

**Kitasoo Xai'xais Nation
Operations Manual**

**Section 4
Finance**



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4.01 Purpose of Financial Policy - The purpose of these policies and procedures is to create an environment within which KXN can operate and maintain strong internal controls, accountability and transparency to ensure the integrity of the financial information through standardized financial management processes for all departments and programs within KXN.

KXN will be able to utilize the assets entrusted to it in the most efficient and effective manner for the benefit of all members and future generations.

4.02 Accounting Standards - First Nations are involved in different activities; their financial statements must follow a set of common rules used by all levels of government, corporations, and other organizations. The use of these rules and standards helps First Nations conduct business with financial institutions and other governments. These rules are referred to as Generally Accepted Accounting Principles (GAAP), and they are prescribed by the Canadian Institute of Chartered Accountants (CICA).

The financial statements are audited annually in accordance with Generally Accepted Auditing Standards (GAAS) by an independent professional auditor to ensure that the financial statements are presented fairly in accordance with Generally Accepted Accounting Principles (GAAP). First Nations also refer to the recommendations of the Public Sector Accounting Board (PSAB).

4.03 Financial Management - While the method or system of financial management may vary, the basic principles of effective financial administration remain the same. These basic principles include accurate, up-to-date record-keeping to facilitate budget control. Chief & Council, through delegated authority to the General Manager and the Finance Officer (Comptroller), will ensure strong internal financial controls and security through the careful development and implementation of their bookkeeping/accounting system and financial management policies.

This section provides general policies concerning the financial management and accounting system.

- a. Council is solely responsible to approve and adopt Financial Policies regarding controls which will be used to perform the financial management. The General Manager will review any proposed amendments to the policy and procedures with the Council.
- b. The General Manager and Finance Officer (Comptroller) are responsible to enforce and maintain the Financial Policy and Procedures.
- c. Council will adopt an accounting system, which will ensure that all funds received and expended are properly recorded and debited/credited to the proper account; and that financial reporting requirements for funding agencies are met, as per contractual agreements.
- d. The General Manager and the Finance Officer (Comptroller) will ensure that all designated finance employees have adequate knowledge and abilities to maintain duplicate, cross-referenced bookkeeping, filing, and accounting systems to enable rapid information retrieval and/or verification of individual transactions, when required.

- e. An adequate double entry accounting system will be maintained weekly to record all financial transactions. This system will record:
 - All assets and liabilities
 - All receipts and receivables
 - All disbursements and payables
 - Details of employees' salary and payroll deductions
 - Commitments for services, and benefits/goods received, but not immediately paid for (payables)
- f. A General Ledger will be maintained and updated monthly to facilitate a continual accounting of revenue received, expenses incurred, and changes to assets, liabilities, and equity.
- g. Bank reconciliations will be prepared monthly, upon receipt of bank statements and cancelled cheques.
- h. Accounting and reporting systems will be based on fund accounting principles; all incoming funds and outgoing expenditures will be debited/credited to the appropriate department/program.
- i. Employees using computerized accounting systems will have duplicate back-up copies of financial records to ensure that records stored on the computer are not lost in the event of a failure in the system.
- j. It is recommended that employees who handle cash and cheques be bonded and insured.
- k. Financial authorities and responsibilities of individual employees will be clearly defined and recorded in the employee's personnel file.
- l. Chief & Council will approve the designation of cheque-signing and spending authorities.

4.04 Financial Statements and Reporting Requirements - Monthly and Quarterly financial statements are the responsibility of the General Manager to report to Chief & Council on the financial affairs of KXN. Financial statements are the primary source of information on which proper planning for future expenditures is based. Therefore having a good understanding of the current financial position on a monthly and quarterly basis is essential for sound management and proper decision making.

- a. The General Manager with the assistance of the Finance Officer (Comptroller) are required to prepare financial statements in a timely manner and report to the Council on a monthly basis.
- b. Each Department/Program Manager responsible for a Department/Program budget are to present a monthly and quarterly progress report to be delivered to the General Manager at the monthly management meetings, which is least a week prior to the scheduled monthly Council meeting. Each Department/Program progress report should include a summary of the service delivered and work performed during the last month and/or quarter as per the Department/Program annual work plan and budget.
- c. The General Manager with the collaboration of the Finance Officer (Comptroller) are to prepare monthly financial statements each month and quarterly financial statements at the end of each quarter showing the financial position for each program and department. A

- variance report is also to accompany the completed financial statements on a monthly basis to compare budget to actual revenues and expenses.
- d. The General Manager presents the financial statements monthly to Council at a regular Council meeting with a report explaining any variations or concerns. During the same meeting, the General Manager also presents Service Delivery progress report from each Department/Program. At the end of each quarter, the General Manager presents to Council at a regular meeting the quarterly financial statements, the Department/Program progress reports with an explanation on any variations or concerns.
 - e. Financial statements are to be reviewed by Chief & Council and formally adopted through motion, with the corresponding motion appearing in the Council meeting minutes. Any variance reports and progress reports submitted to address program expenditure shortage/overages and service delivered or work performed as per work plan will be reviewed and approved at that time.
 - f. Financial statements reviewed and approved will be filed in an appropriate manner to facilitate a speedy and efficient annual year-end audit.
 - g. The Finance Officer (Comptroller) is responsible for maintaining adequate filing and retrieval systems for accounting information.
 - h. When Council is to make any financial decision the financial statements must be reviewed.
 - i. An annual audit must be completed annually. The auditor will be requested to present the audited financial statements to the Council prior to the approval signing.
 - j. To comply with accountability and transparency the annual financial statements are to be presented to the Membership annually.
 - k. To comply with accountability and transparency Council will give the membership a right of access to financial audit.
 - l. This Policy also sets out specific limited exceptions to the Membership's right of access to certain financial records. See Financial Information Disclosure – Section 4.28 for details.

4.05 Annual Budget Preparation and Approval - Budgets promote responsible management, planning, and decision-making. Budgeting is a crucial part of the planning process in any organization. Realistic planning for all projected costs helps to prevent deficits by establishing budget expenditures in accordance with actual revenue, before incurring the costs. This involves deciding priorities for budget expenditures, with the full knowledge of projected costs.

When preparing the annual budget, it is necessary to include all expected inflows and outflows of funds. To do so, an analysis of past cash flows is required. Although the future cannot be expected

to mirror the past, a thorough examination of past cash flow trends is the first step in effective cash flow forecasting. This section provides general policies concerning budgeting.

- a. Budgets are prepared annually and approved by the Council.
- b. The budget preparation process is described as follow;
 - i. In January of each year the General Manager and his/her staff will prepare a budget package with guidelines and instructions for completion by the department/program managers who have spending authority. These packages will be distributed to the departments/programs for their use in preparing their annual budgets.
 - ii. The department/program managers shall prepare an annual budget for the upcoming year for their respective department/program and as soon as the required budget information is received from INAC. The budget shall contain description of the proposed activities to be undertaken. Under certain conditions or special circumstances, specific department/program budgets can be given different priorities when necessary and applicable.
 - iii. The General Manager and his/her staff will review the budget submissions from departments/programs for numerical accuracy and conformity to guidelines. Any necessary amendments will be made only with the approval of the department/program manager.
 - iv. The General Manager will forward the individual department/program budgets to Council for review and approval. The department/program managers may be called to present their budget at the request of the Council.
 - v. Once all department/program budgets have been approved by Council, the General Manager and his/her staff will prepare a consolidated budget by the first week of March for review and approval by the Council.
- c. For each department/program budget, Council may increase allocation of funds, reduce allocation of funds or reallocate funds to different programs only where it does not conflict with funding agreements.
- d. Approved budget is to be forwarded to the General Manager and Finance Officer (Comptroller). Department/Program managers are informed of the approval of their respective budget and a copy of respective budgets are distributed.
- e. The approved budgets are to be managed by the General Manager, Finance Officer (Comptroller), Department/Program Managers according to their work plan. This is to ensure there are no surpluses and deficits.
- f. For reporting purposes the Budget is to be included with the Financial Statements along with a variance report.
- g. Council may amend the Annual Budget at any time before or after implementation by a Council Resolution (BCR). The budget BCR file must be made available to the auditor at the year end.

4.06 Budget Monitoring - Once the budgets have been approved by Council, the General Manager and Department/Program Managers will have authority to expend up to but not over their budget. The General Manager or Finance Officer (Comptroller) will prepare monthly actual budget comparison statements on a timely basis highlighting any potential variances for the

Department/Program Managers and Council.

4.07 Balanced Budget Policy – The Annual Budget and Department/Program Budgets must be balanced budgets.

- a. Balanced budgets ensure that expenditures do not exceed revenues for all Programs;
- b. The General Manager, the Finance Officer (Comptroller) and Department/Program Managers must review the financial statements and the variance report. (Comparing actual revenues and expenditures to the approved Budget);
- c. The General Manager must notify the Council if there is any problem in a Department or Program related to budget balancing;
- d. The General Manager and the Finance Officer (Comptroller) will ensure that any Program inter-fund transfer or reduction of budget to balance the budget are appropriate, reasonable and as per Council's authorization;
- e. Council must approve any revision of the Annual Budget by a Band Council Resolution. The budget Band Council Resolution file must be made available to the auditor at the year;
- f. Any surplus funds shall be kept within the department/program in which they resulted. The amount of surplus shall be clearly identified in the revenue side of each department/program budget and the use of those surplus funds be reflected in the expense side of the budget.

4.08 Department /Program Deficit Policy - Financial statements and the variance reports must be monitored to ensure that a program will not be operating in a deficit position.

- a. The General Manager or Department/Program Managers cannot authorize an expenditure that will result in an overall deficit within a Program.
- b. The Finance Officer (Comptroller) must notify the General Manager that a proposed expenditure will result in a deficit. If budget amendments or adjustments cannot correct the deficit situation, a proposal must be presented to Council to operate the program in a deficit situation.
- c. The Council may approve or decline the deficit and convey their decision to the General Manager to take the necessary actions.

4.09 Authorization for Expenditures – The authorization for expenditures are as follows;

- a. Council has signing authority for approved budget totals. Council may delegate specific expenditure authorization responsibilities to the General Manager and other management employees.
- b. General Manager delegates expenditure signing authority within the Departments/Programs.
- c. Expenditures must be according to the approved budget, the General Manager and/or Department/Program Managers are responsible for providing the applicable information to the Finance Officer (Comptroller) in a timely manner for the purpose of updating the accounting system.

- d. On a regular basis the General Manager will verify the issuance of purchase orders by reviewing the Purchase Order Ledger to ensure conformity to the policies and allocated budgets.

4.10 Honorarium – All Council and Committee members shall be paid monthly meeting and base honorariums. The Chief Councillor is instead paid an annual salary. The Council may also set an additional monthly honorarium in recognition of the duties of the Deputy Chief.

The rate of honorariums and the Chief Councillor's salary are set while approving the administration budget. The General Manager, or an accountant hired by the Nation shall first provide recommendations considering the affordability to the Nation, position responsibilities and duties, inflation, and rates paid by other First Nations in British Columbia.

Monthly base honorariums are paid to all Council and Committee members in recognition of their work between properly called regular and special meetings.

In order to encourage good attendance, meeting honorariums are paid for each properly called standing and special meeting that Council or Committee members attend in person, by video or telephone conference. If a Council or Committee member is late, leaves early, or is absent during part of the meeting, then the meetings minutes must note their arrival and departure times, and their meeting honorarium will be reduced based on the amount of time they missed in the meeting. If the absence was very short or in exceptional circumstances such as an unexpected family emergency, or when the absence is due to the member needing to attend the Council or Committee's work elsewhere, the attending members may vote to pay an entire meeting honorarium to a member who has missed part of a meeting.

Additional Council and Committee meetings may be eligible for meeting honorarium if approved by Council, for example: portfolio meetings, or job selection meetings attended by a Council or Committee member.

The acting Chair or Chief of the committee or Council meeting is responsible for forwarding a record of meeting attendance, such as the minutes, after every meeting to the Finance Department so that members can be paid for their attendance.

Although every effort is made for Council, Boards and Committees to hold their scheduled meetings outside of regular work hours, it is sometime not practical to do so. Council, Board and Committee Members who are employed by KXN either as permanent full-time or part-time and receive salary, will continue to receive either their regular salary or wage while required to attend a scheduled Council or their meeting honorarium, whichever is higher.

Records regarding all financial payments made to Councillors are available to the membership for inspection by the Finance Department.

4.11 Travel Policy - This section of the policy establishes the rules and procedures for travel, authorization, travel arrangements and financial accountability.

- a. Council and employees will be required to travel on occasions and shall be entitled to receive reimbursement of travel expenses under the following guidelines:
 - i. Employees' travel must be pre-authorized by the Department Manager. Department Manager's travel will be pre-authorized by the General Manager, the General Manager's travel will be pre-authorized by Council and a Councillor's travel will be

- pre-authorized by the Chief. The Chief's will be pre-authorized by the Chief Oversight Committee or their delegate. Such authorization will be contingent upon;
- Travel costs being within the purchase authority limits and being within travel budget limits;
 - Sufficient funds being available in the designated expense account;
 - Chief & Council having final authorization should the purpose of the travel be in question.
- ii. The expenses were for legitimate business of KIXN;
 - iii. The expenses are reasonable and in adherence with these Travel Policies;
 - iv. The funds have been set aside in a travel budget;
 - v. The employee or Council submit a travel expense voucher with all supported receipts.
- b. Request for travel must be submitted in writing to the respective Department Manager (or General Manager or Chief & Council when applicable) prior to departure and should include;
- i. Estimated total cost of the trip;
 - ii. Expected time of departure and return;
 - iii. Mode of transportation required;
 - iv. Reason for travel.
- c. Travel budgets will be established when funds are available. Each project or program will have a coded expense account established and designated for travel purposes. Such accounts will include approved budgeted funding limits;
- d. Upon receiving travel authorization, it will be the responsibility of each employee or Councillor to ensure coordination of travel arrangements. Each employee and Councillor are responsible to collect all travel information necessary, make their own travel arrangements, book accommodations, prepare travel itineraries and travel expense claim forms. Coordination of all travel arrangements is to be completed in a timely manner;
- e. Travel advances will be issued based on the submission of approved travel expense claims. Upon approval of the travel advance/expense claims the General Manager or their delegate will ensure a cheque is issued;
- f. Upon return from travel, employee or Councillor will reconcile their travel claim form. Travel expense claims will reflect the actual costs of travel minus any travel advances issued. Receipts must be provided to support any additional out-of-pocket travel expenses the employee or Councillor wishes to claim. Additional costs may include:
- Taxi fares
 - Bus fares
 - Airport improvement fees
 - Parking fees

- Vehicle rentals

- g. From time-to-time, host agencies of conferences and meetings will subsidize or partially subsidize transportation and accommodation expenses. In these cases, the Councillor or employee will provide a copy of his/her travel expense claim, in accordance with host agency rates, with any supporting receipts to the General Manager or his delegate for expense reimbursement;
- h. A Councillor or employee who fails to attend meeting/conference sessions will be required to notify their Manager (General Manager or the Chief when applicable) outlining the reasons. Should a Councillor or employee receive a travel advance for a trip not taken, that Councillor or employee will be required to repay the travel advances within five (5) working days.
- i. Any Councillor or employee who cannot attend the out of town meeting or conference for which travel arrangements have already been made must personally cancel those travel arrangements and notify their Department Manager or the General Manager or the Chief in the case of a Councillor;
- j. All employees and representatives using private vehicles to travel on authorized business must have a valid class five (5) and current third party liability vehicle insurance;
- k. Councillor and employee has a choice in selecting a preferred mode of transportation should the business location be accessible by both methods of air or ground transportation. However, the Council reserves the right to reimburse the Councillor and employee the lesser costs of ground mileage or airfare. Reimbursement will not cover business or first class airfare;
- l. Travel allowances: Meals, incidentals and mileage rates are set as per Treasury Board guidelines. See attached **Appendix "4A"** for current applicable rates;
 - i. Private vehicle allowance for Council and employee staff may be claimed at the current rate offered by Council;
 - ii. In the event that two persons travel together in the same vehicle, only the owner of the vehicle may claim the private vehicle allowance;
 - iii. Councillor and employee who travel on authorized business will be provided with meal and incidental allowances in accordance with the current rate offered by Council.

Eligibility to claim meal allowances will be as follows:

- Breakfast: departing or on travel status on or before 7:00 am
- Lunch: departing or on travel status on or before 12:00 pm
- Dinner: arriving or on travel status on or before 7:00 pm

Meal allowances cannot be claimed if:

- Meals are provided at the meeting
- There is only a partial days travel
- Another travelling member pays for the meal

- m. Councillor and employees are encouraged to stay at the private residence of friends or relatives whenever possible. Private accommodations will be compensated at a rate of \$50.00 per night.
- n. Councillor or an employees who requires the use of commercial accommodation will ensure the rates for accommodation are reasonable and approved by the General Manager.

4.12 Receipt and Deposit of Funds - This section outlines the policies and procedures for the receipt, safekeeping, and deposit of funds:

- a. Designated employees will be appointed to handle cash and cheques on behalf of KXN. It is recommended that designated employees handling cash and cheques be bonded and insured and that they are fully aware of the internal security controls defined in this policy manual;
- b. The designated employees will ensure all cheques and cash received are stored in a locked drawer or safe until they are deposited into the bank;
- c. All cheques received for deposit will immediately be endorsed on the reverse side with the account number and an endorsement stamp stating “for deposit only”;
- d. All cheques and cash received will be recorded by the designated employees on pre-numbered receipts. Each receipt will have the following entries made:
 - The date the cheque or cash was received;
 - The name of the payer;
 - The amount received;
 - The account number or person to receive credit on account;
 - Purpose of remittance.

The original receipt is to be given to the individual when paying by cash or mailed to the payer when cheques are received by mail. The duplicate copy is to be kept in the receipt book. The receipts book will be locked in a safe place;

- e. The designated employee will deposit all funds received, within ten (10) business days, intact in the appropriate bank account;
- f. When preparing funds for deposit, the designated employee will sort the cheques according to the account numbers recorded on the back of each cheque, along with the cash that is to be deposited into the account. Deposit slips will be prepared in duplicate. Each deposit slip will contain:
 - The current date;
 - An account number and Name of Account;
 - A list of cheques and amounts to be deposited;
 - Total cash;
 - The total amount of the deposit.
- g. The Finance Officer (Comptroller) will review all items listed and totals shown on each deposit slip to verify them. It is the Finance Officer (Comptroller)’s responsibility to ensure deposits

are made in a timely manner and post all deposits to each bank account as debits in the appropriate batch general ledger accounts;

- h.** The Finance Officer (Comptroller) will reconcile all deposits contained in the month-end bank statements received from the bank with the deposit book. Receipt books are used for reference purposes only.

4.13 Commitment of Funds (using Purchase Orders) - The policies and procedures contained in this section address proper procedures for controlling expenditures of committed funds (using purchase orders).

- a.** Purchase orders are to be used to commit funds for the purchase of goods or services;
- b.** Chief & Council will designate positions within KXN with purchasing authority, authority limits or authorized accounts. Any changes made to purchase authority positions, authority limits, or authorized accounts will be approved by a quorum of Chief & Council and duly recorded in meeting minutes;
- c.** Blank numerically sequenced purchase order forms (in triplicate) will be issued and controlled by Finance Officer (Comptroller). The blank purchase order forms are to be safely guarded under lock and key. When releasing a Purchase Order Form, the Finance Officer (Comptroller) will enter the following information in a Purchase Order Ledger;
 - Purchase Order number;
 - Date of issuance;
 - Name of employee who requested the purchase order;
 - The Department;
 - Description of goods or service being purchased.
- d.** Purchase orders exceeding the designated employee's purchase authority, which has not been subject to prior approval in the budget must be reviewed and approved by Chief and Council;
- e.** Any employee, who wishes to purchase a good or service, will obtain the best possible financial arrangement. This means obtaining the best possible price quotes, bulk purchases and shipping cost available;
- f.** When issuing a purchase order form, the authorized designated employee must ensure of the following;
 - Those funds are available for the expenditure as per approved budget;
 - That the expenditure is made in accordance with the purchase authority and the established guidelines and procedures;
 - That if the expenditure exceed the purchase authority of the designated employee or is not pre-approved in the budget, that an approval from Chief & Council has been obtained;
 - That the goods to be purchased are required;
 - That the product or service is in accordance with the funding/contractual agreements for which it is being purchased;

- That the purchase order is properly coded;
 - That a copy of the purchase order form is submitted to the Finance Officer (Comptroller).
- g.** All purchase orders are to include the following information:
- The name of the supplier;
 - The description of the good or service;
 - The approximate unit price and quantity;
 - An authorized signature.
- h.** The Finance Officer (Comptroller) or the authorized designated employee will ensure that:
- All invoices received are reconciled with the purchase order forms;
 - The quality and quantity of all items on order are certified received;

4.14 Disbursements - Since all purchases will have funds committed using purchase orders, this section outlines the policies and procedures for other cash disbursements without a purchase order.

- a.** All disbursements must be made by cheque and all cheques must be pre-numbered;
- b.** No cheque will be issued without an invoice or approved purchase order and that the authorized designated employee responsible for the order of goods or services has certified the reception of goods or services, the validity of the invoice, that the price and total charge on the invoice is verified against the purchase order or agreement with the supplier and that the payment is justified;
- c.** Prior to issuing a cheque the designated financial employee responsible for account payable must verify that funds have been set aside in the appropriate department/program's approved budget and submit a Cheque Requisition Form along with the invoice to the General Manager for approval. Once approval is received, a cheque can be prepared, encoded with proper account number, signed by two authorized signatories and issued;
- d.** No cheque shall be issued for expenditures which exceed the approved department/program activity budget without prior approval by Council;
- e.** Should there be any discrepancies between the amount of the purchase order or goods/services received with the amount appearing on the invoice, the General Manager must be notified and he will attempt to reconcile the difference with the authority that signed the original purchase order and/or the supplier;
- f.** Only after the invoice has been validated and reconciled, will payment be made and a cheque issued. The invoice will be properly marked as "Paid" and with the cheque number. The invoice and proof of payment will be submitted to the Finance Officer (Comptroller) or his delegate, who will enter the transaction in the accounting system by making the appropriate entries;
- g.** Each cheque will bear the signatures of two (2) authorized signing authorities. One of the signatures must be the General Manager or in his absence, the acting General Manager;

- h.** Any changes to signing authority names must be approved by a quorum of Chief & Council and noted in meeting minutes. The bank will be notified of any changes in signing authority;
- i.** No cheque will be signed until the amount and the name of the payee is entered on the cheque. A blank cheque shall never be signed;
- j.** For audit purposes and as proof of payment, the Finance Officer (Comptroller) will ensure cheque stubs include the following information:
 - The date of the payment;
 - The amount of the payment;
 - The cheque number;
 - To whom the payment was made.
- k.** All documentation supporting a purchase transaction will be kept in the filing system by the designated financial employee.
- l.** Should a cheque be reported lost, destroyed, or stolen, it will be cancelled and a stop payment order sent to the bank. A second cheque may be issued only after the bank has received a stop payment order and the payee has signed an appropriate form indemnifying KXN against further loss. Council reserves the right to deduct the stop payment order fee from a re-issued cheque;
- m.** Cheques not presented to the bank for payment (outstanding cheques) within six (6) months of the date of issue will be considered "stale dated". These payments will be voided and payment stopped. Another cheque may be issued upon request of the payee. An adjusting journal entry will be made on the voided cheque once the bank has received the stop payment order. The credit entry goes to the expense account where the cheque was drawn and the debit entry will go to the bank account;
- n.** Whenever possible, the authorized signing authority will not sign or prepare cheques made payable to themselves or to members of their immediate family. Immediate family is considered to include parents, spouses, siblings and children;
- o.** All consecutively numbered blank cheques will be securely stored under lock and key.

4.15 Petty Cash - Occasionally, there are circumstances where the cheque disbursement process may not be practical or cash transactions are received by KXN. The use of petty cash is intended for incidental, yet essential purchases and cash receipts. This section outlines the procedures for establishing and maintaining a petty cash fund.

- a.** A petty cash fund will be established in the amount \$200. To establish the fund, a cheque will be drawn made payable to "petty cash" and debited to the Petty Cash account;
- b.** Once the cheque is cashed, the money will be stored in a locked box and in a secure place by the administration employee designated to manage the petty cash fund.
- c.** Expenditures from the petty cash will be approved by two signing authorities, one of them being the General Manager or in his absence, the acting General Manager. A receipt will be completed for each disbursement made out of the petty cash fund or cash received. The receipt

will state the name of the payee, the date, the amount paid or received, and the purpose of the cash transaction. The payee will sign the receipt;

- d. On a monthly basis the petty cash fund will be tallied up accompanied by all receipts and reimbursed (replenished) from KXN's general account. Under this system, the Petty Cash box will always contain petty cash receipts and money equal to the amount of the fund;

A sample Petty Cash Fund reimbursement is provided below;

PETTY CASH FUND		
Cash on Hand		\$104.75
	Add expenditures:	
Postage	Acct # 100-600	\$48.00
Stationery	Acct # 100-601	45.00
Key Cutting	Acct # 100-602	<u>2.25</u>
Reimbursement by Cheque #0001		<u>95.25</u>
Petty Cash Fund		\$200.00

4.16 Bank Reconciliation - The receipt and deposit of funds and disbursements have a direct impact on the balance of bank accounts. Having proper procedures to execute those types of transactions is necessary to reconcile bank account statements with the recording of those transactions in the account records.

- a. The Finance Officer (Comptroller) will perform a reconciliation of all bank accounts statements and the accounting records. The reconciliation will be performed as soon as the monthly account statements are received from the bank;
- b. In order to verify and prove the accuracy of the banks' month end statements and the G/L account records, the Finance Officer (Comptroller) will review both and signify in writing this review by initialling the bank statements. The review will include any erasures, or other irregularities, signatories, and endorsements;
- c. During reconciliation, the Finance Officer (Comptroller) will compare the deposits listed on the bank statements with deposits shown in the accounting records and receipts book. Any discrepancies will be noted and corrected;
- d. All cleared cheques included with the bank statements will be compared with each bank statement listing in the order of their listing. Any discrepancies or errors are to be noted;
- e. The previous month's reconciliation will be used to determine if any cheques that were outstanding at the end of that month are still outstanding. The previous month's reconciliation will also be used to determine if any deposits that were unrecorded by the KXN at the end of the previous month have been recorded. Any discrepancies or errors are to be noted. No items shall remain as reconciling items for more than six months;
- f. Any bank memorandum entries on the bank statements are to be verified and compared to entries in the accounting records. Any memorandums that do not appear in the accounting records are to be noted;

- g.** A reconciliation statement that adjusts the bank statements with the accounting record of cash balance is to be prepared. All previously noted discrepancies are to be taken into account and justified with the correct balance. Adjusting entries will be made to the accounting records should debit or credits appear on the bank statements, which do not appear in the accounting records.

4.17 KXN Revenues - Revenues may be generated from the sale of service, goods, leases of assets, sale of assets, profit share of business enterprises, settlements, accommodation rental, etc. In this case Council may start a contingency reserve fund for the benefit of the community. The following sets out policies with respect to revenues:

- a.** Revenue from sale of goods, provision of services, leases of assets, rent of assets, sale of assets, profit share of business enterprises, accommodations and settlements will be set aside in a separate bank account(s) or investment(s) and accounted for as a separate program;
- b.** There will be a budget allocation of a 10% administration fee for administration costs and services to the Administration. The Finance Officer (Comptroller) will ensure the administration is funded monthly;
- c.** Use of that contingency reserve fund will be in the form of a financial proposal and shall be subject to prior approval by the membership by way of a motion duly recorded in the General Meeting minutes;
- d.** At the request of Council a Reserve Funds for a specific use may be created as needed and shall be subject to prior approval by the membership by way of a motion duly recorded in the General Meeting minutes;
- e.** The proposal for the use of funds over and above the approved reserve funds will be presented at General Meeting and will be on a program loan basis;
- f.** The General Manager and Council will prepare the proposal for the uses of funds and ensure all information is included in the proposal and the loan terms are disclosed. The terms will be approved by Council, length of loan, interest, monthly payments or lump sum amounts. (The purpose is to protect and maintain a balance in the Revenue Funds.) The uses must be treated the same as the Investments and the proposal will be a business plan. (Uses may be an investment in a business enterprise or developments, etc.)

4.18 Government and KXN Fund Investments - Government funds received for continuing operations are to be maintained in a low-risk investment, such as interest bearing securities issued by a Chartered Bank or the First Nation Finance authority or an interest bearing bank account. Government funds in a low-risk investment must be readily available for payment of the applicable program expenditures. Interest from the investments will be allocated to a separate Interest Revenue Account.

- a.** Other investments shall only take place after careful consideration, review, professional advice and approval by Council;

- b. All investments are disclosed in the Financial Statements.

4.19 Member Loans - There shall be no loans to members.

4.20 Accounts Receivable – The following are procedures for accounts receivable:

- a. Any outstanding arrears, loans, or other amounts payable when no specific repayment arrangements have been made, shall automatically be deducted from any amounts payable as per the following schedule:

Member or Employees Distributions

- 1) The amount owing is \$2,500 or less the deduction will be 50%.
- 2) The amount owing is \$2,501 or more the deduction will be 100%.

4.21 Operation Loans – The following are procedures for Operation Loans;

- a. The Council can authorize a debt to a maximum of \$200,000.00; the terms of the loan must be disclosed. The total debt to surplus ratio (debt/surplus) of the program must remain below 8%;
- b. All debt exceeding \$200,000.00 requires the approval of the Nation's Membership, the total amount, terms, interest rate and monthly payments of the loan must be disclosed. The total debt to surplus ratio (debt/surplus) of the program must remain below 8%;
- c. The General Manager may assist Council with the debt application and insures competitive interest rates and reasonable repayment schedules are prepared. The status of the debt will be reported in the financial statements on a monthly basis.

4.22 Payroll - First Nations are generally subject to federal jurisdiction except for administrative departments that operate with independence in provincial jurisdiction such as the school; therefore, all employee payroll policies must adhere to the Labour Code of Canada or the BC Employment Standards Act. This section covers policies and procedures that address this issue.

- a. Annual salary schedules will be established for each employment position. These salary schedules will be approved by Chief & Council and will contain:
 - Employee name
 - Job title
 - Wage rate or annual salary
- b. KXN will pay salaries to its employees by cheque bi-monthly, on the 15th and the last day of each month, or in the event that the pay day falls on a day of rest, the last working day prior to the 15th or the last working day prior to the last day of the month;
- c. Each employee paid on an hourly basis will record daily attendance entries on time sheets. Entries made will cover the bi-monthly pay period. Each employee paid on an hourly basis will total their time sheets, sign and submit them to their immediate supervisor or Department Manager. The supervisor or Department Manager will verify all entries made for regular hours worked, overtime worked, time

- banked totals and any leave credit owing or taken. Once verified, the timesheets are to be forwarded to the General Manager for signature;
- d. No payroll cheque will be issued to an employee until an accompanying time sheet is received by the General Manager;
 - e. Upon verification of time sheets entries, the General Manager's signature, the records will then be forwarded to payroll for processing;
 - f. Authorized payroll deductions may include:
 - Income Tax;
 - Employment insurance Premiums (EI);
 - Canada Pension Plan Premiums (CPP);
 - Employer's benefits when applicable;
 - Wage garnishments;
 - Any amounts owed to KXN or affiliated entities for rents, band store purchases, etc, with the employee's consent in a payroll deduction authorization or wage assignment that cites specific amounts and provides a schedule for deductions.
 - g. Should KXN choose to direct deposit payroll into employee accounts, direct deposit forms will then be completed for each bank that has direct deposit arrangements with KXN;
 - h. Salary adjustments (raises) are to be incorporated into the annual budget planning process. A salary review will occur before the annual budget formulation, with any approved salary adjustments taking effect April 1st of each year;
 - i. Any salary adjustments will be determined based on funding availability, increases/decreases to a position's workload, performance evaluations and annual inflation rates;
 - j. KXN does not issue salary advances to employees. Only in cases of extreme financial hardship, can an employee petition the General Manager for a salary advance.

4.23 Contracts and Tenders - Occasionally KXN may require the services of external contractors. Entering into a contract for the provision of any type of service with an outside contractor is considered a commitment to expend funding. This section is related to the purchasing policies and procedures that were discussed in earlier sections and outlines policies and procedures for contracting services.

- a. The General Manager makes all independent contractor hiring decisions for goods and services valued at less than \$50,000 and may delegate these hiring decisions to Department Managers. Independent Contractors hired for the Health Services Department are hired pursuant to the Operations Policy Manual Section 7.06(e).
- b. Chief & Council reserve the right to authorize the General Manager to negotiate and recommend specific contracts on a sole source basis. The Chief & Council will give final approval to such contracts after receiving the opinion of the General Manager regarding the affordability of the proposed contract and whether finance policy has been adhered to.

- c. Where a contract for services rendered to KXN is expected to exceed \$50,000.00 tender or quotes will be invited from at least two (2) firms/consultants, or the contract will be publicly advertised in local and regional newspapers when deemed necessary by Chief & Council;
- d. For construction projects exceeding \$100,000.00 invitations to tender will contain the following documents:
 - Tender instructions;
 - A completed tender and contract form;
 - And outline of general conditions;
 - An insurance schedule;
 - A contractor statement of qualifications;
 - Proof of Workers Compensation Board (WCB) coverage;
 - A statement of the anticipated work plan and its specifications.
- e. For construction projects exceeding \$100,000.00 the successful bidder is to submit proper bid security within 14 days of being awarded the contract;
- f. For non-construction (professional) contract services exceeding \$50,000.00 proposals for services will be invited from at least two (2) individuals or firms, or a request for proposals will be publicly advertised in local and regional newspapers when deemed necessary by Chief & Council;
- g. A Request for Proposals, once advertised, will have the following documentation available for interested contractors:
 - A letter of invitation;
 - A statement of work required;
 - Proposal evaluation criteria;
 - Contract Agreement (includes general conditions and terms of payment).
- h. Tenders and proposals received from firms/contractors are to be date stamped, kept safe, and opened by a minimum of two persons designated by the Chief & Council after the deadline date for tender/proposal submission;
- i. All tenders/proposals received will be reviewed against an evaluation criteria list. The contract bidder or proposal proponent who best meets the evaluation criteria will be recommended as the successful bidder for the contract, subject to the approval of Chief & Council after receiving the opinion of the General Manager regarding the affordability of the proposed contract and whether finance policy has been adhered to;
- j. Any contracts drawn and signed between the entity and a contractor must clearly state all requirements of the contract in detail. The contract will contain a provision for the entity to holdback a minimum of ten percent (10%) of the contract amount subject to the contractor complying with all contract deliverables;
- k. Should KXN not have the resources or expertise to execute any part of the procedures stated in this policy section, it reserves the right to hire outside experts — such as consultants or engineers to execute these procedures on their behalf.

4.24 Capital Assets (Purchase and Sale) – The following are the policies with respect to the purchase and sale of Capital Assets:

- a. All purchase or sale of assets will be conducted by the General Manager with prior approval of the Council;
- b. Two quotes will be obtained for all capital acquisitions over \$5,000.00. Purchase order is required for purchases of Capital Asset;
- c. A tender document is required for sales of a Capital Asset.

4.25 Security of Assets - A good risk-management policy is to protect assets. This section outlines policies and procedures to protect all assets.

- a. The General Manager will ensure adequate insurance coverage is obtained to protect the full value of all assets;
- b. Financial data is to be backed-up on a daily basis. The back-up may be electronic in the form of a diskette or external hard drive and will be stored:
 - Under lock and key;
 - In a fireproof container.
- c. Computers will:
 - Have anti-virus software installed and regularly updated;
 - Passwords to access computer use.
- d. Office keys and the alarm system code will be provided to a limited number of employees. Keys issued to employees will be signed for and, under no condition, will any key (s) be transferred to, or duplicated for, another employee or person;
- e. Employees who are assigned key(s) and the alarm code have the responsibility of locking and securing the office before leaving. They are also responsible for using their assigned keys to secure assets located within the office;
- f. It is recommended that any employee who is required to handle cheques and funds be insured and bonded;
- g. Unauthorized, personal use of assets will not be permitted;
- h. It is the shared responsibility of office staff to maintain high health and sanitation standards in KXN buildings.

4.26 Inventory of Capital Assets - Prior policies address policies and procedures for the purchase and security of assets. Once these assets are purchased, a permanent record of their existence is required. Maintaining a record of assets and their current value provides auditors,

creditors and funding agencies with an accurate representation of KXN's financial worth. This section outlines policies and procedures for recording assets.

- a. A complete inventory list of all KXN owned assets valued at over \$100 will be established, recorded in the fixed asset register. This inventory list will be updated annually with a copy provided to the auditor. The list will include:
 - The cost and date of original purchase;
 - The date of sale;
 - The write-off or surplus price;
 - A brief description of the asset;
 - The serial number allocated to the item.
- b. The asset will be recorded if it is deemed to have "lasting value" (where lasting value is defined as having long term worth and the item can be amortized);
- c. As assets are purchased, a copy of covering invoices for the assets will be maintained in a separate file that contains a master inventory list. At the end of each fiscal year, these invoices will be used to update the master inventory list;
- d. Periodically, the General Manager will assign an employee with the task of verifying the existence of the items included on the master inventory list. The employee will prepare a list of missing, unserviceable or obsolete items for KXN to write-off, sell or surplus;
- e. In the event there are assets missing, an employee will be assigned to track down and locate the missing item(s). Should any of these items be of significant value, a report will be filed and the asset's value recovered under KXN's insurance policy;
- f. Should Chief & Council approve an asset item for write-off, sale or surplus, the asset is to be deleted from the master inventory list and the Council meeting motion number written beside the deleted item.

4.27 Annual Year End Audit - KXN is required to have an audit conducted throughout the fiscal year (April 1st to March 31st). The annual audit provides assurances to Members, and funding agencies, that all revenues are properly accounted for, and that expenditures were made appropriately. Annual audits also provide membership with the opportunity to review information on how KXN has used funds and may be reviewed at a General Meeting. This section outlines policies for year-end audits.

- a. Detailed financial statements covering all financial activities will be prepared annually, or as requested by the Chief & Council or the KXN's funding agents;
- b. The Council will appoint an Auditor to audit financial statements, records and supporting documentation at least once per fiscal year. The audit will be completed and submitted to the Chief & Council on or before July 31st for fiscal year ending March 31st;

- c. The Auditor selected must be an accountant licensed to practice audits under Provincial Guidelines and have the one of the following designation:
 - A Chartered Accountant;
 - A Certified Management Accountant;
 - A Certified General Accountant.
- d. KXN will require the General Manager and Auditor to meet five (5) to six (6) months before fiscal year-end to discuss what information, other than bookkeeping records, the Auditor will require. This process determines pre-audit specifications and will help reduce the entity's auditing costs. Upon Chief & Council's selection of a qualified auditor an engagement letter will be drawn up and signed by both the entity and the auditor;
- e. The final audit report prepared by the Auditor will be signed by a quorum of Chief & Council and will be recorded in meeting minutes as being reviewed and approved.

4.28 Financial Information Disclosure and Dispute Resolution - The purpose of this Policy is to make KXN more accountable to Membership by giving Membership general rights of access to KXN's financial records in its custody or control. This policy also sets out specific limited exceptions to the Membership's right of access to certain financial records.

How to Make a Request for Disclosure

- a. To obtain a request to a financial record, a Member must make a written request to the General Manager for a copy of the financial record or make a verbal request to examine the financial record. The General Manager must make every effort to assist Members who make a request for the disclosure of financial records.

KXN Response

- b. The General Manager must respond openly, accurately, and completely to the Member within 30 days from the date a request is received unless more time is required. If more time is required, the General Manager will tell the applicant when the response can be reasonably responded to.

In the response, the General Manager must advise the member in writing;

- i. Whether or not the Member is entitled to have the financial record or part of the record disclosed to him or her;
- ii. If access to the financial record or to part of the record is refused,
 - The reasons for the refusal, and
 - The Member may request a review of the General Manager's decision by Council pursuant to section 4.28(f) of this policy.

If the member is entitled to have the financial record disclosed to him/her and it can be reasonably reproduced, a copy of the financial record must be provided with the General Manager's response. KXN may charge the applicant a reasonable photocopy charge.

If the Member is entitled to have the financial record disclosed to him/her and it cannot be reasonably reproduced, the member must be permitted to examine the financial record at the Administration Office during regular business hours of any business day.

Exceptions to Disclosure

- c. The General Manager must refuse to disclose to an applicant, financial information that:
- i. Would reveal the deliberations of Council or any of its committees, including any advice, recommendations, or policy considerations submitted or prepared for submissions to the Council or any of its committees unless those deliberations concerned the applicant;
 - ii. Legal opinions which are subject to solicitor client privilege;
 - iii. Or the privileged documents which could reasonably expect to reveal information received in confidence from a government, KXN, Society, Corporation, or harm the conduct of negotiations relating to aboriginal self-government, or treaties;
 - iv. Could reasonably be expected to harm the financial or economic interests of KXN; or
 - v. Would be an unreasonable invasion of a third party's personal privacy, including personal financial information relating to eligibility for or receipt of employment benefits, income assistance, education benefits, or social service benefits, unless the financial information pertains to the payment of money, honorariums, contract fees, and employment benefits of a Councillor received from KXN for which the General Manager must fully disclose upon request by a Member.

Third Party Disclosure

- d. KXN may disclose a Members' financial information to another government body only if that financial information is required to ensure that the Member is complying with all eligibility requirements for Financial Benefits of programs administered by KXN.

DISPUTE RESOLUTION

Council Decisions

- e. Prior to Council meeting to make a decision which may adversely affect the financial interest of a Member, Council will:
- i. Provide notice of the meeting to the Member disclosing the nature of the meeting, and;
 - ii. Provide the Member with an opportunity to be heard either orally or in writing.

This section does not apply to Members who are Employees or Contractors of KXN.

Council will advise the Member of the decision and will disclose factors used in making their decision, which adversely affects the financial interests of a Member.

Administrative Decisions

- f. A Member may appeal a decision of the General Manager, which adversely affects them financially within 30 days by providing Council a written notice to appeal and containing the reasons of appeal. Upon receipt of a written notice of appeal from a Member, Council will hear the Member's appeal within 30 days at a Council meeting.

Mediation and Arbitration

- g. In the event of a dispute between Council and Membership in respect of this policy, the dispute may be resolved either by mediation or arbitration if Membership at a General Meeting resolves to settle the dispute either by mediation or arbitration.

Appendix 4A – Travel Allowance Rates

Rates effective as of January 1st, 2012

- Private non-commercial accommodation
- Meals
- Incidental expenses
- Kilometric Rate

Allowances	Canada & USA
Private non-commercial accommodation allowance	\$50.00
Meal Allowance: <ul style="list-style-type: none"> • Breakfast • Lunch • Dinner 	\$15.35 \$14.60 \$40.30
Incidental Allowances	\$17.30
Daily Total	\$87.55

Kilometric Rates	Cents/km (Taxes Included)
The rates payable in cents per kilometre for the use of privately owned vehicles driven on authorized business travel.	52 cents

Appendix 4B –List of Financial Forms

- Cheque Requisition Authorization
- Cheque Signing Authorization
- Direct Deposit Authorization Form
- Master Inventory List
- Purchase Order Ledger
- Purchasing Authority
- Travel Authorization & Expense Voucher