues as reported through the annual audit exercise.

**15. Accounting and Control of Expenditures**

15.1 The Community/Organization shall establish and maintain adequate controls to ensure that expenditures are made in settlement of authorized commitments.

15.2 The Community/Organization shall establish and maintain a system of recording expenditures in a timely and accurate fashion.

15.3 In accounting for monies spent, the Community/Organization shall ensure that rules are established to ensure full disclosure as required under the bylaws.

**16. Accounting and Control of Revenues and Accounts Receivable**

16.1 The Community/Organization shall establish and maintain adequate controls to ensure that the revenue due to the Community/Organization is recorded and collected on a timely basis.

16.2 The Community/Organization shall establish and maintain controls to ensure that no amounts receivable are removed from the records without the appropriate authority.

**17. Asset Administration**

**17.1 Capitalization**

The Community/Organization shall treat as capital assets any assets for which the Community/Organization has title with an expected useful life beyond one (1) year; together with any expenditure relating to the alteration, modernization of such asset which appreciably prolongs that

item's period of usefulness, increases its value, or improves its utility to the Community/Organization. A capital asset, to be classified as such, must meet the following criteria:

- A useful life in excess of one (1) year and a per item cost in excess of \$1,000 for example;
- A total cost per bulk purchase order for furniture and office equipment in excess of \$5,000 for example; and,
- A purchase and/or work order for business premises renovations in excess of \$5,000 for example, per project.

## **17.2 Leases**

The classification and accounting for leases shall reflect the economic substance of the lease transaction, in accordance with General Accepted Accounting Principles (GAAP):

- A lease that transfers substantially all of the benefits and risks of ownership of the leased property to the Community/Organization shall be accounted for as a capital lease; and,
- A lease where the benefits and risks of ownership of the leased property are substantially retained by the Lessor shall be accounted for as an operating lease.

## **17.3 Amortization of Capital Assets**

The Community/Organization shall provide for amortization as follows:

- Business premises, office furniture and equipment shall be recorded on a diminishing balance basis.

## **17.4 Write-Offs**

Where assets become obsolete or worthless, or are lost to the Community/Organization, they shall be written-off in accordance with approved processes and authorities.

## **17.5 Disposal**

The Community/Organization shall dispose of assets where:

- An improvement in the rate of return can be achieved without adverse impact on policy objectives;
- It is directed to do so as a matter of policy;
- The holdings of such assets involves the Community/Organization in an activity deemed inappropriate by the Chief and Council/Board of Directors; and,
- Such disposals shall be at market value.

## **17.6 Accountability**

The security and safekeeping of the *Community/Organization* assets, utilized in carrying out the business operations of the *Community/Organization*, is the responsibility of the Employee so charged, for those particular assets. Each Employee is fully accountable to secure against risk or damage to those assets under his/her control.

## **18. Internal Management Reports**

18.1 The *Community/Organization* shall maintain internal management reporting systems that provide Management with the financial reports that are relevant, simple, timely, accurate, current and consistent.

18.2 The *Community/Organization* internal reports shall provide the *Community/Organization* management with a full range of information to provide a basis for decision making in respect to the *Community/Organization* financial position to promote business-like operations and productivity.

18.3 Internal reports will show results compared to plans in order to provide management with information which will assist in the assessment of performance standards and the attainment of goals.

## **19. External Financial Reporting**

19.1 External financial reporting is prepared by the *Community/Organization* in a format that shall portray its financial activities in a clear and comprehensive manner.

19.2 The principal external reports are the financial statements and summaries.

19.3 In its annual report, the *Community/Organization* shall acknowledge its responsibility for establishing and maintaining a system of books, records, internal controls and management practices to provide assurance that reliable financial information is produced and that assets are safeguarded and controlled.

19.4 The *Chief and Council/Board of Directors* shall recommend to the membership the appointment of the external auditor.



19.5 The Finance Committee, independent of the Community/Organization management, will be responsible to ensure Audit Committee responsibilities:

- Communicate with the external auditor;
- Assess the Community/Organization accounting policies and ensure that the policies are consistent in letter and spirit; and,
- Review the financial statements and submit a report that will assist the directors in determining whether to approve the financial statements.

**20. External Performance Reporting**

20.1 The Community/Organization shall select key indicators of performance and shall report these in its Annual Report.

## **Module 2: SAMPLE Instrument of Financial Signing Authorities Policies**

**Synopsis:** In Module 2, a *Community/Organization* can address a broad range of financial management signing authorities that are typically needed within both small and large working environments, to ensure adequate controls and instruments are in place. Section 1 begins by presenting policy that ‘sets out the authorities and processes underlying the delegation, approval, recommendation and control of activities involved in the exercising of financial signing authorities’. In other words, sections 1 to 3 provide policy to support both the administration and control of signing authorities. Where appropriate, this module again cross-references templates listed in Module 7, which includes examples of forms that could be used to formalize all delegated financial authorities relative to spending approval and signing authority.

Sections 4 to 7 of this module identifies the circumstances under which delegated authorities can be allowed under ‘acting grants’ circumstances, concluding with restrictions on financial signing, internal controls. This module provides for policy wording relative to delegated financial authorities for senior managers within a *Community/Organization* who have final authority to approve payment/spending (e.g *Band Manager/Executive Director*), as well as for *Managers/Directors* who may have limited spending authority.

### **Table of Contents**

#### **Sec. Topic**

- 1. Objectives**
- 2. Policies**
- 3. Advice and Validation**
- 4. Acting Grants**
- 5. Restrictions on Financial Signing**
- 6. Internal Control**
- 7. Authorities**

#### **1. Objectives**

- 1.1 To prescribe policies and guidelines governing the exercise of Financial Signing Authority by the Officers, Employees and other designated agents of the *Community/Organization*.

1.2 To set out the authorities and processes underlying the delegation, approval, recommendation and control of activities involved in the exercising of Financial Signing Authorities.

## **2. Policies**

2.1 The Instrument of Delegation shall formally identify all positions to which delegations of authority are made and the limitations imposed on the exercise of these for all financial activities of the Community/Organization.

2.2 The Instrument of Delegation shall indicate three levels of Financial Signing Authority: approval, concurrence, and recommendation authority.

2.3 The Finance Committee shall recommend authorities to the Band Manager/Executive Director.

2.4 The Band Manager/Executive Director or the Finance Manager/Director of Finance shall maintain the Instrument of Delegation (*SAMPLE Letter of Delegation – Module 7.1*), on behalf of the Chief and Council/Board of Directors.

2.5 Authorities provided for by the Instrument of Delegation shall not be re-delegated.

2.6 Managers shall discharge all assigned functions in accordance with the financial authorities formally assigned to them as reflected in the Instrument of Delegation.

2.7 The authorities delegated in the Instrument of Delegation shall only be exercised in accordance with the following principles:

- Within the area of responsibility of the delegated position;
- Within the Community/Organization policies and guidelines; and,
- To the extent that unencumbered budget funds are available.

2.8 Financial obligations on behalf of the Community/Organization shall not be entered into unless the authority to do so is included in the Instrument of Delegation.

- 2.9 Proposed commitments shall not be purposely parceled or divided in order that the authorized level of consideration is not exceeded.
- 2.10 Where conflict arises between the Instrument and other media, all guidelines and procedures shall be subject to the Financial Signing Authorities designated in the Instrument of Delegation.

### **3. Advice and Validation**

- 3.1 The Advice of Delegation (*SAMPLE Spending Approval Form – Module 7.2*), is the means of modification of the Instrument of Delegation. Amendments shall require the Band Manager/Executive Director approval, upon the recommendation of the Finance Committee.
- 3.2 The Validation of Authority (*SAMPLE Signing Authority Card – Module 7.3*), is required to validate Financial Signing Authorities to incumbents of all positions to which Financial Signing Authorities have been delegated, as documented in the Instrument of Delegation.
- 3.3 The Validation of Authority shall be used as the mechanism whereby a financial officer exercising payment authority in respect of a transaction verifies the signature of the person exercising spending authority.

### **4. Acting Grants**

- 4.1 Acting Grants of Financial Signing Authority shall be made in the following special circumstances only:
- Absences due to illness, travel or vacation;
  - Vacant positions; or,
  - Inexperienced incumbents.

### **5. Restrictions on Financial Signing**

- 5.1 No person shall be permitted to exercise the authority granted to a position on an acting basis, unless designated to act by virtue of an Acting Grant of Financial Signing Authority which shall be made in writing in prescribed forms (*SAMPLES Modules 7.2 and 7.3*), with a time limitation to be set by the Band Manager/Executive Director.
- 5.2 Delegations of Authority provided in the Instrument may be limited or revoked by a superior authority in respect of the incumbent. Such limitations or revocations shall be implemented via the Community/Organization Validation of Authority form.

5.3 No Employee or Officer of the Community/Organization shall exercise any element of Financial Signing Authority in connection with any payment from which s/he can personally benefit or in respect of which he is in conflict of interest.

## **6. Internal Control**

6.1 Financial Signing Authorities shall be delegated in accordance with an appropriate division of duties and responsibilities commensurate with good internal financial control.

6.2 Spending Authority and Payment Authority shall not be exercised by the same officer in respect of a particular payment.

6.3 The Commitment stage of spending authority is the stage at which authority to incur financial obligations on behalf of the Community/Organization is exercised. In exercising this authority, the incumbent shall ensure that commitments are made only within approved budget and for amounts earmarked.

6.4 The Approval for Payment stage of spending authority which entails approving the charge for payment once the initial commitment has been made and the goods received or services performed, shall only be exercised upon establishing that the transaction represents a valid and proper claim on the Community/Organization funds, and the claim is in accordance with the terms and conditions of the contract.

6.5 Payment Authority is the authority to requisition payments after reviewing their legality and exercising all appropriate financial controls. Responsibility for the adherence and the enforcement of the financial controls rests with assigned delegated Payment Authority, but primary responsibility for the verification of individual accounts rests with those who are delegated Spending Authority.

6.6 Payment Authority shall be delegated to the Finance Manager/Director of Finance and the Band Manager/Executive Director.

## **7. Authorities**

- 7.1 The Band Manager/Executive Director approves the Instrument of Delegation and all Advices and Validations of Delegation of Financial Signing Authorities.
- 7.2 Finance Committee recommends all Advices and Validations of Delegation of Financial Signing Authorities for approval by the Band Manager/Executive Director.
- 7.3 Finance Manager/Director of Finance:
- Distributes copies of the approved Advice of Delegation to the impacted parties.
  - Updates the Instrument of Delegation for all approved amendments and additions.
  - Prepares Validation of Authority form for each incumbent of an approved position exercising a Financial Signing Authority as per the Instrument of Delegation.
  - Obtains a specimen signature of the incumbent and forward for validation/approval by the Band Manager/Executive Director.
  - Updates a report on any position's Financial Authorities each time an authority is amended. A revised Validation Authority form must be prepared if the data and/or restrictions reflected on the existing form are no longer current or appropriate.

## **Module 3: SAMPLE Financial Concurrence Policies**

**Synopsis:** Module 3 provides a *Community/Organization* with plain language policy to formalize ‘financial concurrence’, referring to the need to seek approval or confirmation of commitments or activities that have financial implications.

This Module presents policy wording for the *Community/Organization* to assess all relevant documents requiring financial concurrence, mainly to ensure conformity with the *Community/Organization*’s approved legal and financial framework, its financial policy, assigned instruments of delegation relative to formalized financial signing authorities, and more specifically, the *Community/Organization*’s endorsed financial policies and procedures.

### **Table of Contents**

#### **Sec. Topic**

#### **1. Objectives**

#### **2. Policies**

#### **1. Objectives**

- 1.1 To set out objectives, policies, authorities and processes for ensuring systematic, efficient, timely and quality provision of financial concurrence to documents prior to submission to the Chief and Council/Board of Directors.
- 1.2 To provide policies for assessing documents requiring financial concurrence to ensure conformity with the Community/Organization approved legal and financial framework, Corporate Financial Policy [applicable to First Nation organizations only], Instrument of Delegation of Financial Signing Authorities, and Financial Guidelines and Procedures.

#### **2. Policies**

- 2.1 The following represent the general criteria which apply to all documents subject to review for financial concurrence:
  - Adherence to the Community/Organization bylaws;
  - Conformity with the Legal and Financial Framework;
  - Conformity with established corporate policy;
  - Adherence to generally accepted accounting principles as applicable; and,
  - Adherence to principles of sound financial management.

- 2.2 Financial concurrence shall principally relate to the accuracy and completeness of financial management information.
- 2.3 Documents submitted for financial concurrence shall be reviewed using the following specific criteria in addition to the general criteria in order to ensure consistency throughout the *Community/Organization*:
  - Adherence to the financial planning and budgeting process;
  - Adequacy of authorized budgets; and
  - Full exploration of cash flow implications related to new activities.
- 2.4 Submissions shall include a section entitled “Financial and Budgetary Considerations”.
- 2.5 The *Finance Manager/Director of Finance* shall receive the submissions and review them for adherence to required contents of the “Financial and Budgetary Considerations” section or module.
- 2.6 Where the proponent determines that there are no financial or budgetary implications requiring financial concurrence, a statement to that effect shall be included in the “Financial and Budgetary Considerations” section or module of the submission.
- 2.7 Financial concurrence shall be provided by the Finance Committee, following review by the *Band Manager/Executive Director*.
- 2.8 Submissions requesting additional resources in excess of the approved budget authority shall be reviewed by the Finance Committee.
- 2.9 For those submissions involving policy changes, the financial concurrence provided by the *Band Manager/Executive Director* shall relate to the accuracy and completeness of the presentation and to any financial impact, current or foreseen, as contained in the submission as a whole.
- 2.10 The following are submissions that require Financial Concurrence:
  - Commitments or initiatives that exceed incumbent financial authorities as contained in the Instrument of Financial Signing Authorities;
  - Human Resources initiatives for changes to staffing;



- Changes to Human Resources policies;
- Program initiatives and work plans;
- Capital expenditure proposals;
- Changes to risk management policies;
- Changes to investment policies; and,
- Borrowing initiatives

2.11 The required contents of “Financial and Budgetary Considerations” section or module regarding submissions are as follows:

- Financial information and data provisions;
- Documentation/calculations to support financial information and data;
- Consideration of adherence to funding or regulatory constraints of a financial nature;
- The adequacy of authorized budgets, including staff requirements;
- Staff requirements; and,
- Forecast of future financial commitments implied by proposals of an ongoing nature.

## **Module 4: SAMPLE General Accounting Policies & Authorities**

**Synopsis:** Module 4 provides a *Community/Organization* with clear sample policy wording based on generally accepted accounting principles and guidelines (section 2). Section 3 begins by presenting policy that situates the assignment of signing authorities, with section 4 detailing controls of expenditures relative to invoices, cheque disbursements, petty cash, as well as other forms of cash advances, whether travel or salary-related. Specific to institutional linkages, Section 5 provides clear policies in regards to banking arrangements, section 6 the handling of accounts receivables, section 7 relative to journal vouchers, and year-end accounting policy requirements are addressed in section 8). Module 4 concludes with policy to formalize year-end reporting with all relevant agencies and financial authorities as applicable (section 9).

### **Table of Contents**

#### **Sec. Topic**

- 1. Objective**
- 2. General Accounting**
- 3. Financial Signing**
- 4. Accounting and Financial Control**
- 5. Banking Arrangements**
- 6. Accounts Receivable**
- 7. Journal Vouchers**
- 8. Year-End Accounting**
- 9. Authorities**

#### **1. Objective**

- 1.1 To prescribe the accounting a policy covering the *Community/Organization* financial accounting activities.

#### **2. General Accounting**

- 2.1 For the purposes of its annual audited financial statements, the *Community/Organization* shall establish significant accounting policies.
- 2.2 The *Community/Organization* shall follow generally accepted accounting principles.
- 2.3 The accounting policies shall be confirmed by the Finance Committee and the *Chief and Council/Board of Directors* annually at the time of approval of the audited financial statements.

### **3. Financial Signing**

- 3.1 The Financial Signing Authorities as assigned by the Chief and Council/Board of Directors to the Band Manager/Executive Director and the Finance Manager/Director of Finance are delegated as documented in the Instrument of Delegation of Financial Signing Authorities.
- 3.2 Financial Signing Authorities shall be delegated in such a way as to ensure an appropriate segregation of responsibilities in the disbursements and collection of Community/Organization monies.

### **4. Accounting and Financial Control**

- 4.1 The Community/Organization shall establish and maintain adequate controls and a system of recording expenditures to ensure they are for authorized purposes and processed in a timely and accurate fashion.
- 4.2 The Community/Organization shall incur expenditures only when both legal and financial authorities have been obtained to do so.
- 4.3 In cases where expenditures are incurred as a result of negligence, the Band Manager/Executive Director and the Finance Manager/Director of Finance shall determine the method of recovery.
- 4.4 All money disbursed by cheque is charged to a central bank account(s) as authorized.
- 4.5 All cheques issued by the Community/Organization must be signed by two authorized signing Officers.
- 4.6 All cheques issued must be supported with appropriate and approved documentation.
- 4.7 Adequate controls must be in place to ensure complete and accurate reporting of all disbursements made.
- 4.8 All cheque disbursements are to be made on serially numbered cheques.
- 4.9 All cheque disbursements must bear evidence of “Certification” by an appropriate officer on the cheque requisition form.

- 4.10 Each authorized cheque signing officer shall verify that “Certification” has been performed and is satisfied that the supporting documentation has been correctly prepared and approved at the time of affixing his signature.
- 4.11 Original invoices and other supporting documentation must be attached to the copy of the cheque voucher, retained and filed in numerical sequence under the direct control of the accounting personnel.
- 4.12 Original invoices or support documentation for all disbursements must bear evidence of cancellation. This is to ensure that no support documents previously approved for payment will be presented again at a later date.
- 4.13 At the discretion of the Band Manager/Executive Director, post-dated cheques may be issued.
- 4.14 Post-dated cheques are to be processed with current-dated cheques so that serial numbers remain in proper sequence.
- 4.15 Cheques should not be returned to the individual who requested or requisitioned the payment.
- 4.16 Petty cash funds may be established for office disbursements where it is impractical to issue corporate cheques. Examples may include payments for courier expenditures, minor travel, minor office supplies and similar expenditure to a maximum of \$100 for example. (Refer to *Financial Procedures, Module 5.3, Sec. 2.7*).
- 4.17 Cash advances for travel and other expenses incurred in the conduct of Community/Organization business are intended to regulate and minimize the amount of transactions relating to advances. (Refer to *Financial Procedures, Module 5.3, Sec. 2.8*).
- 4.18 Cash advances for travel and other expenses incurred in the conduct of Community/Organization business should be issued not more than one week before the trip or planned expenditure, and shall be approved by the immediate Supervisor and the Finance Manager/Director of Finance respectively. If an Employee travels to another or different meeting, the

Employee must ensure the previous advance has been dealt with, since only one (1) travel advance at a time is permitted to be outstanding.

- 4.19 In exceptional cases where an employee requests a salary advance, a maximum of (2) weeks salary may be advanced. Such advances must be pre-approved by the *Band Manager/Executive Director*, and processed with an “Acknowledgement of Indebtedness” form (e.g. an IOU), signed by the Employee. The advance must be reimbursed through payroll, and this type of advance shall only be awarded one (1) time per fiscal year, per Employee (*Refer to Financial Procedures, Module 5.3, Sec. 2.8*).
- 4.20 Financial control requires an appropriate division of responsibilities so that the work of one employee independently checks the work of another.
- 4.21 Adequate procedures shall be established and maintained for the verification of accounts before payment is made. As a minimum these shall include:
- That the work has been performed, the goods supplied or the service rendered, as the case may be, and that the price charged is according to contract, or if not specified by contract, is reasonable;
  - That supplies and services are in accordance with contract specifications and that all the terms and conditions of the contract have been met;
  - That, where a payment is to be made before the completion of the work, delivery of the goods or rendering of the service, as the case may be, such payment is specifically provided for in the contract;
  - That applicable discounts have been deducted, that charges not payable have been eliminated and that the computation of the amount payable is correct;
  - That the account has not previously been paid in whole or in part;
  - That the proper expenditure coding is identified in the requisition; and,
  - That any other procedures necessary in relation to the payment are carried out.
- 4.22 Adequate controls shall be established and maintained to ensure that the revenue due to the *Community/Organization* is recorded and collected on a timely basis.

4.23 Controls shall be established and maintained to ensure that no amounts receivable are removed from the records without the appropriate authority.

**5. Banking Arrangements**

5.1 The *Band Manager/Executive Director* and any one of the *Chief and Council/Board of Directors* may jointly open bank accounts on behalf of the *Community/Organization*.

5.2 Monies received must be recorded daily and must be deposited to the *Community/Organization* bank account on a daily basis. If currency of *\$300 or less for example*, is received after the daily deposit, it may be kept overnight in a locked fireproof safe or cabinet. If currency of more than *\$300 for example*, is received after the daily bank deposit, a night deposit is required.

5.3 Receipt of daily mail containing cheques and other negotiable instruments must be recorded and distributed promptly so that deposits are completed on the same day, if possible.

5.4 Accounts Receivable shall record the date and amount of all funds received.

5.5 All cheques and other negotiable instruments received by the *Community/Organization* must be safeguarded against loss.

5.6 Funds and any other negotiable instruments must be transferred to a locked cash box, which is to be kept in a locked office safe or fireproof filing cabinet when such funds are held on the premises after business hours.

5.7 Complete detailed records must be maintained to ensure that receipts can be traced to provide adequate information and to ensure that all receipts are properly credited to the relevant accounts.

5.8 All remittances must be stamped immediately upon receipt as “For Deposit Only to *(name of the First Nation Community/Organization)*”. The stamp is typically supplied by the *Community/Organization’s* bank.

5.9 Bank deposit slips must be identified and the items listed clearly described with sufficient information so that all entries may be credited to the relevant accounts.

## **6. Accounts Receivable**

6.1 All invoicing should be done immediately following delivery of service or material, and no later than within five working days after month end.

6.2 Aged accounts receivable listings should be reviewed by an officer other than the person responsible for the maintenance of accounts receivable.

6.3 Monthly reminders will be sent to overdue accounts.

6.4 Funding receivable should be reviewed monthly by an officer other than the person responsible for the maintenance of accounts receivable.

6.5 Prompt action shall be taken to follow up on funding receivable.

## **7. Journal Vouchers**

7.1 The journal voucher is used as a document of original entry for recording transactions that are not processed to the General Ledger directly from receipt forms or cheque vouchers.

7.2 It is designed as a computer-processing medium for direct input to the General Ledger system.

7.3 Journal vouchers are used to:

- Correct errors;
- Set up Accounts Receivable or Accounts Payable where this is not done directly from cheque vouchers or cash receipt forms;
- Clear a suspense account that was used temporarily because the correct code number was not immediately available; and,
- Transfer a balance from one General Ledger account to another.

7.4 All journal voucher entries shall be assigned a serial number.

7.5 Occasionally, a coding error is discovered after the books for the previous year have been closed. An adjusting entry is not required if it affects only statement of operations accounts. These accounts are brought to NIL at year-end.

7.6 An adjusting entry is required if the previous year's error affects an asset or a liability account.

## **8. Year-End Accounting**

8.1 Where practicable, outstanding accountable advances to Employees shall be cleared before the financial year-end.

8.2 Every effort shall be made to obtain invoices, statements, contracts or other documents claiming payment, so that arrangements may be made for payment of all amounts owing by the Community/Organization before the financial year-end.

8.3 All parties subject to such contracts shall be required to submit progress claims for all work performed to the last day of the financial year.

8.4 Accrued liabilities shall be established for unpaid debts, only where, at March 31<sup>st</sup>, the following are met, that:

- The work has been performed;
- The goods have been received;
- The services have been rendered; or
- The amount is owing in accordance with contractual arrangements entered into on or before March 31st;
- The debt represents a valid and proper claim on the Community/Organization funds, and is in accordance with the terms and conditions of the contract; and,
- The verification of accounts has been completed.

8.5 Debts may be for a determinant amount, e.g. the document claiming payment has normally been received but has not yet been paid, or for an estimated amount.

8.6 Estimated debts must meet the above (8.5 above), and in addition, shall only be charged when:

- The debt can be individually substantiated and valued;
- The debt can be individually identified with subsequent payments; and
- Accrual is required under Generally Accepted Accounting Principles (GAPP).



- 8.7 Spending and Payment Authority shall be exercised twice in respect of an accrual; once when the debt is charged to one of the Community/Organization budgets, and once when the debt is settled.
- 8.8 Regular recurring services such as telephone paid for at monthly dates other than month-end shall not be accrued.
- 8.9 No accruals are required for amounts less than \$300 for example.
- 8.10 Settlements of debts in the new fiscal year must be charged to the appropriate liability accounts.
- 8.11 Over- and under-accruals shall be adjusted to the relevant expense accounts.
- 8.12 Accrued Liability accounts shall be monitored regularly to ensure settlement in the subsequent financial year is effected promptly and appropriately.

**9. Authorities**

*(Note: Notwithstanding any financial authorities referred to in this manual, the Instrument of Delegation of Financial Signing Authorities will be the overriding authority.)*

- 9.1 Finance Manager/Director of Finance prepares all year-end reports for submission to the Band Manager/Executive Director.
- 9.2 Band Manager/Executive Director certifies all year-end reports for submission to the Chief and Council/Board of Directors.

## **Module 5: Synopses of SAMPLE Financial Procedures**

**Overview:** Module 5 includes several sub-modules of sample procedures addressing a broad range of financial activities that could apply to both a large or small First Nations *Community/Organization*. The range of procedures includes examples relative to cheque signing authorities, operating budgets, capital budgets, a procedure for the classification of accounts, as well as for spending authority delegation.

### **Sub-Module 5.1: SAMPLE Cheque Signing Authorities Procedure**

**Synopsis:** Under Sub-Module 5.1, procedures for cheque signing authorities are presented, referencing all previous policies related to the topic, including internal controls and signing authorities' limitations.

#### **Table of Contents**

##### **Sec. Topic**

##### **1. Objectives**

##### **2. Policies**

##### **3. Internal Control**

##### **4. Signing Authorities**

##### **1. Objectives**

1.1 To prescribe policies and guidelines for the delegation and approval of cheque signing authorities.

1.2 To set out the cheque signing authorities and processes in accordance with an appropriate division of duties and responsibilities commensurate with good internal financial control.

##### **2. Policies**

2.1 The Finance Committee, in accordance with the General Banking Resolution, may from time to time by resolution designate officers who shall be authorized to sign cheques drawn on the Community/Organization bank accounts.

- 2.2 The Band Manager/Executive Director and the Finance Committee may appoint or remove officers designated to sign cheques drawn on the Community/Organization bank accounts.
- 2.3 Cheque signing authority shall be delegated to the following:
  - Band Manager/Executive Director
  - Finance Manager/Director of Finance
- 2.4 All cheques, automatic debit authorizations, acceptances, drafts, orders including orders made electronically shall be signed, endorsed or otherwise made by the two persons noted in 2.3 above.
- 2.5 The signatories shall be knowledgeable of sound financial management and internal controls.
- 2.6 The appropriate forms will be provided to the Community/Organization banker to show specimen signatures of signatories for comparison with cheques presented for negotiation.

### **3. Internal Control**

- 3.1 Cheque signing and payment authorities may be exercised by the same person. However, cheque signing and spending authorities may not be exercised by the same person, to ensure that an independent verification of the transaction is made.
- 3.2 Cheque signatories shall be accountable for the disbursement of funds as a result of the issue of cheques under their signatures.
- 3.3 Cheque signatories shall ensure that the responsibilities and processes associated with Spending and Payment Authorities have been duly carried out by authorized personnel.

### **4. Signing Authorities**

- 4.1 Cheque signing authorities assigned to Employees of the Community/Organization shall not exceed their Financial Signing Authorities.

## **Sub-Module 5.2: SAMPLE Policy/Procedure for Operating Budgets**

**Synopsis:** Specific to operating budgets, sub-module 5.2 includes policy language specific to the preparation of annual budgets and the allocation of administrative costs, for as many divisions or departments that may exist within the *Community/Organization* organizational structure. Policy is presented that addresses staffing requirements, personnel/non-personnel costs and other general contingencies, including hospitality and representation guidelines. The sub-module concludes with policy guidelines to address changes to operating plans and budgets, and to formalize preparations for mid-year review.

### **Table of Contents**

#### **Sec. Topic**

#### **1. Objectives**

#### **2. Policies**

##### **2.1 Financial Management**

##### **2.2 Management Plan**

##### **2.3 Division or Department Work Plans**

#### **3. Operating Budget Preparation**

##### **3.1 General**

##### **3.2 Staffing Requirements**

##### **3.3 Personnel Costs**

##### **3.4 Non-Personnel Costs**

##### **3.5 Dependencies**

##### **3.6 General Contingency**

##### **3.7 Uncommitted Resources**

##### **3.8 Support to External Agencies**

##### **3.9 Hospitality and Representation**

#### **4. Changes to Plans and Budgets**

#### **5. Mid-Year Review**

#### **1. Objectives**

1.1 To provide guidelines and procedures for the preparation, monitoring and control of the *Community/Organization* Operating Budget.

#### **2. Policies**

##### **2.1 Financial Management**

Managers at all levels are accountable for the planning of all activities (output) within their area of responsibility, identification of resource requirements (input) in relation to plans, and performance reporting.

## **2.2 Management Plan**

The *Community/Organization* Management Plan is a statement of the annual workload, outlining all activities to be undertaken within the specified year. It provides the basis for preparation of annual budgets, the basis for subsequent performance measurement and allocation of administrative costs.

## **2.3 Division or Department Work Plans**

*Community/Organization* division or department work plans shall be prepared for the upcoming year following issuance, by the *Band Manager/Executive Director*, of specific direction in the form of the 'Call Letter', as expressed in the *Community/Organization* annual Management Plan. This calls for the 'raising' of Division or Department work plans for the achievement of objectives and outputs, and for the identification of required resources, in terms of staff-years and budgets to produce stated outputs.

## **3. Operating Budget Preparation**

### **3.1 General**

3.1.1 The Operating Budget is an expression of the *Community/Organization* Management Plan in financial terms. The Operating Budget serves three main purposes in the *Community/Organization*:

- To determine financial and other resources to carry out the Operating Plan;
- To obtain the *Chief and Council/Board of Directors* approval of the resources required to meet *Community/Organization* objectives; and,
- To provide a basis for financial monitoring and control.

3.1.2 The Operating Budget shall be prepared following the issuance, by the *Band Manager/Executive Director*, of the Call Letter. The Operating Budget is based on the *Community/Organization* Management Plan for the achievement of stated objectives and outputs.

3.1.3 The Operating Budget shall provide the authority to carry out operations in the upcoming year and to consume resources to achieve the objectives of the Community/Organization Management Plan.

3.1.4 Resources in the Operating Plan shall be approved annually on a fiscal year basis, and shall be allocated for specific purposes. Resources shall be identified by Reporting Object and will be allocated in accordance with Operating Plans as approved by the Band Manager/Executive Director and the Chief and Council/Board of Directors.

3.1.5 Allocated resources shall be committed and used in accordance with delegated financial signing authorities.

### **3.2 Staffing Requirements**

3.2.1 All human resource/staff requirements shall be planned and accounted for in terms of staff-years.

3.2.2 A staff-year shall consist of 12 staff-months of paid time, comprising 260 paid days, at 7.5 hours per day for example, or the regular work day hours of the Community/Organization), for a total of 1950 hours or other total pending the work day hours of the Community/Organization.

3.2.3 For purposes of computing staff-years, paid time shall include normal time at work, earned vacation time, statutory holidays, sick time, special leave and compensated overtime, where applicable.

3.2.4 Non-compensated overtime shall not be taken into account in the planning and budgeting processes.

3.2.5 Staff-year requirements shall be planned and budgeted in terms of either Community/Organization staff-years or non-Community/Organization staff-years.

3.2.6 Community/Organization staff-years shall apply to the staff time, including overtime, utilized by the following employees:

- Regular employees;
- Contract employees; and,
- Casual help.

- 3.2.7 Non-Community/Organization staff-years shall apply to the staff time utilized by specialists, other than consultants, hired either through an agency or be a personal services contract for a specific period of time and at agreed daily rates or fees, and who are normally provided with facilities.
- 3.2.8 Non-Community/Organization staff-years should be sought only in those instances when the hiring of personnel as Community/Organization Employees is either not feasible or economical.
- 3.2.9 The level of accuracy for planning purposes shall be to the nearest 0.1 staff years.
- 3.2.10 Staff-years shall be deemed to have been consumed in the period the Employee was paid for his/her services.
- 3.2.11 Staff-year allocation levels shall be formally reviewed annually following the update of the operating plan.

### **3.3 Personnel Costs**

- 3.3.1 Personnel costs shall comprise salaries, related benefits referred to as fringe benefits and other personnel costs.
- 3.3.2 A salary budget comprising of pay and allowances shall be prepared for Community/Organization Employees and non-Community/Organization Employees.
- 3.3.3 The salary budget for Community/Organization Employees shall be based on the number of staff-years, the planned classification levels and the approved salary rates.
- 3.3.4 The salary budget for non-Community/Organization Employees shall be based on current fees negotiated with the individuals or as set by the employment agency.
- 3.3.5 The salary budget is to include the following:
- Base pay;
  - Progression (market and performance);
  - Performance pay premium;
  - Local allowances;

- Overtime compensation;
- Meal allowances; and,
- Isolated post allowances.

3.3.6 The salary budget shall be for the full calendar year and shall take into account the effective dates for changes in rates for salaries and performance pay premiums.

3.3.7 Budgets for related benefits including employer contributions to pension and insurance plans, other allowances and benefits, referred to collectively as "fringe benefits", shall be calculated for the full calendar year on the basis of the number and category of staff-years eligible for these benefits.

3.3.8 Provision shall be made for personnel costs relating to Staff Recruitment Costs.

### **3.4 Non-Personnel Costs**

3.4.1 Budgets for items shall be identified by Reporting Object.

3.4.2 The non-personnel items include the following categories of administrative expenses:

- Transportation;
- Advertising and publication services;
- Professional technical and communication services;
- Rentals;
- Repair and maintenance;
- Utilities, materials and supplies; and,
- All other expenditures.

### **3.5 Dependencies**

3.5.1 The Community/Organization has determined that the following types of administrative expenses are termed a Dependency, and the Community/Organization Finance Division or Department has been assigned responsibility for coordinating the planning for and control of these particular resources:

- Training;
- Public affairs; and,
- Interrupted service, including secondments.



3.5.2 The following administrative expenses are termed a Dependency and the Community/Organization Finance Division or Department has been assigned control for these particular expenses:

- Chief and Council/Board of Directors meeting expenses;
- Fringe benefits;
- Depreciation, taxes, and other financial charges;
- Risk management;
- Legal and audit fees;
- Information technology user requirements;
- Recruitments costs; and,
- International relations travel.

3.5.3 The Finance Manager/Director of Finance shall be responsible for the coordination of the dependency budget with respect to the following:

- Providing advice on the type of data required in support of budget requests;
- Receiving dependency budget requests;
- Analyzing dependency budget requests;
- Liaising with Directors in resolving issues related to priorities and overall budget amounts;
- Aggregation, analysis and preparation of consolidated dependency budgets based on the Community/Organization Management Plan;
- Allocation of the approved dependency budget;
- Procedures for reallocation of the approved dependency budget to Directors where required;
- Recommending and implementing controls on the expenditure of the dependency budget;
- Monitoring and reporting of dependency budget expenditures against plan;
- Preparing recommendations for the realignment of dependency budgets; and,
- Concurring realignment of the dependency budgets within authority.

### **3.6 General Contingency**

3.6.1 In preparing the Operating Budget, the Finance Manager/Director of Finance shall make a provision for a General Contingency to provide for unforeseen items of an urgent and non-discretionary nature and additional funding for approved programs or projects that may arise during the operating year.

(NOTE: General Contingency is neither a fund e.g. appropriation of assets, nor a reserve e.g. appropriation of retained earnings, but rather, a budgetary provision.)

### **3.7 Uncommitted Resources**

3.7.1 Funds declared surplus shall be returned to the Community/Organization Finance Division or Department, to be held in Uncommitted Resources. These funds may be re-allocated with the Chief and Council/Board of Directors approval on the recommendation of the Band Manager/Executive Director, for approved programs or projects that arise during the year.

### **3.8 Support to External Agencies**

3.8.1 The Community/Organization Divisions' or Departments' providing support to external agencies on a fee basis shall relate budget requirements to the volume of activity reflected in the Community/Organization Management Plan.

3.8.2 The operating plans and budgets for these activities shall be based on the Community/Organization fiscal year.

### **3.9 Hospitality and Representation**

3.9.1 Subject to provisions in the Community/Organization funding agreements, the Community/Organization shall extend hospitality when it will economically facilitate the business of the Community/Organization, or when it is considered essential as a matter of courtesy.

3.9.2 Hospitality shall be extended by a Manager/Director of the Community/Organization for the purpose of representation to outside organizations or groups, furthering of business at Community/Organization-sponsored meetings, facilitating contact between officials from across the country, and in the furtherance of the Community/Organization objectives.

3.9.3 Each Manager/Director shall be responsible for planning and budgeting for hospitality under the following circumstances:

- When discussions of official matters are held with persons who are not Community/Organization Employees. In exceptional circumstances this may include interviews with persons who are considering employment with the Community/Organization;

- When persons visiting the Community/Organization as members of national or international organizations are involved in activities relating to those of the Community/Organization, or wish to obtain an understanding or appreciation of First Nations in Canada; and,
- When formal conferences are sponsored in whole or in part by the Community/Organization and other Government or business groups are represented.

3.9.4 Hospitality may be provided to Employees of the Community/Organization under the following circumstances:

- When Employees, acting as hosts or hostesses or meeting essential representational requirements, are in attendance at a function sponsored by the Community/Organization. However, the number of Employees participating shall be consistent with the minimum number needed to conduct the Community/Organization business and should not exceed the number of guests;
- When Employees participate in Community/Organization work-planning meetings and conferences; and,
- At the discretion of the Band Manager/Executive Director to members of the staff where this furthers the Community/Organization objectives.

*(NOTE: The hospitality budget shall not be used to cover travel expenses incurred by Employees for accommodation or meals while attending sponsored meetings or conferences.)*

3.9.5 Hospitality may be extended to spouses of Community/Organization Employees' officially attending a function but this should be restricted to situations where the inclusion of the spouse is necessary for the conduct of the function or for reasons of protocol.

3.9.6 Hospitality would normally be extended in the following forms:

- Breakfast;
- Luncheon;
- Dinner;
- Receptions; and,
- Refreshments.

- 3.9.7 Every Manager/Director is encouraged to make use of Community/Organization-owned facilities when they are appropriate and available, including those at local levels.
- 3.9.8 Hospitality shall not be extended at the Community/Organization expense in the private residence of an Employee of the Community/Organization unless prior approval by the Band Manager/Executive Director is obtained. When such hospitality is approved, only actual and reasonable expenses incurred by the Employee shall be reimbursed. Hospitality shall not be extended at the Community/Organization expense at conferences or functions that are not sponsored by the Community/Organization.
- 3.9.9 Functions shall be planned in a way which will minimize costs consistent with:
- The status or rank of the guest(s);
  - The number of persons attending; and,
  - The circumstances giving rise to the hospitality.
- 3.9.10 Community/Organization functions which are likely to exceed \$50 to \$100 for example, must be identified and supported, and submitted for approval by the Band Manager/Executive Director.
- 3.9.11 Planning and budgeting for hospitality functions shall be based on requirements established by the Band Manager/Executive Director and the Chief and Council/Board of Directors for functions or activities identified.

#### **4. Changes to Plans and Budgets**

- 4.1 Changes to the operating plans and budgets shall be considered for the following:
- Change in authorities approved by Funding Agencies resulting in a change in output; and,
  - Change in the operating budget approved by the Band Manager/Executive Director, where the changes are not related to output.
- 4.2 Generally, these changes will be formalized at the Mid-Year Review.
- 4.3 Requests for budget revisions in the second half of the year will be dealt with on a case by case basis.

**5. Mid-Year Review**

- 5.1 A Mid-Year Review of the operating budget shall be carried out to:
- Provide Directors/Managers an opportunity to update their plans in accordance with current output and priorities; and,
  - Recommend to the Band Manager/Executive Director any proposed realignments of resources (staff-years and budgets) to achieve the output in the operating plans.
- 5.2 The approved realignment of the plans and budgets shall be distributed to the Chief and Council/Board of Directors by the Band Manager/Executive Director.
- 5.3 Following distribution of the decisions of the Mid-Year Review, every Manager/Director of the Community/Organization shall update their monthly output, staff-year and spending plans for the remainder of the year. The results will be input into the financial and performance reporting systems. Where necessary, the Manager/Director must seek concurrence with funding partners.

## **Sub-Module 5.3: SAMPLE Procedure for General Accounting**

**Synopsis:** Sub-Module 5.3 provides for policy wording specific to the accounting and control of disbursements (expenditures), regardless of the size of the *Community/Organization*. Specific elements addressed in this sub-module includes policy relative to the payment of accounts, supporting documentation requirements, cheque preparation and cancellation, petty cash management, as well as detailed policy to support the *Community/Organization* policy position relative to travel and salary advances. Similarly, procedural controls to address the handling and recording of incoming negotiable financial instruments, as well as bank and credit card reconciliations, are reflected in policy language that provides for an appropriate check and balance.

### **Table of Contents**

#### **Sec. Topic**

#### **1. Objective**

#### **2. Accounting and Control of Disbursements**

##### **2.1 Payment of Accounts**

##### **2.2 Supporting Documentation**

##### **2.3 Preparation of Cheque**

##### **2.4 Cheque Cancellations**

##### **2.5 Outstanding Cheques**

##### **2.6 Adjustment of Coding Errors**

##### **2.7 Petty Cash Funds**

##### **2.8 Travel Expenses and Advances**

##### **2.9 Salary Advances**

#### **3. Mail Opening**

#### **4. Subsidiary Ledgers**

#### **5. Bank Reconciliations**

#### **6. Credit Card Reconciliations**

#### **1. Objective**

1.1 To prescribe the accounting procedures covering the *Community/Organization* financial accounting activities.

#### **2. Accounting and Control of Disbursements**

##### **2.1 Payment of Accounts**

2.1.1 The *Finance Manager/Director of Finance* will be responsible for ensuring that requests for payments are accompanied by supporting

documentation and are in accordance with budget, financial signing authorities or other specific limitations.

2.1.2 The *Finance Manager/Director of Finance* will be responsible for establishing that all relevant information is provided on the Cheque Requisition to ensure that accurate posting of accounts will be maintained throughout the accounting system.

## **2.2 Supporting Documentation**

2.2.1 The *Finance Manager/Director of Finance* will be responsible for ensuring that all original invoices are stamped "Payment Approved" and signed by the originator of the Cheque requisition, certifying that the goods or materials ordered have been received or the services rendered are in accordance with the contract.

2.2.2 The *Finance Clerk/Controller*, or the person designated by the *Band Manager/Executive Director*, will be responsible for ensuring that the Cheque requisition number appears on 'Payment Approved' stamp, that the additions and extensions are checked and that initials appear in the designated area.

2.2.3 The *Finance Manager/Director of Finance* will examine sales invoices to ensure that all discounts have been claimed and that payments are scheduled to conform to the terms of payment as set out on the invoice or as previously agreed to with the supplier.

2.2.4 The *Finance Manager/Director of Finance* will be responsible for ensuring that the Purchase Order number appears on 'Payment Approved' stamp, that the additions and extensions are checked and that initials appear in the designated area.

2.2.5 The *Finance Manager/Director of Finance* will be responsible for entering account codes on the Cheque requisition for the total of the attached invoice for account posting.

2.2.6 Where payments are required for which there are no invoices or receipts to be received, related *Community/Organization* forms shall be completed in accordance with guidelines and procedures established for:

- Travel; and,
- Honorariums.

2.2.7 The Finance Manager/Director of Finance will be responsible for proper filing of support documentation. Purchase Orders and Cheque Requisitions will be filed numerically.

### **2.3 Preparation of Cheque**

2.3.1 The Finance Manager/Director of Finance will obtain the signatures of the cheque by two authorized signing officers in accordance with the Financial Signing Authorities.

2.3.2 The cheque distribution will be as follows:

- Original cheque to the Payee; and
- Cheque stub attached to invoice; and
- Cheque copy registered for filing.

### **2.4 Cheque Cancellations**

2.4.1 Where a cheque is cancelled before issuance, the Finance Clerk/Controller shall mark the original and the copies 'Cancelled' in ink and cut out the signature block.

2.4.2 Prepare journal voucher in accordance with the journal voucher policies and guidelines; a credit is also prepared in accordance.

2.4.3 The original and copies shall be filed in the system.

2.4.4 Where a cheque is cancelled or lost after issuance to the Payee, the Finance Clerk/Controller shall immediately issue a stop payment at the bank following the appropriate procedures as directed by the bank.

2.4.5 A replacement cheque shall not be issued until written notification from the bank is received that the stop payment is in effect.

2.4.6 The replacement cheque shall be issued with the following notation on the back: 'To replace cheque number...presumed lost or destroyed which is to be returned to the Payer uncashed should it come into possession of the Payee'.

2.4.7 Prepare a credit in accordance with policies and guidelines for reversing the entry for the original cheque and posting the entry for the replacement cheque.



## **2.5 Outstanding Cheques**

2.5.1 The *Finance Clerk/Controller* will review the monthly list of outstanding cheques. All cheques outstanding for more than six (6) months should be reversed.

## **2.6 Adjustment of Coding Errors**

2.6.1 Follow the Journal Voucher procedure if a coding error is discovered.

2.6.2 If a coding error pertaining to the previous fiscal year is discovered, it is not to be corrected if both the incorrect and the correct code numbers relate to Income Statement accounts. Corrections pertaining to Balance Sheet accounts must be made.

## **2.7 Petty Cash Funds**

2.7.1 The *Finance Manager/Director of Finance* will establish the amount of the fund.

2.7.2 The fund will be initiated by requisition of a cheque.

2.7.3 The *Finance Manager/Director of Finance* or designated employee will maintain control over the fund and safeguard cash in a locked petty cash box.

2.7.4 The *Finance Manager/Director of Finance* or designated employee will issue cash upon presentation of authorized receipts.

2.7.5 Transactions for amounts greater than *\$25 to \$50 for example*, will not be disbursed from the fund. Such amounts will require adherence to the cheque requisition guidelines.

2.7.6 The fund shall be reconciled on a weekly basis by an individual other than the individual who maintains the fund.

2.7.7 The fund shall be replenished weekly after the reconciliation or upon request by the individual responsible for maintaining the fund to ensure that sufficient funds are on hand.

2.7.8 The *Finance Manager/Director of Finance* will follow up and investigate any cash shortages or surpluses.

2.7.9 The Finance Manager/Director of Finance will recommend to the Band Manager/Executive Director that the Community/Organization bear the loss in whole or in part if the shortage results from an honest isolated error.

2.7.10 The Finance Manager/Director of Finance will recommend to the Band Manager/Executive Director that the Employee bear the loss in whole or in part if the shortage is the result of gross or repeated negligence or if there is evidence of dishonesty.

2.7.11 The Band Manager/Executive Director will decide how to handle the shortage considering the recommendation of the Finance Manager/Director of Finance.

2.7.12 Fund shortages and surpluses that cannot be reconciled or recovered will be written off to a sundry general ledger account upon approval from the Band Manager/Executive Director.

## **2.8 Travel Expenses and Advances**

2.8.1 Travel advances for persons who travel on the behalf of the Community/Organization will not be issued more than one week in advance of the planned trip, and shall be approved by the responsible Manager/Director and the Finance Manager/Director of Finance respectively. Specific to Community/Organization's with 'Air Miles Membership' plans, to maximize savings when traveling outside of the Community/Organization headquarters', Employees are encouraged to book accommodations with hotels identified under the Community/Organization 'Air Miles Membership' plan.

2.8.2 Cash advances and expenses will be issued in accordance with Treasury Board Guidelines, and the amount of the travel advance shall be based on the number of travel days, and shall not exceed the anticipated travel expenses.

2.8.3 Cash advances for travel and other expenses incurred in the conduct of Community/Organization business may be granted for the following:  
➤ Meals and incidentals;

- Car rentals, accommodations and other business-related expenses only where direct billing to the Community/Organization cannot be pre-arranged; and,
- Out-of-town travel by car is allowed at (per kilometer) rates established by Treasury Board Guidelines. In some circumstances, a rented car with unlimited kilometers may be more economical than use of a personal vehicle. In any case, the most economical method of transportation shall always be used.

2.8.4 Where the advance was travel related, the Employee must submit an expense claim within ten (10) days of the end of the travel, along with applicable 'Boarding Passes' for all flights involved. If the amount of the advance was higher than the actual expenditures, the Employee must attach a cheque for the full amount, or attach the signed 'Acknowledgement of Indebtedness' form for salary deductions to the expense claim for the full amount owed. If an Employee travels to another or different meeting, the Employee must ensure the previous advance has been dealt with, since only one (1) travel advance at a time is permitted to be outstanding.

2.8.5 Travel advances will be coded to the general ledger account for travel for persons who travel on the behalf of the Community/Organization as applicable.

2.8.6 The expense claim form shall form the basis for the processing of a journal entry for reallocating the advance to the appropriate general ledger accounts.

2.8.7 Excess funds are to be returned within one week at the latest following the completion of the trip. No further advances will be made until the last advance has been settled.

2.8.8 The Finance Manager/Director of Finance will follow up all outstanding advances on a monthly basis and report such amounts to the Band Manager/Executive Director.

2.8.9 The Finance Manager/Director of Finance will process a request for a reimbursement with a cheque or a signed 'Acknowledgement of Indebtedness' form to the Employee or Chief and Council/Board of

Directors member, where the approved expenses exceed the travel advance.

## **2.9 Salary Advances**

2.9.1 In exceptional cases where an Employee requests a salary advance, a maximum of two (2) weeks salary may be advanced. Such advances must be pre-approved by the Band Manager/Executive Director, and this type of advance shall only be awarded one (1) time per fiscal year, per Employee.

2.9.2 Where a salary advance was granted, the Employee will make every effort to repay the full amount within the next scheduled pay. If the Employee is unable, the Community/Organization will automatically deduct twenty-five percent (25%) of the advance off the Employees pay. The deductions will begin no later than 30 days after the advance was granted.

## **3. Mail Opening**

3.1 The Community/Organization Reception shall record the receipt of daily mail for all invoices, supplier statements, cheques and other negotiable instruments.

3.2 The Community/Organization Reception shall forward all mail marked 'Private and Confidential', or some variation thereon, to the appropriate individual, unopened.

3.3 The Community/Organization Reception shall immediately date stamp all invoices and supplier statements.

3.4 The Community/Organization Reception shall immediately stamp all cheques and other negotiable instruments with the "For Deposit Only to Community/Organization" stamp.

3.5 The Community/Organization Reception shall deliver the mail together with the mail receipts form to the Finance Manager/Director of Finance, designated individual, and/or the designated location for mail distribution.

3.6 The recording of all incoming mail received shall be completed chronologically.

#### **4. Subsidiary Ledgers**

- 4.1 Subsidiary ledgers shall be used to record transactions with debtors and creditors.
- 4.2 The *Finance Manager/Director of Finance* or designated individual shall review subsidiary ledgers monthly to ensure that the balances agree to the general ledger.
- 4.3 The *Finance Manager/Director of Finance* shall review subsidiary ledgers monthly and follow up on balances outstanding beyond 30 days.

#### **5. Bank Reconciliations**

- 5.1 A monthly bank reconciliation shall be prepared by a designated individual other than an individual:
  - Responsible for deposits to the bank account; and,
  - With cheque signing authority.
- 5.2 The bank reconciliation shall be performed using the *Community/Organization* bank reconciliation form.
- 5.3 The bank reconciliation shall be performed within 2 days of receipt of the bank statement.
- 5.4 When the bank statement does not arrive at the expected date the designated individual shall inform the *Finance Manager/Director of Finance* who will follow up with the bank.
- 5.5 Any imbalance in the bank reconciliation shall be reported to the *Finance Manager/Director of Finance* and followed up by the designated individual.
- 5.6 The designated individual shall seek assistance from the *Finance Manager/Director of Finance* if the imbalance cannot be reconciled.
- 5.7 The *Finance Manager/Director of Finance* will review the monthly bank reconciliations as follows:
  - Cursory review monthly where there are no imbalances; and,
  - Detailed review on a random basis throughout the year.

5.8 Bank reconciliation differences that cannot be resolved by the following month shall be reported to the *Band Manager/Executive Director*.

5.9 The *Band Manager/Executive Director* shall, considering the recommendation of the *Finance Manager/Director of Finance*, write off the difference to the general ledger sundry account.

## **6. Credit Card Reconciliations**

6.1 A monthly credit card reconciliation shall be prepared by a designated individual other than an individual with spending authority.

6.2 The credit card reconciliation shall comprise the following:

- Matching of credit card charge with original receipt;
- Where original receipt is not applicable, verification of the expenditure;
- Verification of purchase orders/authorization of the expenditure; and,
- Allocation to the appropriate general ledger account.

6.3 When the credit card statement does not arrive at the expected date, the designated individual shall inform the *Finance Manager/Director of Finance* who will follow up with the bank.

6.4 Any inconsistencies or unidentifiable entries in the credit card statement shall be reported to the *Finance Manager/Director of Finance*.

6.5 The *Finance Manager/Director of Finance* will review the monthly credit card reconciliations as follows:

- Cursory review monthly where there are no inconsistencies or unidentifiable entries
- Detailed review on a random basis throughout the year

6.6 Credit card inconsistencies or unidentifiable entries that cannot be resolved by the following month shall be reported to the *Band Manager/Executive Director*.

6.7 The *Band Manager/Executive Director* shall, considering the recommendation of the *Finance Manager/Director of Finance*, determine the appropriate action.

## **Sub-Module 5.4: SAMPLE Procedure for Capital Budgets**

**Synopsis:** Sub-Module 5.4 provides policy and procedural wording for the preparation, monitoring and control of a *Community/Organization's* capital assets. This sub-module includes policy language that defines a capital asset, with linkages to capital planning and budgeting requirements associated with the development of an operating budget (*refer to sub-module 5.2*).

### **Table of Contents**

#### **Sec. Topic**

#### **1. Objectives**

#### **2. Financial Management**

#### **3. Capital Assets**

#### **4. Planning and Budgeting for Capital Assets**

#### **5. Budget Preparation and Approval**

#### **6. Monitoring, Reporting and Control**

#### **1. Objectives**

1.1 To provide guidelines and procedures for development of the Capital Budget for Furniture & Equipment and Business Premises.

#### **2. Financial Management**

2.1 Resources required by *Manager/Director* to carry out the business of the *Community/Organization* are provided via the following budgets:

- Operating Budget; and
- Capital Budget for Furniture & Equipment and Business Premises (ideally included within the *Community/Organization's* Operating budget).

2.2 The Capital Budget for Furniture & Equipment and Business Premises is related to the Operating Budget in that it is an extension of the administrative services portion of the Operating Budget and provides resources for capital assets.

#### **3. Capital Assets**

3.1 The *Community/Organization* may treat as a capital asset any item (including bulk purchases) regardless of limit, which was acquired, constructed or developed with the intention of being used on a continuous basis and is not intended for sale in the course of business.

Expenditures relating to the alteration and modernization of such an asset which appreciably extends the item's useful life, increases its value, or improves its utility to the Community/Organization are also treated as capital.

- 3.2 In keeping with Generally Accepted Accounting Principles (GAAP) of materiality and consistency, the Community/Organization shall treat as capital assets any items (including bulk purchases) which in addition to the above conditions meet the following criteria:
- A useful life in excess of one year, and a per item cost of at least (\$1,000 for example); or
  - A purchase and/or work order for business premises renovations of at least (\$5,000 for example) per project.

*(NOTE #1: Equipment may be acquired under an Operating or Capital Lease. A lease that transfers substantially all of the benefits and risks of ownership of the leased property to the Community/Organization shall be accounted for as a Capital Lease. Items acquired under a Capital Lease must be charged to the Capital Budget for Furniture & Equipment and Business Premises.*

*NOTE #2: A lease where the benefits and risks of ownership of the leased property are substantially retained by the Lessor shall be accounted for as an Operating Lease. Equipment acquired under an Operating Lease and software purchased or leased are expensed and do not form part of Capital Assets.)*

- 3.3 Expenditures for assets which do not meet the criteria set out above must be expensed under the appropriate accounts for Administrative Expenses.
- 3.4 Whether capitalized or expensed, all furniture & equipment items will be recorded in an inventory control log maintained by a designated individual.

#### **4. Planning and Budgeting for Capital Assets**

- 4.1 Planning and budgeting for capital asset requirements for the upcoming year shall be directed towards meeting the objectives set out in the Community/Organization Management Plan.



4.2 Planning for capital asset requirements shall be carried out in conjunction with and in relation to the planning for administrative service requirements under the Operating Budget.

4.3 Capital asset requirements shall be related to the Community/Organization Division or Departmental Operating Plans.

## **5. Budget Preparation and Approval**

5.1 The Finance Manager/Director of Finance shall initiate and direct the preparation of the Capital Budget for Furniture & Equipment and Business Premises in the Call Letter.

5.2 All Capital Asset requirements shall be prepared in accordance with the Call Letter and its accompanying instructions.5.3 The Finance Manager/Director of Finance shall communicate the approved Capital Budget for Furniture & Equipment and Business Premises on behalf of the Chief and Council/Board of Directors, pending review and approval by the Band Manager/Executive Director.

## **6. Monitoring, Reporting and Control**

6.1 The Finance Manager/Director of Finance shall administer the Capital Budget for Furniture & Equipment and Business Premises for Corporate Services during the operating year, including the acquisition of furniture, equipment and renovation of premises in accordance with the approved plan.

6.2 The Manager/Director shall be accountable for and administer the allocated Capital Budget for Furniture & Equipment and Business Premises for their Divisions or Departments, including the acquisition of furniture and equipment and renovation of premises in accordance with the approved plan.

6.3 In determining funding requirements, provisions shall be made for only the commitments to be made in the upcoming year. Commitments to acquire goods and services, which will be capitalized, may only be made through the contracting process if unencumbered financial authority remains in the capital budget for the year in which the contract is to be issued. Where a commitment is cancelled in the year in which it is made, the commitment authority for the amount of the cancellation is reinstated

in the capital budget authority. Where a commitment made in prior years is cancelled, the commitment authority lapses.

- 6.4 The approved Capital Budget for Furniture & Equipment and Business Premises is allocated to the Manager/Director for business premises renovations/alterations.

*(NOTE: Budgets for fit-up of space resulting from office relocations or major space redistribution on lease renewals shall be released by the Band Manager/Executive Director following approval of the Chief and Council/Board of Directors of the relocation or redistribution.)*

- 6.5 The approved Capital Budget for Furniture & Equipment and Business Premises shall be applied in accordance with the approved plan.

- 6.6 Reallocations of funds between projects, or the application of funds to new items, shall require approval of the Band Manager/Executive Director.

- 6.7 Transfers from operating budget to capital budget shall require the approval of the Band Manager/Executive Director.

- 6.8 A Manager/Director shall report the status of the Capital Budget for Furniture & Equipment and Business Premises for which they are responsible to the Band Manager/Executive Director as follows:

- Monthly commitments for furniture and equipment and for business premises by the fifth work day of each month; and,
- Annually reporting inventory on hand as at January 31<sup>st</sup>; this report to be submitted by mid-February (15<sup>th</sup>).

- 6.9 The Band Manager/Executive Director shall submit a quarterly report to the Chief and Council/Board of Directors, outlining commitments from the Capital Budget.

- 6.10 Inventory control for furniture and equipment will be maintained by the designated individual.

## **Sub-Module 5.5: SAMPLE Classification of Accounts Procedure**

**Synopsis:** Sub-Module 5.5 provides policy language to address the classification of accounts. The policy examples are to ensure that necessary information to monitor and report on the effective and efficient administration of the *Community/Organization's* finances is available, and furthermore, structured for ease of classification and administration, with relevant delegated financial authorities identified.

### **Table of Contents**

#### **Sec. Topic**

#### **1. Objective**

#### **2. Policies**

#### **3. General Ledger and Accounting Structure**

#### **4. Responsibility Centre Accounting Structure**

#### **5. Authorities**

#### **1. Objective**

1.1 To provide the framework for a classification of accounts designed to provide financial information necessary to manage the *Community/Organization* effectively and efficiently.

1.2 To describe the classifications and their relationships.

#### **2. Policies**

2.1 The core financial structure for identifying *Community/Organization* transactions shall be on a two-fold classification basis as follows:

- General Ledger Accounting Structure which identifies the accounting nature of financial transactions; and,
- Responsibility Centre Accounting Structure which identifies responsibility for transactions.

#### **3. General Ledger Accounting Structure**

3.1 The General Ledger Accounting Structure shall identify transactions according to financial statement classification (e.g., assets, liabilities, capital, revenues and expenditures).

3.2 General Ledger Account Codes shall be capable of being aggregated to various levels of detail for management reporting purposes and the preparation of financial statements.

- 3.3 Objects of Expenditure shall be categorized into two levels:
- Reporting Object of Expenditure; and,
  - Line Object of Expenditure (General ledger account code).
- 3.4 Reporting Objects of Expenditure shall meet the reporting needs of the Chief and Council/Board of Directors for budget and financial information.
- 3.5 Reporting Objects shall be an aggregation of Line Objects.
- 3.6 Line Objects of Expenditure shall be the level at which actual expenditures are recorded in the general ledger system and is represented by the General Leger Account Codes.

#### **4. Responsibility Centre Accounting Structure**

- 4.1 The Responsibility Centre Accounting Structure shall provide a breakdown of the Community/Organization centers of activity.
- 4.2 At various levels of aggregation, the purposes for which funds are spent to attain program objectives will be reported by Responsibility Centre.
- 4.3 The Responsibility Centre Accounting Structure shall enable Manager/Director to plan, budget, account for, report and monitor program activities relative to approved objectives and goals.
- 4.4 The Community/Organization will allocate the costs of Dependency Expenses to the appropriate responsibility centers.
- 4.5 The Responsibility Centre Accounting Structure shall provide the framework for the assignment of budget responsibility and for the identification of financial accountability.

#### **5. Authorities**

- 5.1 The Band Manager/Executive Director approves additions, deletions and changes relating to the Responsibility Centre Accounting Structure.
- 5.2 The Band Manager/Executive Director approves additions, deletions and changes to the General Ledger Accounting Structure.

- 5.3 The Finance Manager/Director of Finance recommends additions, deletions and changes to the General Ledger Accounting Structure and Responsibility Centre Accounting Structure.
- 5.4 The Community/Organization Finance Committee concurs with additions, deletions or changes to the Responsibility Centre Accounting Structure.

## **Sub-Module 5.6: SAMPLE Policy/Procedure for Spending Authority Delegation**

**Synopsis:** Sub-module 5.6 addresses policy and procedural criterion specific to spending authorities. This section includes examples of policy that serves to qualify and quantify who has signing authority within the *Community/Organization*, criterion for spending limits, as well as delegated financial spending and payment authorities.

### **Table of Contents**

#### **Sec. Topic**

- 1. Criterion for Spending Authority**
- 2. Combined Criteria for the “Programs and Projects” Category**
- 3. Signing Officers**
- 4. Directors/Managers Responsibilities**
- 5. Payment Authorities**
- 6. Signing Authorities**

#### **1. Criterion for Spending Authority**

The **first criterion** for Spending Delegation is the nature of the request good/service.

- 1.1 If the good/services falls into the “Expenses” category, the Spending Authority is the Manager/Director, up to \$20,000 for example, and the Finance Manager/Director of Finance to a maximum of 110% for example, of the annual amount budgeted.
- 1.2 If the good/service falls into the “Asset, Acquisitions and Core Operating Expenses category”, the Spending Authority is the Director up to \$20,000 for example, and the Finance Manager/Director of Finance to a maximum of 110% for example, of the annual amount of the budget.
- 1.3 If the good/service falls into the “Regular Operating Expenses” category, the Spending Authority is the Manager/Director up to \$20,000 for example, and the Finance Manager/Director of Finance to a maximum of 110% for example, of the annual amount budgeted.
- 1.4 If the good/services falls into the “Programs and Projects” category, then within this category a second criterion must be applied before selecting

the Spending Authority. The second Criterion relates to the Annual Work Plan and Budget as follows:

- The good, service or activity was approved in the annual work plan and budget. In this case the Spending Authorities is the Manager/Director up to \$20,000 for example), and the Finance Manager/Director of Finance to a maximum of 110% for example, of the annual amount budgeted, within their respective limitations (third criterion).
- The good, service or activity was not approved in the annual work plan and budget. Meaning that it was not considered at all or that the scope or total cost differs more than 10% (ten percent) for example, from the approved characteristics and cost. In this case the Spending Authority is the Band Manager/Executive Director.

- 1.5 The third criterion is based on the total value of the requested good/service. Notice that this criterion applies only to the “Programs and Projects” category. The dollar amount limitations apply to the total value of the requested good/service including all taxes and other charges.
- 1.6 Splitting a contract, thus reducing the total estimated contract value is not allowed.

**2. Combined Criteria for the “Programs and Projects” Category**

<b>Criterion</b>	<b>\$ Limitation</b>	<b>Spending Authority</b>
Good or service <b>approved</b> in the annual work plan/budget	If total value <u>up to \$20,000 for example</u> .	<u>Manager/Director</u>
“ “	Within <u>10% of budget for example</u> .	<u>Finance Manager or Director of Finance</u>
“ “	Over <u>10% of budget for example</u> .	<u>Finance Manager or Director of Finance</u>
Good or service <b>not approved</b> in annual work	Within <u>10% of budget for example</u> .	<u>Finance Manager or Director of Finance</u>

plan/budget		
“	Over <u>10% of budget for</u>	<u>Band Manager/Executive</u>
“	<u>example.</u>	<u>Director</u>

### **3. Signing Officers**

- 3.1 Contracts and other legal documents shall be executed by the designated Chief and Council/Board of Directors or equivalent, and/or designated Officers of the Community/Organization.
- 3.2 The Directors of the Community/Organization are the Chief and Council/Board of Director members, as per the Community/Organization Letters Patent [or other applicable documents relative to First Nations community].
- 3.3 The Officers of the Community/Organization are the Band Manager/Executive Director and the Finance Manager/Director of Finance of the Community/Organization, pursuant to the Community/Organization Letters Patent [or other applicable documents relative to First Nations community].
- 3.4 Pending the Community/Organization decision, typically any two of the following shall have authority to sign cheque and banking documents for the Community/Organization:
- Band Manager/Executive Director;
  - Chief and Council/Board Member; or,
  - Finance Manager/Director of Finance.

### **4. Managers/Directors Responsibilities**

- 4.1 Each Manager/Director shall be responsible for the preparation of a work plan, budget and cash flow, by month, for the fiscal year and presenting their plans to the Finance Manager/Director of Finance and Band Manager/Executive Director.
- 4.2 Each Manager/Director shall, upon approval by the Band Manager/Executive Director of the work plan, budget and cash flow, make management decisions and approve funds against their budget provided that such charge:
- is not inconsistent with the relevant contribution agreement;
  - does not exceed (twenty thousand dollars \$20,000, for example); and,



- is not in excess of the approved or stated budget for that fiscal year; and their travel and per diem expenditures are approved by the Finance Manager/Director of Finance and/or Band Manager/Executive Director.

**5. Payment Authorities**

- 5.1 The Finance Manager/Director of Finance approves all expenditures for payment. In the case where the spending authority is the Finance Manager/Director of Finance meaning that the expenditure was initiated by the Finance Manager/Director of Finance, the Band Manager/Executive Director will be the payment authority for those expenditures.

**6. Signing Authorities**

- 6.1 Typical signing authorities for Cheque(s) for the Community/Organization are:
- Band Manager/Executive Director;
  - Chief and Council/Board Member; or,
  - Finance Manager/Director of Finance.

## **Module 6: Other SAMPLE Financial Policies/Procedures**

**Overview:** To date, Module 6 includes a couple useful samples that address the financial policies and procedural requirements specific to cell phone, Blackberry, laptop computer and calling card usage, as well as plain language policy relative to contracting professional services.

### **Sub-Module 6.1: SAMPLE Financial Policy/Procedure for Cellular Phone, Blackberry, Laptop Computer and Calling Card Usage**

**Synopsis:** Whether large or small, urban or rural, a *Community/Organization* may find a modern-day practical application with the plain language policy of sub-module 6.1. The policy describes guidelines, procedures and responsibilities for Employees relative to cell phone, Blackberry, laptop computer and calling card usage, and provides clear policy language specific to approvals, issuance, transfers, loss, repairs, returns, and upgrades.

#### **Table of Contents**

<b><u>Sec.</u></b>	<b><u>Topic</u></b>
--------------------	---------------------

- |     |   |
|-----|---|
| 1.  | <b>Purpose</b>  |
| 2.  | <b>Management Policy</b>                                    |
| 3.  | <b>Calling Card</b>   |
| 4.  | <b>Cellular Phone</b>                                       |
| 5.  | <b>Blackberry/Laptop Computer</b>                           |
| 6.  | <b>Approvals</b>  |
| 7.  | <b>Issuance</b>   |
| 8.  | <b>Transfers</b>  |
| 9.  | <b>Expenses</b>   |
| 10. | <b>Blocks of Time</b>                                       |
| 11. | <b>Loss of Cellular Phone/Blackberry/Laptop Computer</b>    |
| 12. | <b>Repairs to Cellular Phone/Blackberry/Laptop Computer</b> |
| 13. | <b>Return of Cellular Phone/Blackberry/Laptop Computer</b>  |
| 14. | <b>Upgrades</b>   |
| 15. | <b>Miscellaneous Equipment</b>                              |

1.	<b><u>Purpose</u></b>
----	-----------------------

- |     |  |
|-----|--|
| 1.1 | This financial policy is to establish guidelines and procedures as it relates to a cellular phone, Blackberry, laptop computers and calling cards, and |
|-----|--|

applies to all Community/Organization Employees and Chief and Council/Board of Directors.

**2. Management Policy**

- 2.1 As a rule, a cellular phone, Blackberry, laptop computers or calling cards shall be used solely for Community/Organization business.
- 2.2 No Employee and/or Chief and Council/Board of Director member may have a Community/Organization cellular phone and a Community/Organization Blackberry simultaneously.

**3. Calling Card**

- 3.1 Employee's who travel frequently may request through their Manager/Director the use of a calling card. Employee's who travel infrequently is ineligible.
- 3.2 A written request to the Band Manager/Executive Director from the Employee's Manager/Director is required before issuance of a card can be made.
- 3.3 The card is to be returned to the Manager/Director once employ has ended, and once returned, it will be immediately cancelled by the Office Manager/Director of Operations.

**4. Cellular Phone**

- 4.1 Employee's that are deemed on "constant call" by the Community/Organization and/or it's constituents outside of working hours or are frequently on travel status may request the use of a cellular phone.
- 4.2 As a rule, clerical staff and those who travel infrequently are ineligible to receive a phone. Those persons who work on contract outside of the Community/Organization office are also ineligible to receive a cellular phone.

**5. Blackberry/Laptop Computer**

- 5.1 An Employee may find the need for a Blackberry or laptop computer to facilitate their workload. A similar policy applies as that associated with cellular phone usage.

## **6. Approvals**

- 6.1 Approvals must be made through the Manager/Director, who in turn must get written approval from the Band Manager/Executive Director.
- 6.2 Written approval must be forwarded to the Office Manager/Director of Operations; once received, the equipment (cellular phone, Blackberry or laptop computer) will be issued.

## **7. Issuance**

- 7.1 A cellular phone/Blackberry/laptop computer is only issued through the Office Manager/Director of Operations, once proper authorization has been received from the Employee's designated Manager/Director. For adherence to this policy and for inventory purposes, Employee's are prohibited from purchasing their own cellular phone/Blackberry/laptop computer.
- 7.2 The Community/Organization will not reimburse Employee's that have purchased their own cellular phone/Blackberry/laptop computer, nor will invoices be paid, as they will be deemed to be used for personal use.

## **8. Transfers**

- 8.1 Circumstances may occur whereby a new Employee requests that their current cell phone/Blackberry/laptop computer and relevant number be transferred to the Community/Organization name for billing purposes. This can be done only with written authorization from the Office Manager/Director of Operations, and the Band Manager/Executive Director concurrently.
- 8.2 It is the Employee's responsibility that all pertinent information be provided to the Officer Manager/Director of Operations to facilitate the transfer. Transfers may take upwards of a week or more, dependant upon service providers.

## **9. Expenses**

- 9.1 Expenses associated with cell phone/Blackberry/laptop computer usage are to be charged to the appropriate budget. Personal calls that incur an expense are prohibited.
- 9.2 Any personal long distance calls that are accidentally charged to the Community/Organization shall be reimbursed by the Employee to the

Community/Organization within 30 days of receipt of the Community/Organization phone bill.

**10. Blocks of Time**

- 10.1 On issuance of a cell phone/Blackberry, the Employee is given an approved block of time. A block of time is necessary to limit escalating costs. On a semi-annual basis the Officer Manager/Director of Operations will review cell phone invoices for abnormal calling habits.
- 10.2 If it is found that an excessive amount of time is being used by a specific Employee, the Officer Manager/Director of Operations will bring it to the attention of the Manager/Director, who will then jointly bring the issue to the attention of the Employee. Consequences of extensive use may range from reimbursement of excessive time to confiscation of the cellular phone/Blackberry.
- 10.3 If it is found that all calls were performed in the normal course of business, the Office Manager/Director of Operations will attempt to implement a more cost efficient rate plan.

**11. Loss of Cellular Phone/Blackberry/Laptop Computer**

- 11.1 If an Employee loses their cellular phone/Blackberry/laptop computer, it is incumbent upon that Employee to replace it “*at their expense*”. No other cellular phone/Blackberry/laptop computer will be issued to that Employee until notification is received from the Community/Organization Finance Division or Department that the replacement cost has been received. The replacement cellular phone/Blackberry/laptop computer is to be considered Community/Organization property.
- 11.2 If the original cellular phone/Blackberry/laptop computer is found, it is to be returned to the Office Manager/Director of Operations. The new cell phone is still to be considered Community/Organization property, but reimbursement of the cost of the cellular phone/Blackberry/laptop computer will be returned to the Employee by the Community/Organization Finance Division or Department.

**12. Repairs to Cellular Phone/Blackberry/Laptop Computer**

- 12.1 If it is found that a cellular phone/Blackberry/laptop computer needs repair due to obvious misuse by the Employee, the repair cost will be

borne by the Employee. Notification must be made by the Finance Division or Department that they have received restitution before repairs can be authorized.

- 12.2 For minor repairs in the course of day to day usage, the Community/Organization will bear cost for these repairs.
- 12.3 As a cellular phone/Blackberry/laptop computer must be outsourced to be fixed, in the interim, if a replacement is available, it shall be issued to the Employee whose cellular phone/Blackberry/laptop computer is out for repair.

### **13. Return of Cellular Phone/Blackberry/Laptop Computer**

- 13.1 The cellular phone/Blackberry/laptop computer and associated equipment must be returned to Community/Organization upon an Employee's departure from the Community/Organization, or upon request from the Community/Organization Management. Where an Employee does not return the equipment then the original cost of it will be deducted from the final salary payment.

### **14. Upgrades**

- 14.1 Upgrades are only permitted if a cellular phone/Blackberry/laptop computer is being replaced by an Employee that has lost their original equipment. If technology has reached a point where the cellular phone/Blackberry/laptop is deemed obsolete then all new cellular phones/Blackberrys'/laptop computers ordered by the Office Manager/Director of Operations will be upgraded.

### **15. Miscellaneous Equipment**

- 15.1 Whenever a new cellular phone/Blackberry/laptop computer is ordered (once authorized), related equipment such as batteries, chargers and holders may also be ordered. An inventory of all equipment given to an Employee with the cellular phone/Blackberry/laptop computer will be maintained by the Office Manager/Director of Operations.
- 15.2 Related equipment must be returned, along with the cellular phone/Blackberry/laptop computer upon an Employee's departure from the Community/Organization. Failure to do so will result in the original cost being deducted from the Employee's final pay.

## **Sub-Module 6.2: SAMPLE Policy/Procedure for Contracting Professional Services**

**Synopsis:** Sub-module 6.2 also provides useful policy language to support a *Community/Organization's* capacity to contract. Providing clear policy statements on spending/payment approval limits relative to sole sourcing, competitive bidding and contract splitting, the sub-module also presents criteria that defines the employer-contractor relationship, along with policy that addresses contract amendments, evaluation, disclosures, and the roles and responsibilities of management in the process.

### **Table of Contents**

#### **Sec. Topic**

- 1. Purpose and Scope**
- 2. Management Policy**
  - 2.1 Capacity to Contract**
  - 2.2 Sole Sourcing**
  - 2.3 Competitive Bidding**
  - 2.4 Contract Splitting**
  - 2.5 Employer – Contractor Relationship**
  - 2.6 Professional Fees**
  - 2.7 Amendments**
  - 2.8 Contract Management**
  - 2.9 Contractor Evaluation**
  - 2.10 Disclosure**
- 3. Roles and Responsibilities**
- 4. Definitions**

#### **1. Purpose and Scope**

This policy is to establish guidelines for Employees' to use when contracting for professional services, and applies to all *Community/Organization* Employees.

#### **2. Management Policy**

As a general rule when contracting for professional services, Employee's must ensure that "Best Value" is obtained.

#### **2.1 Capacity to Contract**

2.1.1 Only the Band Manager/Executive Director or the Finance Manager/Director of Finance may legally bind the Community/Organization. Accordingly, Employee's can use approved contract forms as applicable. These contract forms are various and can typically include forms such as a:

- 'Contractor Bid Evaluation form';
- 'Contractor form' (or the actual contract);
- 'Contract Authorization form';
- 'Contract Amendment form'; and/or,
- 'Contractor Assessment form'. [*Specific samples are community organization specific and not included with template*].

2.1.2 Employee's must ensure that two copies of the 'Contract' for the contractor are attached to the Community/Organization 'Contract Authorization Form'. This package must be routed through three approvals, namely, the Manager/Director, then to the Finance Manager/Director of Finance, and finally the Band Manager/Executive Director.

2.1.3 Contracts must be authorized before the work begins. Under no circumstance may work begin prior to a written contract. Where work commences before proper authorization, the responsible Manager/Director of the Division or Department must provide a letter to the Band Manager/Executive Director justifying why this occurred.

2.1.4 Each contract must have a contract number which is based upon the fiscal year ending, cost code number and numerical number of contracts within that cost code. This number is assigned by the Finance Manager/Director of Finance.

## **2.2 Sole Sourcing**

2.2.1. Where the total value of the contract is up to \$20,000 or lower for example, including amendments, a Manager/Director may sole source to an individual or firm. The Manager/Director must ensure that he or she verify the professional daily or hourly rate for the contractor.

2.2.2 Typically a letter from another Community/Organization which also hired the contractor would be sufficient. Furthermore, a sole source justification must accompany the contract which states why this



contractor was selected and why this is the only contractor who can perform the work.

### **2.3 Competitive Bidding**

- 2.3.1 Where the total value of the contract is *over \$20,000 for example*, including amendments, a *Manager/Director* must initiate a Request for Proposals (RFP) process and ensure that a minimum of three (3) bids is received for the contract.
- 2.3.2 The *Manager/Director* must evaluate the bids by using the ‘*Contractor Bid Evaluation Form*’, typically available through the *Community/Organization* Finance Division or Department. He/she must establish an ad hoc RFP Assessment Team composed of three *Community/Organization* Employees, two of whom must be a *Community/Organization Manager/Director*, and he/she must be guided by the Team’s decision.
- 2.3.3 A similar process must be followed in the case of contracts whose total value is *in excess of \$20,000 per annum for example*, except that the RFP Assessment Team makes a recommendation only. The contract is then referred to the *Community/Organization* Finance Committee.
- 2.3.4 Final authorization for the contract must be obtained from the *Chief and Council/Board of Directors* which will base its decision on the recommendation of the Finance Committee.

### **2.4 Contract Splitting**

- 2.4.1 Contract splitting is not allowed. For purposes of this policy, contract splitting is defined as the dividing of a total contract requirement into one or more smaller contracts in order to avoid the contract authority guidelines set forth in this policy or any other financial or administrative policies of the *Community/Organization*.

### **2.5 Employer – Contractor Relationship**

- 2.5.1 Under no circumstances may a contractor be in an Employee – Employer relationship with the *Community/Organization*. For example, a contractor may not :
- have *Community/Organization* assets (e.g. cell phone, computers, etc.);
  - be provided with an office in the *Community/Organization* building;

- be on the Community/Organization payroll;
- have his/her hours of work determined by a Community/Organization Employee;
- have a time sheet signed by a Community/Organization Employee; and/or,
- be subject to the day-to-day direction of a Community/Organization Employee.

2.5.2 Under no circumstances may a contract be entered into with an individual which would have the effect of creating an Employer-Employee relationship with the Community/Organization.

## **2.6 Professional Fees**

2.6.1 The Community/Organization will pay for Professional fees, travel expenses in accordance with Treasury Board Guidelines. The contract must clearly set out what the Community/Organization will be paying for (e.g. professional fees, travel up to a maximum amount).

2.6.2 Professional fees should only be paid upon receipt of a written invoice signed by the contractor and a previously agreed upon deliverable (e.g. report, activity report, etc.).

2.6.3 A contract advance can be provided to the contractor up to 15 percent for example, of the value of the contract. Under no circumstances may contract advance exceed 15 percent of the value of the contract, for example. A contract advance may only be provided were the contractor is a:

- sole proprietor and requires funds to commence the requested project; or,
- small firm that requires financial assistance to commence the project.

## **2.7 Amendments**

Contract Amendments must be properly authorized through the same procedure as outlined above. A Manager/Director must use the 'Contract Amendment Form', available through the Community/Organization Finance Division or Department.

## **2.8 Contract Management**

Every Manager/Director must ensure that no payment is made in excess of the contract. At year-end, each Manager/Director must ensure that all

invoices are received by the contractor if the contract is to be charged to the old year.

## **2.9 Contractor Evaluation**

At the end of each contract, a Manager/Director should ideally complete a 'Contractor Assessment Form', available through the Community/Organization Finance Division or Department. This form should ideally be forwarded to the Finance Manager/Director of Finance.

## **2.10 Disclosure**

2.10.1 Every Manager/Director must disclose all contracts of any value to the respective Band Manager/Executive Director.

2.10.2 On a quarterly basis, the Finance Manager/Director of Finance must disclose to the Finance Committee a list of all contracts approved in the previous quarter. The list must contain the contract number, contractor, purpose and amount.

## **3. Roles and Responsibilities**

3.1 The Finance Manager/Director of Finance is responsible for:

- implementation and monitoring of this Contract Policy; and,
- making decisions within program budgets where doubt exists.

3.2 The Band Manager/Executive Director is responsible for:

- making decisions within program budgets where doubt exists; and,
- reporting instances of non-compliance to this policy to the Finance Committee.

3.3 Employees of the Community/Organization are responsible for:

- adherence to this policy; and,
- ensuring that best value is obtained on contracts.

3.4 A Manager/Director has the responsibility to:

- inform their staff of this policy for Contracting Professional Services;
- bring to the attention of the Finance Manager/Director of Finance and Band Manager/Executive Director, any instances of non-compliance to this policy; and,

- bring to the attention of the Finance Manager/Director of Finance and Band Manager/Executive Director for decision any circumstances where there may be doubt.

**4. Definitions**

- 4.1 'Employee' means a person hired by the Community/Organization on a permanent or temporary basis.
- 4.2 'Professional fees' means a set fee for contractual service undertaken by an independent contractor, and these fees are subject to T4As [*where applicable*].

## **Module 7: SAMPLE Instruments of Delegation**

**Overview:** As referenced in Modules 1 and 2, Module 7 includes examples of forms that can serve to formalize all delegated financial authorities, relative to spending approval and signing authority.

### **Sub-Module 7.1: SAMPLE Instrument/Letter of Delegation**

**Synopsis:** This sample letter of delegation is intended to clarify and formalize responsibilities delegated to a *Community/Organization's* senior management, whether staff-related responsibilities, responsibilities relative to hiring, attendance, orientation, procurement, contracts, and due process where needed. Relative to this sample form, the delegations mirror the limits of the sample financial policies and procedures described in Modules 1 and 2.

\*\*\*\*\*

#### **Name of Community/Organization**

This letter is intended to clarify items to be delegated to the *Manager/Director* exercised within respective levels of authority. It is critical to note that these delegations are within the limits of the bylaws and approved financial policies and procedures of the *Community/Organization* that have been adopted to implement these delegated authorities. It is also explicitly understood that all delegated acts are to be conducted within the applicable laws and regulations affecting the *Community/Organization*.

#### **1. Staffing**

- 1.1 Staffing actions for individual Employees are the responsibility of the *Manager/Director* within the limitations and requirements outlined in the *Community/Organization* Financial Policies and Procedures.
- 1.2 Templates for job positions, reference verification/documentation and letters of offer must be followed and are the responsibility (*typically*) of the *Human Resources Manager/Director*.
- 1.3 The *Human Resources Manager/Director* serves as an advisor to the *Manager/Director* for the purpose of clarifying the required process.

- 1.4 Various responsibilities are delegated to the Human Resources Manager/Director, specifically job posting, verifying references and drafting of hiring practices, letters of offers, and preparing the hiring or firing recommendations for the approval of the Band Manager/Executive Director.

## **2. Hiring Process**

- 2.1 The process for hiring includes the following steps for which the Human Resources Manager/Director has the responsibility and in some cases, are subject to approvals by the Finance Manager/Director of Finance and the Band Manager/Executive Director, including:
- Development of Employee's Job Description(s);
  - Writing the job posting for the position including mandatory, desirable and optional requirements to aid in screening applicants;
  - Recommend the salary range, upon which the Finance Manager/Director of Finance will approve the salary range in accordance with the Community/Organization Financial Policies and Procedures, pending the final decision of the Band Manager/Executive Director;
  - Posting of the position;
  - Developing a hiring strategy according to the nature of the position that includes creating a hiring committee for permanent, Officer levels positions;
  - Screening of applicants;
  - Drafting a formal interview process (and as required screening instruments) to ensure fair competition based upon objective measures;
  - Verifying references;
  - Preparing the hiring recommendations for the Band Manager/Executive Director, and summarizing the outcomes of the competition and recommended action before the offer is given to the successful candidate;
  - Drafting the letter of offers, and any special conditions including in the letter of offer or upon the acceptance of the letter of offer, including relocation costs of over \$3,000 for example, for permanent Employees, must be approved by the Finance Manager/Director of Finance, and would be noted in the hiring recommendation. The Band Manager/Executive Director must approve all commitments of hiring and will sign the letter of offer;

- Performance appraisal at the probation and annual stages (March of every fiscal year);
- Termination of Employees shall require a briefing indicating the reasons for dismissal, approved by the Band Manager/Executive Director;
- Annual increments or other pay adjustments such as re-classifications will also be initiated by the Manager/Director, and recommended based on Community/Organization Financial Policies and Procedures. Only the Finance Manager/Director of Finance and the Band Manager/Executive Director have the concurrent authority to approve such adjustments.

### **3. Attendance**

- 3.1 Attendance and overtime are the responsibility of the Manager/Director.
- 3.2 Verification and approval of time sheets for Employees is the responsibility of the Manager/Director, and these are submitted monthly with the Division or Department's time sheets.
- 3.3 The Controller is responsible for verifying information and adjusting payroll as well as recording the entitlements for annual leave, sick leave and overtime.
- 3.4 Updates will be provided to Employees, and to the Manager/Director upon request.
- 3.5 Overtime and other entitlements will be managed in accordance with the Community/Organization Financial Policies and Procedures.

### **4. Orientation of New Employees**

- 4.1 The Manager/Director or designate will show the new Employee his/her work area, and:
  - Provide a copy of the Community/Organization Staff Policies and Procedures, the Community/Organization Financial Policies and Procedures Manual, and other relevant Policies and Procedures Manuals (e.g. Administrative Policies and Procedures);
  - Explain the Community/Organization computer system (local area network);
  - Explain the computer directory system, software and printing facilities;

- Explain the telephone system, including coding for toll calls, and provide a chart of codes;
- Explain the Fax system, including coding for toll messages, and provide a chart of codes;
- Show and explain photo copying equipment, including coding for department or function, and provide a chart of codes;
- Explain how to process outgoing mail;
- Explain how to requisition office supplies;
- Provide Staff Time Sheets, and explain how to complete it; and,
- Explain where to access to other forms, including forms such as Requests for Travel, Fax Transmittal, Supplies Requisition, Contract forms, and any additional forms as required.

## **5. Due Process**

- 5.1 It is the role of the *Human Resources Manager/Director* to ensure that due process has been followed and that human resource processes are conducted in a fair and transparent fashion as per the *Community/Organization* Financial and Staff Policies and Procedures.
- 5.2 Where there are concerns regarding the selection process or disciplinary process, it is the responsibility of the *Manager/Director* to address there concerns or to conduct an appropriate remedial process. This is part of the risk management process within the *Community/Organization*, that is, it has implications for reducing the risk of successful litigation against the *Community/Organization*.

## **6. Procurement**

- 6.1 The *Community/Organization* Finance Division or Department is responsible for ensuring that necessary authorizations and documentation are provided with requests for payment and that the appropriate policies and procedures have been followed.
- 6.2 The *Manager/Director* and/or the *Finance Manager/Director of Finance* have the authority to initiate and approve expenditures based on upon the approved work plan and budget and consistent with the *Community/Organization* Financial Policies and Procedures.
- 6.3 Each *Manager/Director* will oversee the direct purchasing of office supplies through separate unit accounts created with suppliers.



- 6.4 Acquisitions in information technology will be approved by the respective Manager/Director and the Finance Manager/Director of Finance since technical requirements, such as system compatibility and technical support, must be taken into account.
- 6.5 For a Manager/Director occupying the Community/Organization office accommodations, acquisitions that relate or may impact these accommodations such as storage or cooking of food must be approved by the Finance Manager/Director of Finance due to potential negative impacts on health and safety, and relating to the multi-unit sharing of accommodations.
- 6.6 Furniture and equipment purchased will be appropriately labeled and where necessary, insured. The Community/Organization Finance Division or Department will conduct an Annual Inventory of Assets and annual purchases contributed by the entire Community/Organization.

## **7. Contracts**

- 7.1 The Manager/Director is responsible:
- For initiating contracts and following the Spending Authority Delegation approved by the Chief and Council/Board of Directors. This includes drafting and posting the Request for Proposals (RFP) as per the template provided by the Community/Organization Finance Division or Department;
  - For reviewing the proposals and being part of the selection of a contractor;
  - For summarizing the outcomes of the RFP and identifying a contractor. This summary is copied to the Finance Manager/Director of Finance;
  - For drafting the contract with the Community/Organization template. This should be sent to the Finance Manager/Director of Finance for sign off by the Finance Manager/Director of Finance;
  - Changes to the template or terms and conditions require written approval of the Finance Manager/Director of Finance;
  - The Finance Manager/Director of Finance has responsibility for preparing the final two (2) hard copies, and will have the responsibility of signing the contracts and sending both to the contractor for signing;

- Once signed copies return, the original contract must be forwarded to the Finance Manager/Director of Finance and the Manager/Director may keep a copy for their files; and
- For assuring the contractor is providing the service as described in the contract as well as initiating expenditures through the Community/Organization Finance Division or Department, with appropriate invoices as support documentation.

---

*Manager/Director*

---

**Date**

---

*Finance Manager/Director of Finance*

---

**Date**

---

**Witness**

---

**Date**

**Sub-Module 7.2: SAMPLE Advice of Delegation (Spending Approval Form)**

**Synopsis:** This sample spending approval form, as referenced in Modules 1 and 2, is used to validate the spending approval authorities which have been approved in the *Community/Organization's* financial policies and procedures.

\*\*\*\*\*

**Name of Community/Organization**

This document validates the Spending Approval authorities outlined in the Community/Organization Financial Policies and Procedures Manual.

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

**Position:** \_\_\_\_\_

**Job title of Manager/Director**

**Authorities**

<b>Restrictions:</b>	None <i>for example</i>
<b>Spending Authority:</b>	Maximum <i>of \$20,000 for example</i>
<b>Approval Authority:</b>	Maximum <i>of \$20,000 for example</i>
<b>Cheque Signing Authority:</b>	None <i>for example</i>

I understand my authorities, obligations and responsibilities with respect to these delegations as set out in the Letter of Delegation document.

\_\_\_\_\_  
*Manager/Director* **Date**

\_\_\_\_\_  
*Finance Manager/Director of Finance* **Date**

\_\_\_\_\_  
**Authority Rescinded** **Date**

**Reason:**  
\_\_\_\_\_

\_\_\_\_\_  
*Finance Manager/Director of Finance* **Date**

\_\_\_\_\_  
**Acknowledged by the Employee** **Date**

**Sub-Module 7.3 - SAMPLE Validation of Authority (Signing Authority Card)**

**Synopsis:** This sample signing authority card is intended to ensure that a staff person employed by a *Community/Organization*, is duly authorized to approve expenditures, for specific cost codes, within the prescribed limits which have been approved in the *Community/Organization's* financial policies and procedures

\*\*\*\*\*

**Name of Community/Organization**

This signing authority card is intended to ensure a person employed by the Community/Organization is duly authorized to approve expenditures from specific cost codes. The authorized person is attesting that the expenditures are:

- a) within an approved budget;
- b) legitimate, according to the Community/Organization Financial Policies and Procedures;
- c) maximum allowable: \$20,000 for example, except for Finance Manager/Director of Finance or Band Manager/Executive Director; and,
- d) primary signor must be approved by Finance Manager/Director of Finance.

**1. Primary Signing Authority:**

_____	_____	_____
Print Name	Signature	Initial

**2. Alternate Signing Authority(ies):**

_____	_____	_____
Print Name	Signature	Initial

_____	_____	_____
Print Name	Signature	Initial

**3. Authenticated by:**

_____	_____
<i>Finance Manager/Director of Finance</i>	Date