



FINANCIAL POLICY

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Review & Amendment: This Policy will be reviewed and can be amended from time to time by Chief and Council.

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Enabling Legislative Clause

It is recognized that no legislation is currently in place on which to enable this policy document. Until such time as legislation is identified, the following clause shall be deemed the binding legislation and established by the inherent right of the Wahnapiṭae First Nation to create its own laws of governance and accountability.

“This Financial and Procedural Policy shall be in compliance with the Values and Principles endorsed by Wahnapiṭae First Nation.”

It is intended to set operational binding guidelines respecting leadership roles and management, administration and accountability of the Wahnapiṭae First Nation and to make related enhancements or amendments to other policies of the First Nation.

Preamble and declaration

Declaration of Values and Principles

The Wahnapiṭae First Nation have decided to review and amend their current Financial Policy to better reflect the operational requirement for today's business and to foster efficient and effective open government.

This philosophy of the First Nation has been consistent in values and principles with equality service and governance for membership and improved quality of life of First Nation Members as constant corner stones of their goals and aspirations.

To achieve this, the Council is committed to the continued reviews and improvements to the public service organization and its service quality.

Purpose

The purpose of this financial and procedural policy is to provide guidance, assistance, and accountability to the users of the accounting systems. The users include the elected Council, the Executive Director, Department Directors, program Managers, other employees, committees, the Wahnapiṭae First Nation Membership, and other mandated authorities of the Wahnapiṭae First Nation Council.

It is to promote efficiency of operations, to ensure consistency in the preparation and processing of financial information and to ensure timelines of the provision of information to Council and operating personnel.

Protection of Financial Resources

Policy

The Chief & Council of Wahnapiatae First Nation has a duty to protect the financial resources of the First Nation to ensure its viability; financial resources of the First Nation include all band owned entities.

Procedure

The Chief & Council will attend to protection of the First Nation's financial resources through:

1. The development and application of criteria for evaluating budgets.
2. The development, application, and regular review of policies regarding the management of:
 - a. Income and expenditures.
 - b. Assets and liabilities.
 - c. Reserves.
 - d. Potential risks (e.g., loss of staff, loss of funding, theft, liability, etc.).
 - e. Insurance coverage.
 - f. Contracted services.
3. The Finance Director to provide presentation, at least quarterly, of written reports regarding the management of income, expenditures, assets, liabilities, and reserves including those in excess of 90 days.
4. The review, at least annually, of written reports regarding the management of potential risks.
5. Ensuring that an annual external audit of all First Nation accounts is carried out in a timely manner.
6. Ensuring that all council members, including Chief, must all sign a letter of direction and also approve a band council resolution to open or close any Wahnapiatae First Nation bank accounts.

The financial statements of all First Nation accounts are to be prepared in accordance with Canadian generally accepted accounting principles (GAAP) for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

Finance and Audit Committee Meetings

Financial issues related to the administration of the Wahnapiatae First Nation will be discussed at a Finance and Audit Committee Meeting. The Finance and Audit Committee will be chaired by the appointed Councillor and must be attended by the Executive Director, Finance Director and by any Program Directors as determined by the chairperson. The Chief and Councillors of the Wahnapiatae First Nation may attend to present or represent funding requests or desired changes to the operational budgets.

The Finance and Audit Committee meetings will be held at minimum, on a quarterly and annual basis. Issues that may be discussed include review and preparation of recommendations to Chief and Council of budgets, quarterly statements, annual statements and annual reports, as determined in the Finance and Audit Committee Terms of Reference. The Chair shall ensure minutes of the Finance and Audit Committee meetings are maintained and is responsible for appropriate reports to Executive Director and Council. Recommendation made by the Committee shall be reviewed and approved at a regular meeting of Chief and Council with opportunity to review, revise the recommendations.

Policy

In order to ensure the ongoing financial viability of the First Nation, Wahnapiitae First Nation will, through the course of the fiscal year, prepare various budgets, including an annual First Nation operating budget. These budgets will be prepared in accordance with certain evaluation criteria.

Procedure – Budget Development

An annual planning session will be held within the timeframe set out in the annual planning and budget calendar. The Executive Director will develop an annual planning and budgeting calendar and will make sure it is met by arranging the necessary planning sessions with Council, Finance and Audit Committee members and employees.

The planning session will generally include:

- Chief & Council, Finance Director, Finance and Audit Committee members, the Executive Director, and other appropriate staff.
- Development or communication of operational goals and objectives based on priorities established by the Chief & Council.
- Presentation of budgeting calendar.
- Development or update of key budget assumptions, constraints, and cost drivers for the current year.
- Development or update of strategic plan, goals, and objectives.

Based on the annual planning session, the initial operating budget and multi-year financial plan estimates will be prepared or updated accordingly.

Capital plan estimates should include all capital improvements projects (purchase, construction, or renovation of physical facilities and all capital equipment expenditures.

Any projected deficit must be accompanied by a report prepared by the Finance and Audit Committee that outlines the contributing factors and circumstances and the plan by which it will be eliminated in a future year.

The Finance and Audit Committee will review the appropriate planning documents to ensure integration of all relationship aspects are considered in the budgeting process.

The annual budget, multi-year financial plan, strategic plan and capital plan requires members to be informed.

The draft budget and any projected budgeted deficit (if applicable), will be presented at a Finance and Audit Committee meeting so that it may be discussed, and recommended to Chief & Council for approval.

The draft budget timeline is as follows:

- On or before January 31st of each year, the Finance Director must prepare and submit to the Finance and Audit Committee for review, a draft annual budget for the next fiscal year.
- On or before February 15th of each year, the Finance and Audit Committee must review the submitted draft annual budget and recommend an annual budget to the Chief & Council for approval.
- On or before March 31st of each year, the Chief & Council must approve of the final draft budget for the next fiscal year.

Procedure - Evaluation Criteria

These budgets will be evaluated by the Chief & Council using the following criteria:

- They represent the programs and services in support of the priorities of the First Nation's Strategic Plan.
- The strategic priorities and goals identified in the strategic plan must be reflected in all aspects of the planning documents to operational levels, such as departmental workplans.
- The annual budget must link and provide the relationships between related aspects of the strategic plan, multi-year financial plans, capital plans and life cycle management program plan.
- They contain sufficient detail to project realistic revenues and expenses matched, where appropriate, to programs and funding sources.
- They are prepared and presented in accordance with generally accepted accounting principles and practices.
- They include a comprehensive representation of the First Nation's anticipated revenue and expenditures segregated by significant category, based on contractual obligations and previous experience.
- Any anticipated annual and accumulated surplus or deficit, and the application of year-end surplus.

Procedure - Evaluation Process

The Executive Director, Finance Director, relevant program staff, in conjunction with the Finance & Audit Committee, will present financial reports for information and approval by the Chief & Council as part of the Finance Director's report.

These reports will include monthly and, more comprehensive, quarterly budget reviews by management staff, the Finance & Audit Committee, and the Chief & Council using written financial statements which contain comparative statements of revenues and expenditures to fully state the financial position of the First Nation.

The budget reviews will include:

- Comparative Statement of Revenue and Expenditures including:
 - Year-to-date actual.
 - Prior year's actual.
 - Current year budget.
 - Current full year projection (variances between current year budget and current full year projection must be approved by the Chief & Council).
- Comparative Statement of Financial Position (i.e., balance sheet, assets and liabilities including reserves) including:
 - Most recent month-end position.
 - Position as at the end of the previous year.
- Executive Director's Report as it pertains to possible financial implications:
 - Compliance & serious occurrences.
 - Risk identification.
 - Work environment.
 - Community profile.
 - Funding and/or unexpected expenditures.
 - Other matters having a possible financial implication.

Budget variances will be communicated in writing to funding sources where required by contractual agreements.

Procedure – Budget Amendments

Amendments to budgets are limited to situations where the projected revenues or expenditures of the First Nation differ by a materiality threshold of \$50,000.00 or to the expenditure priorities of Chief & Council.

Budget amendment below \$50,000.00 will be approved by Chief and Council.

Budget amendments above the approved annual materiality threshold (\$50,000) will be brought to the Finance and Audit Committee for review and recommendation to The Chief & Council.

Strategic Plan

A strategic plan will be prepared that will include:

- Development of a community vision that provides the guiding principle of the plan.
- Development of a community priorities list (e.g. housing, education, etc.).
- Setting a realistic timeframe to implement the plan.
- Identifying the requirements to implement the plan (i.e. using legislative tools of governance and public finance to support activities or the need to acquire

additions to reserve, or invest in new businesses to generate additional revenues etc.).

- Determining how the implementation of the plan will be resourced.

The plan should include community input on the vision and priorities.

The plan will include a long-term vision for The First Nation and be used to guide financial and community decision-making.

The strategic plan will be reviewed on a periodic basis and updated as necessary.

The Finance and Audit Committee will annually review and recommend to Council for approval the strategic plan.

Chief and Council must approve a strategic plan that sets out the long-term vision for the First Nation and its members.

Multi-Year Financial Plan

Based on the annual integrated planning session, a multi-year financial plan that has a planning period of five years (the current fiscal year and the next four fiscal years) will be prepared that will also include the following:

- Revenue projections by major revenue type that demonstrate trends in existing revenue streams.
- Expenditure projections that set out separate amounts for payments, including payments of principal and interest on debt, payments required for capital projects and the life-cycle management program as defined in the Financial Administration Law, payments required to address any deficits and payments for all other purposes.
- Projected transfers between accounts.
- Projected deficits or surpluses.

The draft multi-year financial plan will be presented for discussion at a Finance and Audit Committee meeting. The Committee may accept the plan as presented or request amendments, within the context of the operating objectives and the strategic plan.

The final multi-year financial plan recommended for approval to Council by the Finance and Audit Committee will be adopted as a formal planning document no later than March 31st of each fiscal year.

Policy

The Chief & Council of Wahnapiitae First Nation has a duty to be transparent and accountable for the Financial Operations of the First Nation. This policy will allow for the timely, accurate, and relevant financial and operational information to be provided to decision makers.

Procedure

Financial Reports List

The Chief & Council and the Finance and Audit Committee, with the assistance of the Finance Director are responsible for the preparing a list of all financial statements and reports that are to be prepared on a regular basis.

The financial reports list must include the required monthly financial information, as well as quarterly and annual financial statements.

Monthly financial reports prepared by the Finance Director will be tailored to the needs of the First Nation for monitoring purposes in the form and content recommended by the Finance and Audit Committee and approved by the Chief & Council. The monthly financial reports will be provided to the Executive Director within a reasonable period of time following the month for which the information was prepared.

If the First Nation has borrowed funds from the FNFA secured by other revenues, these other revenues must be accounted for and reported on separately.

For each report or financial statement listed, the following information must also be identified:

- A brief description or contents of the report.
- The person responsible for its preparation.
- When it is to be made available and its frequency.
- The report's distribution list.

The Finance Director will review and update the financial reports list annually and submit the list to the Finance and Audit Committee annually for their review and recommendation.

The Chief & Council will review and approve the financial reports list annually.

Financial Statement Preparation

The Finance Director will prepare monthly information on the financial affairs of the First Nation, its quarterly and annual financial statements, and any other financial reports listed in the approved financial reports list.

Quarterly financial statements will be provided to the Finance and Audit Committee following the end of the quarter for which they were prepared. The Finance and Audit Committee will provide their recommendation to the Chief & Council for approval no later than 45 days following the end of the quarter.

Each quarterly financial statement will include the following:

- A statement of revenue and expenditures containing a comparison to the approved annual budget.
- A statement of financial position.
- If the First Nation has borrowed funds from the First Nations Finance Authority secured by other revenues: Financial information other revenues to secure FNFA Loans.
- Any other information requested by the Finance and Audit Committee or Chief & Council.

Each annual financial statement will include the following for the First Nation:

- The financial information and disclosures for the First Nation for the fiscal year prepared in accordance with Canadian GAAP.
- A special purpose report setting out all payments made to honour guarantees and indemnities.
- A special purpose report setting out the information required in the Financial Administration Law (Reporting of Remuneration and Expenses).
- Any other report required under the Act or an agreement.

Annual financial statements will be presented to the Finance and Audit Committee no later than 90 days following the end of the fiscal year for which they were prepared.

The Finance and Audit Committee will review the annual financial statements, the accompanying information and the Finance Director's comment(s) and recommendation(s). Subsequently, the Finance and Audit Committee will forward the financial statements, accompanying information, and its comment(s) and recommendation(s) to the Chief & Council no later than 105 days following the end of the fiscal year for which they were prepared.

The Chief & Council will review the annual financial, the accompanying information, and the recommendation(s) of the Finance and Audit Committee and the Executive Director and approve no later than 120 days after the fiscal year end.

If the financial statements are not approved by the Chief & Council, a documented rationale will be communicated to the relevant Director(s) for corrective action. The financial statements will be re-submitted for approval within the timeframe stated by the Chief & Council.

A "financial reporting record" file will be created for each annual financial statement. The financial statement record file will at a minimum contain the:

- Financial statements presented to the Chief & Council for approval.
- Record of, or reference to the Chief & Council's decision to approve or not approve the financial statements, the Finance and Audit Committee's recommendation(s), and the Finance Director's recommendation(s).

The financial reporting record file will be classified as confidential and secure, and maintained accordingly.

Financial Reporting Risks

Annually, as part of the evaluation process, the Executive Director will make sure that the persons engaged in the financial management system:

- Have the necessary knowledge, skills and competence to perform the services for which they have been engaged.
- Confirm in writing that they understand their responsibilities.

The Finance Director will develop a "financial closing and reporting process checklist" for use at the end of each fiscal year, which will include procedures to mitigate financial reporting risk. The financial closing process checklist will include the following minimum procedures:

- Reconciliation / analysis of all statement of financial position accounts with approval by the Finance Director; in those instances, where the Finance Director prepared the reconciliation or analysis, then the Executive Director will be required to approve the reconciliation or analysis (or alternatively a member of the Finance and Audit Committee).
- Review of trade, loan and other receivable balances to identify late payments; late payments followed up on and have been reviewed for collectability and any necessary adjustment to the allowance for doubtful accounts has been prepared.
- Reconciliation of general ledger balances with sub-ledger balances (e.g. trade accounts receivable, trade accounts payable, contribution receivable, etc.).
- Search for unrecorded liabilities and preparation of accrual journal entries, including:
 - Reconciliation of supplier statements.
 - Review of unmatched receiving information.
 - Review of unmatched purchase orders.
 - Review of numerical continuity of purchase orders.

- Review of current contracts for supplies or services, including follow-up with supplier when necessary.
- Department/program inquiries for any invoices, expense reports, commitments or any other knowledge of liabilities incurred at reporting date.
- Reconciliation of payroll expense to the payroll register and bank account balance.
- Preparation of non-recurring journal entries with supporting documentation.
- Review of recurring journal entries for preparation, approval, and recording by the Finance Director.
- Review of financial statements for accuracy, additions, and cross-references and for agreement with the general ledger.
- Presentation of financial statements has been reviewed; necessary disclosures and reclassification entries have been prepared and have been approved by the Finance Director.
- Provision of draft departmental financial statements to respective departments for review, comment and budgetary variance explanations.
- The Finance Director is satisfied that the financial statements are accurate and presented in accordance with Canadian GAAP.

Changes to the accounting software (i.e. new system or major changes to the current system set-up) require authorization from the Finance Director and consultation and communication with the Finance and Audit Committee and Council. Changes such as the addition/deletion/modification of general ledger accounts, customer/member accounts, or vendor accounts require approval from the Finance Director.

Annual Report

The Council must prepare and publish an annual report within the earlier of 180 days after the fiscal year end that details the progress towards the financial and operational goals of Wahnapiatae First Nation over the course of the fiscal year.

The annual report will contain, at a minimum, the following:

- A description of the services provided by The First Nation and its operations.
- A progress report on any established objectives and performance measures of The First Nation.
- Reference to the audited annual financial statements for the previous fiscal year.
- Reference to any special purpose reports.

The annual report will be made available to all members of Wahnapiatae First Nation and provided to all Council members, the First Nations Finance Authority, and other organizations as required no later than 180 days after the fiscal year end.

The Council must make sure that a remedy process is available to First Nation members who have requested but have not been provided with the annual report of the First Nation within the required timeframe.

The remedy process will include:

- The contact information of the First Nation member who made the request for the annual report.
- Wahnapiatae First Nation will respond to the request within 8 business days and will identify an anticipated timeline on when the member can expect to receive a copy of the annual report.
- The annual report will be made available to all members of Wahnapiatae First Nation as soon as it is published. The annual report will be shared on Wahnapiatae First Nations website.

Fiscal Year

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

Policy

Wahnapitae First Nation follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the statement of financial activities.

Restricted investment income is recognized as income in the year in which the related expenses are incurred. Unrestricted investment income is recognized as income when earned.

Income is recognized on the accrual basis. Donations and memberships, which are voluntarily made, are recognized when the First Nation has virtual certainty that they will be received.

Procedure

Income

The Executive Director, Finance Director, in conjunction with the Finance & Audit Committee, will ensure that:

- All income is recorded promptly and correctly.
- All cash transactions to be handled in a controlled and transparent manner designed to minimize errors.
- Control of direct cash receipts from Wahnapitae First Nation members through the reception desk, and the following will be the specific procedures for cash receipts to ensure proper segregation of duties:
 1. All types of payments will be tracked manually with pre-numbered receipts, to ensure all payments are documented.
 2. The person receiving the payment will re-count the amount given by the member or customer.
 3. A receipt will ALWAYS be given to the member or customer for cash and cheque payments.
 4. Cheques should be endorsed immediately.
 5. Reception will deliver the cash or cheque to the finance department with the appropriate receipt.
 6. The Finance Assistant will prepare the deposit.
 7. The Finance Director will deposit the cash and/or cheques.

8. All deposits to be identified by revenue source and segregated as appropriate.
9. The Finance Director will verify the amount per report and attached documentation (copies of cheques and receipts) and match the amount per the report to the deposit slip.
10. The Finance Director will keep a record of all anticipated recurring deposit account transactions.
11. Any expected deposits that have not been deposited in the financial institution account(s) will be reported by the employee to the Finance Director immediately.

Funds deposited will only be used for their intended purpose as per their respective agreements.

All cash received will be stored in a safe or locked cabinet until it can be deposited in a financial institution account. Access to the secure storage should be limited to the employee responsible for making deposits.

- Receipts are deposited weekly.
- Special funds are deposited to the appropriate special account(s).
- Ledger accounts are maintained to segregate receipts by funding source and nature.
- Unrecorded receipts are accrued for the period in which they were earned.

Expenditures

All expenditures will be made in accordance with the relevant policies and procedures, and the Authorization and Delegation Table.

In emergency situations, the Executive Director, per the Authorization and Delegation Table, may approve the purchase of goods or services that were not anticipated in the budget and are not procured in accordance with the relevant policies and procedures. The rationale for these purchases must be documented by the Executive Director and reported immediately to the Finance and Audit Committee and to Council.

Wahnapitae First Nation will inform members of emergency expenditures that were not anticipated in the budget through monthly newsletter, website, public band meetings or by other means available at the time of the occurrence.

Receiving documents will be reviewed and initialed by the individual receiving the goods that all goods on the document have in fact been received in satisfactory condition and that any goods not received are clearly identified as such. The receiving documentation should be forwarded with the requisition for payment to the employee responsible for accounts payable.

All requests for payments for performance of work or services or supply of goods must be initiated through a requisition for payment that includes a statement certifying that:

- The work or services have been performed or the goods supplied, any conditions in an agreement respecting the work, services or goods have been met and the price charged or amount to be paid is in accordance with an agreement or, if not specified by an agreement, is reasonable.
- If payment is to be made before completion of the work or services, delivery of the goods or satisfaction of any conditions in an agreement, the payment is in accordance with the agreement.

All requisitions for payment must identify the appropriate financial institution or trust account out of which payment is to be made and must include a statement certifying that the expenditure is not prohibited and that it is in accordance with the appropriation identified in the certified statement and the Financial Administration Law.

Funds in a trust account must not be used for any purpose other than that authorized per the trust agreement. Payment out of the trust account may only authorize as per the trust agreement

Funds in a tangible capital assets reserve account must not be used for any purpose other than that described per the capital asset reserve policy. The Executive Director or the Finance Director must authorize payment out of the capital asset reserve account.

- All expenditures are recorded as incurred.
- All expenditures for a specific program are charged to that specific program.
- The cheque requisitions must be provided to the Finance Department with clear itemization of expenditures.
- All expenditures must be for First Nation business only, and not personal in nature.
- The refundable portion of the invoiced Harmonized Sales Tax (HST) is excluded from the expense and recorded as a receivable from the Canada Revenue Agency.

Payroll

Payroll packages will be reviewed and approved by the Executive Director within 1 week of payroll being processed.

Any irregularities will be reported to the Executive Director.

Approval for Payment

All procurement documents (including but not limited to requisitions, invoices, purchase orders, travel reimbursement, requests for proposals or tender calls) will clearly indicate the details of the goods and services requested.

All approved requisitions/documentation for payment will identify the appropriate financial institution account and budget appropriations/accounts from which the goods or services will be paid.

Invoices received must be immediately forwarded to the finance department who will then process them to:

- Match with the purchase order and the receiving document.
- Make sure that all required documentation has been submitted to support payment.
- Verify mathematical accuracy.
- Make sure that any taxes are correctly calculated and processed if applicable for tax exemption claims.
- Confirm that funds are available to pay the invoice.
- Identify and note the authorized general ledger account coding.

The individual that approves the expenditure cannot be the same individual who approves the requisition for payment.

Reimbursable expense claims will be reviewed by the finance department to make sure that the:

- Expense claim is mathematically correct and that taxes are identified and accounted for correctly.
- Authorized general ledger account coding instructions are identified.
- Expenses claimed are for authorized activities.
- Expenses claimed are eligible and comply with this policy and procedure.
- Documentation attached is adequate and sufficient.
- The documentation includes the required approvals.

Reimbursable expense claims for Council members require two approvals:

- Two non-claimant Councillors or Chief.
- One non-claimant Councillor/Chief and one Officer.

Any exceptions to the above will require authorization from the Finance Director for payment.

Invoices or reimbursable expense claims that are still being processed or approved at the end of an accounting period, that are applicable to that accounting period, will be recorded as an accrued liability in that accounting period.

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

Payments

Accounts payable will be paid within thirty (30) days of the receipt of an invoice or reimbursable expense claim, except for those invoices or expense claims which require management approval.

The finance department will prepare cheques every Thursday.

The payments package will be provided to two authorized signatories, and will be accompanied by:

- A listing of all payments prepared noting the payee, amount, and payment date.
- Supporting documentation for each payment (e.g. cheque, transfer) including:
 - Approved invoices, expense claims, purchase orders, and receiving documents.
 - Evidence that the finance department has completed the processing of the payment, including account coding.

All documentation supporting payment will be retained in accordance with the Records Management Policy.

Accounts Payable employees will notify the Finance Director immediately of any instances of:

- Non-compliance with policy requirements that cannot be resolved.
- Suspected fraud.

Policy

Wahnapitae First Nation through, the Executive Director (or designate), will:

1. Maintain control of the First Nation's assets in order to protect their existence, condition, and value.
2. Ensure that all liabilities are reflected in the accounts and properly discharged in a timely manner.

Procedure

The Executive Director (or designate) will ensure that:

1. All bank accounts are reconciled monthly in accordance with the Financial Institution and Cash Management Policy.
2. All petty cash funds are balanced by the Finance Director who is a person other than the custodian, who is designated as the receptionist, at least once per quarter in accordance with the Financial Institution and Cash Management Policy.
3. Excess funds are invested in chartered bank grade instruments for a period no longer than 1 year.
4. Receivables and deposits are valid current and collectable.
5. Prepaid assets have future value to the First Nation.
6. Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives as listed in the Tangible Asset Table (Appendix A), in accordance with to the Tangible Capital Asset Policy.
7. All First Nation liabilities are recorded in the general ledger.
8. Liabilities are being paid within 30 days, except for aged items which are not being paid, for cause.
9. All accruals are being recorded within 90 days and paid when due.
10. All changes to deferred income and restricted reserve accounts are reported to Chief & Council.
11. No creation or allocations of net asset reserves are made without the prior approval of the Chief & Council.
12. An assessment of potential risks to the First Nation be they financial, personnel, economic, environmental, or political in nature, are provided to the Chief & Council.

Additionally, the First Nation's management staff will:

1. Not allow unauthorized personnel access to material amounts of funds.
2. Ensure sufficient maintenance and prevent improper usage of the facility and equipment.
3. Not unnecessarily expose the First Nation, its Chief & Council, or staff to claims of liability.
4. Not make nor commit the First Nation to an expenditure outside of the approved budget without Chief & Council approval.
5. Not invest or hold operating capital in financial institutions other than chartered banks, unless duly approved by a motion of the Chief & Council.
6. Not acquire, encumber, or dispose of real property without a duly approved motion of the Chief & Council.

Reserve(s)

Policy

The Chief & Council of Wahnapiitae First Nation, in order to set aside funds for specific purposes, may from time to time designate a portion of the First Nation's net assets as reserved for the specified purpose. The Chief & Council or the Executive Director only may authorize the release of the reserve(s) either to the specific purpose or back into the general net assets.

Procedure

The Executive Director (or designate) will:

- Record each reserve designation as a separate net asset account.
- Will only record changes to those accounts at the direction of the Chief & Council.

POLICY

It is Council's policy to establish a process around borrowing, repayments, use of borrowed funds and recording and reporting of borrowing to members.

PROCEDURE

Determination of Need and Evaluation of Options

If the general account is not sufficient to meet the expenditures authorized to be made from it and the Finance Director recommends that funds be borrowed to ensure that the general account is sufficient for these purposes, the First Nation may borrow an amount not exceeding a maximum amount specified by Council each year as indicated in the Authorization and Delegation Table.

The First Nation may enter into financial agreements, as noted in the financial institution account and cash management section, with financial institutions for overdrafts or lines of credit and, for the purpose of securing any overdrafts or lines of credit, may grant security to the financial institution in a form, amount, and on terms and conditions that the Council approves.

The relevant Officer will document the requirement for the First Nation to incur borrowing by examining the strategic plans, multi-year financial plan, annual budget, current financial situation, and any planned activities requiring borrowing. Once the need and amount of borrowing required is determined, the relevant Officer will outline the various borrowing options available.

The Finance Director will prepare a borrowing proposal, which includes the following:

- Need for financing and alternatives considered.
- Evaluation of available borrowing options and security required for each option (if applicable).
- Recommended borrowing option.
- The purpose use and application of borrowing.
- Description of repayment plans based on cash flow analysis including identification of revenue source for debt repayment.
- The timely payment of debt obligations.
- Requirement for consultation with members of the First Nation before any capital project related debt is incurred by the First Nation.

Approval

The Executive Director and Finance Director will present the borrowing proposal to the Finance and Audit Committee for their review. The Finance and Audit Committee will review the report and make a recommendation to Council.

Council will review the borrowing proposal and recommendations. Subject to the Financial Administration Law, Council will vote on whether to approve the requirement for entering into a borrowing obligation. Council must also approve the borrowing and terms and conditions by Council Resolution.

Management and Monitoring of Borrowings

The Council will manage and monitor borrowing obligations by:

- Making sure that any financial covenants contained in borrowing agreements are reported to the appropriate stakeholders in a timely manner.

The Finance Director will manage and monitor the borrowings by:

- Ensuring that timely payments are made according to the terms and conditions and repayment schedule.
- Performing reconciliations between the First Nation's financial records and statements from the lender on a monthly basis.
- Ensuring that funds borrowed for a specific purpose is not used for any other purpose.
- Calculating any financial covenants contained in borrowing agreements and evaluating whether compliance with the terms of the covenants have been met.

Reporting on Borrowings

The Finance Director will make sure that borrowing obligations are reported to the Finance and Audit Committee and Council on a quarterly basis in the financial statements in accordance with Canadian GAAP, the Financial Administration Law and any obligations under the borrowing agreement(s).

Use of Borrowed Funds

The Finance Director will ensure that borrowed funds are only used for the specific purpose of the borrowed funds.

All or some of the funds borrowed for a specific purpose by the First Nation and not required to be used immediately for that purpose may be temporarily invested under one or more of the following until required:

- Securities issued or guaranteed by Canada, a province or the United States of America.
- Fixed deposits, notes, certificates and other short-term paper of, or guaranteed by, a financial institution.
- Securities issued by the First Nations Finance Authority or by a local, municipal or regional government in Canada.
- Commercial paper issued by a Canadian company that is rated in the highest category by at least two (2) recognized security-rating institutions.

If some of the funds borrowed for a specific purpose are no longer required for that purpose, the funds must be applied to repay the debt from the borrowing.

Records Management

The Finance Director will make sure borrowing records are created, maintained and retained in accordance with the Record Information Management policy. For each borrowing, the following will be documented:

- The loan agreement and any supporting agreements.
- The borrowing proposal on which Council based its decision.
- Documented Council approval and required membership information or involvement.
- An interest and principal repayment schedule (if applicable) that includes the dates of all payments required under the loan agreement or plan for borrowing retirement.
- The cost of borrowing including interest payments and service or other charges.
- The purpose of the borrowings.

Policy

It is Council's policy to establish a process around lending, loan guarantees and indemnities that does not include loans to members.

Prohibited Loans to First Nation Members

The First Nation shall not make any loans to members of the First Nation in accordance to Wahnapiatae First Nation Financial Administration Law.

Lending First Nation's Financial Assets

All loans will be recorded in a written agreement that provides for proper security for repayment and sets out the terms for repayment of principal and interest.

The principal amount must be approved by Council. An agreement must be signed by the individual requesting the loan and will only be granted if the risk of non-payment is at an acceptable risk for the First Nation.

The rate of interest to be charged will be determined and approved by the Council

A binding legal written agreement will be made between the First Nation and the Individual requesting the loan. The following items at minimum will be present in the agreement:

- The name of the individual or business.
- Amount of the loan.
- Nature and amount of any security of the loan pledged in favor of the First Nation or provided as loan collateral.
- Interest, if applicable.
- Repayment schedule.
- Approval will be enacted by signing the agreement with the individual requesting the loan.

Loan Guarantees

Loan guarantees will only be granted in the following circumstances:

- Guarantee debt incurred by separate legal entities (e.g economic development corporation).
- Guarantees granted to members for housing or renovations.

Loan guarantees will be approved by Council upon consideration of the report of the Finance Director. Approval will be enacted by signing the agreement with the individual requesting the loan guarantee and will only be granted if the risk of non-payment or non-fulfillment of an obligation is at an acceptable level of risk for the First Nation

The report from the Finance Director must identify any risks associated with giving the loan guarantee, evaluate the likelihood of having to honour and make payments under the guarantee and assess the financial ability of the First Nation to honour the loan guarantee should it be required to do so.

A binding legal agreement will be made between the First Nation and the individual requesting the loan guarantee. The agreement will contain standard clauses that are consistently applied to every individual that applies for and secures a loan guarantee from the First Nation. The following items, at a minimum, will be present in the agreement:

- Name of individual or organization.
- Amount of the loan guarantee.
- Duration of the loan guarantee agreement.
- Amount, maturity and repayment terms of the underlying loan or obligation.
- Purpose and use of the underlying loan (e.g. details of the asset being acquired or leased, or investment being made).

Approval will be enacted by signing the agreement with the individuals/entities requesting the loan guarantee.

The First Nation will obtain a copy of the legal asset purchase/lease/investment agreement requiring the issuance of a loan guarantee and retain on file with loan guarantee agreement.

Indemnities

In exceptional circumstances only, indemnities will be granted in the following circumstances:

- If a Council member or the Chief requests indemnification and is approved through Band Council Resolution.

The First Nation must not give an indemnity unless it is:

- Authorized to do so under the Financial Administration Law.
- Necessary and incidental to and included in another agreement to which the First Nation is a party.
- In relation to security granted by the First Nation that is authorized under the Financial Administration Law or another First Nation Law.

Collection

On a regular basis, the Finance Director will review the list of outstanding loans receivable (if applicable) and corresponding loan payments.

Debt Forgiveness

All reasonable steps should be taken to attempt to collect the outstanding balance. However, when it becomes obvious that the First Nation will be unable to collect the outstanding balance, a report should be compiled by the Finance Director and approved by the Executive Director detailing the following:

- Individual and amount in arrears.
- Principal and interest outstanding on the loan.
- Length of time in arrears and measures taken to collect on payments in arrears.
- Rationale for debt forgiveness.

Approvals for debt forgiveness must be approved by Council.

Write-Offs

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

Monitoring and Reporting

All loans, loan guarantees, and indemnities will be reported in a special purpose report annually to the Finance and Audit Committee. The special purpose report will contain the following information for each loan, loan guarantee, and indemnity and will be included or referenced in the First Nation's annual report:

- Purpose of the loan (e.g. housing), loan guarantee or indemnity.
- Amount of the original loan, loan guarantee or indemnity.
- Principal repayment component.
- Interest earned and collected.
- Actual payments made, if any, against loan guarantees.
- Actual payments made to compensate for damages, if any, against indemnities.
- List of payments in arrears, subject to applicable privacy law.
- For loans made under a member loan program – subject to applicable privacy laws, the names of those receiving a loan.
- Any expected payments required as a result of the First Nation having to fulfill or honour a guarantee or indemnity agreement based on the Finance Director's knowledge of the contracts in place and changes in their underlying financial condition.

Record Keeping

All agreements and payment records associated with loans, loan guarantees and indemnities and security given for capital asset projects on First Nation's lands will be stored in the First Nation's financial records in accordance with the relevant policy.

Records of debt forgiveness will be retained if in future, through changed circumstances, some or all of the debt may be collected.

Records of the authority under which the debt was incurred including any Council Resolution and membership involvement.