



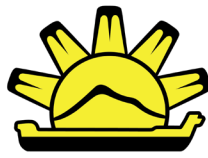
Malahat Nation

STATEMENT OF POLICY AND PROCEDURE
Finance Policy

Policy# SPP-FIN

BCR# 2022/23-012 FIN-002

Effective Date: September 08, 2022



Malahat

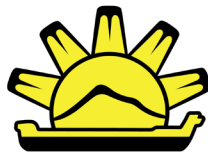
Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

Table of Contents

| | |
|--|-----------|
| 1. DEFINITIONS | 6 |
| 2. Annual Planning and Budgeting Policy..... | 13 |
| 2.1 Annual Integrated Strategic Planning Process | 16 |
| 2.2 Strategic Plan | 16 |
| 2.3 Capital Plan | 17 |
| 2.4 Annual Operational and Capital Budgets..... | 18 |
| 2.5 Multi-Year Financial Plan | 18 |
| 2.6 Plan and Budget Amendments | 19 |
| 3. Financial and Operational Reporting Policy | 22 |
| 3.1 Financial Reports List | 24 |
| 3.2 Financial Statement Preparation | 24 |
| 3.3 Financial Reporting Risks | 26 |
| 3.4 Fiscal Year..... | 27 |
| 3.5 Annual Report | 27 |
| 4. Financial Institution Account and Cash Management Policy | 29 |
| 4.1 Financial Institution Account Management..... | 30 |
| 4.2 Cash Receipts | 31 |
| 4.3 Petty Cash | 32 |
| 4.4 Cheque Stock | 32 |
| 4.5 Credit Lines..... | 32 |
| 4.6 Opening a Financial Institution Account..... | 32 |
| 4.7 Closing a Financial Institution Account | 33 |
| 4.8 Account Reconciliation | 33 |
| 4.9 Independent Review | 33 |
| 4.10 Irregularities..... | 34 |
| 5. Credit Card Policy..... | 36 |
| 5.1 Card Issuance and Revocation | 37 |
| 5.2 Card Use | 38 |
| 5.3 Prohibited Expenditures | 38 |
| 5.4 Receipts and Documentation..... | 39 |



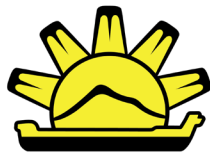
Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

| | | |
|-----------|---|-----------|
| 5.5 | Statements and Balances | 39 |
| 6. | Purchasing and Procurement Policy | 43 |
| 6.1 | Purchasing of Goods and Services | 44 |
| 6.2 | Competitive Purchasing Process | 45 |
| 6.3 | Exceptions to the Competitive Purchasing Process | 45 |
| 6.4 | Approval, Initiation and Monitoring of the Competitive Purchasing Process | 46 |
| 6.5 | Documentation Requirements..... | 46 |
| 6.6 | Monitoring and Evaluation of Suppliers | 46 |
| 6.7 | Encouraging New Suppliers | 47 |
| 6.8 | Preferred Suppliers | 47 |
| 7. | Expenditures Policy | 55 |
| 7.1 | General and Operational Expenditures | 56 |
| 7.2 | Payroll | 57 |
| 7.3 | Reimbursable Expenses | 57 |
| 7.4 | Other Travel Expenses | 58 |
| 7.5 | Memberships and other Reimbursable Expenses | 59 |
| 7.6 | Reporting and Documentation | 59 |
| 7.7 | Approval for Payment | 60 |
| 7.8 | Payments..... | 60 |
| 8. | Borrowing Policy | 63 |
| 8.1 | Determination of Need and Evaluation of Options | 64 |
| 8.2 | Approval..... | 65 |
| 8.3 | Management and Monitoring of Borrowings | 65 |
| 8.4 | Reporting on Borrowings | 65 |
| 8.5 | Records Management..... | 65 |
| 9. | Lending, Guarantees and Indemnities Policy | 67 |
| 9.1 | Requirements..... | 68 |
| 9.2 | Payroll Advances | 70 |
| 9.3 | Leases..... | 70 |
| 9.4 | Accessibility | 71 |
| 9.5 | Collection | 71 |



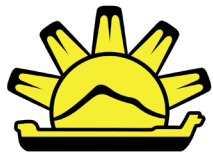
Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

| | | |
|------------|---|-----------|
| 9.6 | Debt Forgiveness..... | 71 |
| 9.7 | Write-offs..... | 72 |
| 9.8 | Monitoring and Reporting..... | 72 |
| 9.9 | Record Keeping..... | 72 |
| 10. | Investments Policy..... | 77 |
| 10.1 | Determine Investment Management Strategy..... | 78 |
| 10.2 | Selection of Investment Manager..... | 78 |
| 10.3 | Termination of Investment Manager..... | 79 |
| 10.4 | Designation and Transfer of Investment Funds..... | 79 |
| 10.5 | Local Revenues – Permitted Investments..... | 79 |
| 10.6 | Monitoring of Investments..... | 80 |
| 10.7 | Rebalancing of Investment Portfolio..... | 80 |
| 11. | Capital Assets Policy..... | 81 |
| 11.1 | Capital Asset Register..... | 83 |
| 11.2 | Annual Condition Assessment and Review..... | 83 |
| 11.3 | Safeguarding Assets..... | 84 |
| 11.4 | Maintenance of Assets..... | 84 |
| 11.5 | Use of Malahat Nation Assets for Work-Related Purposes..... | 85 |
| 11.6 | Personal Use of Malahat Nation Assets..... | 86 |
| 11.7 | Life-Cycle Management Program..... | 87 |
| 11.8 | Capital Projects..... | 87 |
| 11.9 | Construction Management..... | 88 |
| 11.10 | Acquisition of Capital Assets..... | 89 |
| 11.11 | Capital Asset Reserve Fund..... | 89 |
| 11.12 | Disposal of Capital Assets..... | 89 |
| 12. | Insurance Policy..... | 91 |
| 12.1 | Identify Significant Material Risks..... | 92 |
| 12.2 | Identify and Purchase Insurance Products..... | 92 |
| 12.3 | Approval for Insurance Coverage..... | 92 |
| 12.4 | Maintenance of Insurance Coverage..... | 93 |
| 13. | Risk Management Policy..... | 94 |



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

| | | |
|------------|---|------------|
| 13.1 | Annual Risk Management Planning | 95 |
| 13.2 | Fraud Risk Assessment | 96 |
| 13.3 | For-Profit Business Activities Risk Management Considerations | 96 |
| 13.4 | Lending, Guarantees and Indemnities | 97 |
| 13.5 | Investment Risk Assessment..... | 97 |
| 13.6 | Financial Reporting Risks | 97 |
| 13.7 | Insurance and Emergency Operations Continuity Plan | 97 |
| 14. | Emergencies and Operations Continuity Policy..... | 98 |
| 14.1 | Analyze the Current Situation..... | 98 |
| 14.2 | Develop the Emergency and Operations Continuity Plan | 99 |
| 14.3 | Implement the Plan..... | 99 |
| 14.4 | Annual Review | 99 |
| 15. | Financial Management System Improvement Policy..... | 100 |
| 15.1 | Financial Management System Review | 101 |
| 15.2 | Internal Assessments | 101 |
| 15.3 | Continual Improvement Process..... | 102 |
| 15.4 | Review of Financial Administration Law | 102 |
| 15.5 | Membership Information or Involvement..... | 102 |



Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

1. DEFINITIONS

| | |
|---|---|
| “Annual Budget” | the Malahat Nation budget prepared for a given fiscal year, comprised of the annual operational and annual capital budgets |
| “Arrears” | unpaid, overdue debt, or an unfulfilled obligation |
| “Assets” | anything of value owned by the Malahat Nation |
| “Asset Recognition Criteria” | criteria to be used to set the threshold for determining whether a capital asset must be included in the capital asset register |
| “Assign” | transfer of duties or functions from one person to another where the former person (the assignor) retains responsibility for ensuring the activities are carried out |
| “Authorization and Delegation Table” | a table approved by Council specifying the delegation and assignment authorities over decisions or activities related to the Malahat Nation’s financial administration |
| “Budget” | a plan or outline of expected money and spending over a specified period |
| “Capital Assets” | tangible capital assets (physical assets) such as buildings, land, and major equipment |
| “Capital Plan” | a consolidated plan or outline of expected money and spending of all capital projects to be undertaken in a fiscal year |
| “Capital Project” | the construction, rehabilitation or replacement of the Malahat Nation’s capital assets and any other major capital projects in which the Malahat Nation or its related entities are investors |
| “Capital Project Plan” | a project management plan to carry out a capital project that includes the budget |
| “Cash” | money, cheques, money orders, and equivalent forms of currency |
| “Cash Reserves” | money that a company keeps on-hand to meet short-term and emergency funding needs |
| “Classification” | process of categorizing records in an organized way |



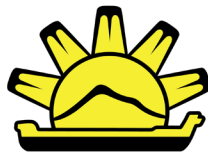
Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

| | |
|---------------------------------------|---|
| “Chairperson” | head of a meeting, department, committee, or board. The vice-chairperson acts as the head when the chairperson is not there |
| “Chief Administrative Officer” | or CAO, person who is responsible for leading the day-to-day administration or management of the Malahat Nation and who reports directly to Council |
| “Code of Conduct Declaration” | statement that Council, committee members, employees, and contractors must sign on an annual basis that states they understand and agree to the Malahat Nation government’s code of conduct |
| “Committee” | group of people appointed by Council for advising Council or conducting decision-making activities assigned by Council until or unless they are suspended or disbanded by Council |
| “Conflict of Interest” | a perceived, potential, or actual situation of personal gain at the expense of the Nation |
| “Contract” | legally binding agreement between two parties |
| “Control” | policy, procedure, or process put in place to manage a Malahat Nation government’s administration |
| “Corrective Actions” | steps taken to deal with behavior, including job-related behavior, that does not meet agreed upon and communicated performance expectations |
| “Cost” | amount of money to be paid or spent to obtain something |
| “Council” | elected or appointed official representatives of the Malahat Nation that includes Chief, Councillors and the equivalent terminology used by the Malahat Nation |
| “Debt” | something that is owed or due, usually money |
| “Deficit” | shortage that occurs when an organization spends more money than it has on-hand over a period |
| “Delegation” | transfer of specific responsibilities from one person to another |
| “Director of Finance” | person responsible for the day-to-day management of the Malahat Nation’s finances |
| “Eligibility Criteria” | requirements set by Council regarding Finance and Audit Committee member eligibility, which must be |



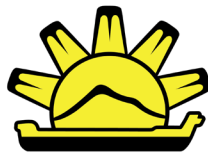
Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

| | |
|-----------------------------------|---|
| | met by an individual to be considered independent and eligible to be appointed to the committee |
| “Engagement Letter” | written document prepared by the auditor that serves as a contract to confirm the audit arrangements between the auditor and the Malahat Nation government; as required by Canadian Generally Accepted Auditing Standards |
| “Entity” | corporation, partnership, joint venture or unincorporated association or organization whose financial transactions are consolidated in the Malahat Nation government’s financial statements in accordance with GAAP |
| “Expenditure” | amount of money spent by the Malahat Nation government to buy goods or services |
| “Financial Competency” | ability to read and understand the Malahat Nation government’s financial statements |
| “Financial Reporting Risk” | possibility of a significant error in financial information often caused by weak internal controls or fraud |
| “Financial Statement” | formal record of the activities and financial results of the Malahat Nation within a specific period |
| “Fiscal Year” | twelve-month period used for tax or accounting purposes, beginning April 1 and ending March 31 each year |
| “Fraud” | intentional wrongful or criminal act or acts usually done for personal or financial gain |
| “GAAP” | Canadian Generally Accepted Accounting Principles, the framework of accounting guidelines, rules and procedures |
| “HR Records” | employee, officer and contractor personnel records that contain information on an individual’s hiring/appointment, job duties, compensation, performance, and general employment history |
| “Immediate Supervisor” | employee responsible for managing and overseeing the work and development of other staff |
| “Indemnity” | security or protection against a loss or other financial commitment |



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

| | |
|--|--|
| “Independence” | an individual who does not have a direct or indirect relationship with the Malahat Nation government that could, in the opinion of Council, reasonably interfere with the individual’s judgment in performance of duties and responsibilities, such as a member of the finance and audit committee |
| “Information” | knowledge received and any documented material regardless of source or format |
| “Information Security” | the way the Malahat Nation government protects information from unauthorized access, use, modification, or destruction |
| “Integrated Planning and Budgeting” | annual process of planning and budgeting activities across every level of the Malahat Nation government that are linked, coordinated, and driven by the Malahat Nation’s vision and strategic objectives |
| “Internal Assessment” | review of an activity/process by an independent Malahat Nation staff member (i.e. an individual not responsible for or involved in the activity) to determine the effectiveness of that specific activity or process |
| “Investment” | an asset or item bought with the hope that it will gain value or provide income in the future |
| “Life-Cycle Plan” | plan of the Malahat Nation’s assets in terms of costs to buy, operate, upkeep and get rid of over a specified period |
| “Loan Guarantee” | promise to pay all or a part of the principal and/or interest on a debt obligation in the event of default by the borrower |
| “Local Revenues” | term used to describe property taxes under the <i>First Nations Fiscal Management Act</i> |
| “Materiality” | financial amount that the Malahat Nation government considers significant, typically large amounts; the materiality threshold is the minimum financial amount that a First Nation government considers significant |
| “Misconduct or Wrongdoing” | breach of the Malahat Nation’s Financial Administration Law including conflict of interest provisions, code of conduct, Council-approved policies and administrative procedures |



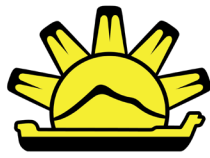
Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

| | |
|---------------------------------------|--|
| “Officer” | Chief Administrative Officer, Director of Finance, Tax Administrator or any other employee of the Malahat Nation government designated by the Council as an Officer |
| “Organizational Chart” | visual representation of the different positions in a Malahat Nation government that clearly shows reporting relationships (who reports to whom) |
| “Performance Improvement Plan” | plan developed by an employee’s immediate supervisor, in consultation with the employee, to address the areas for improvement/development identified during the performance review process |
| “Personal Information” | information about a specific individual. In addition to common items such as an individual’s name, gender, physical characteristics, address, contact information, identification and file numbers - it also includes criminal, medical, financial, family and educational history as well as evaluative information and other details of an individual’s life |
| “Privacy Protection” | rules the Malahat Nation government puts in place to collect, create, use, share/disclose, retain, protect and dispose of the Personal Information that it needs for its administration |
| “Projection” | estimates for a future situation based on all the information available now |
| “Purchase Order” | document stating the wish of a buyer to purchase something from a seller that shows the exact details of the items the buyer wishes to buy, including quantity and price |
| “Purchasing” | buying an asset or item. Also referred as “procurement” per the First Nations Financial Management Board Standards |
| “Record” | information created, received, and maintained by the Malahat Nation government for operational purposes or legal obligations. A record may be electronic, or hardcopy paper based |
| “Recordkeeping” | how an organization creates, obtains, and manages records |



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

| | |
|---------------------------------|---|
| “Rehabilitation” | asset alteration, extension and renovation but does not include routine maintenance |
| “Reimbursable Expenses” | amount of money spent on transportation, accommodation, meals, hospitality or incidentals, to be paid back (reimbursed) |
| “Remuneration” | salaries, wages, commissions, bonuses, fees, honoraria and dividends and any other monetary and non-monetary benefits |
| “Replacement” | substitution, in whole or in part, with another of the Malahat Nation government’s capital assets |
| “Requisition” | purchase order used by the Malahat Nation government when recording expenditures |
| “RFP” | Request for Proposal, competitive process followed by the Malahat Nation government to enter into a major service contract or other significant procurement arrangement. RFPs lay out the Malahat Nation government’s needs and conditions and leave it up to the potential contractors to present a proposal that shows their experience, skills and ability to carry out the contract within time and cost specifications |
| “Risk” | possibility of a loss or other negative event that could threaten the achievement of the Malahat Nation government’s goals and objectives |
| “Sole Source” | contract entered into by the Malahat Nation government without a competitive process to purchase goods and/or services |
| “Special Committee” | committee formed for a specific purpose and is dissolved when that purpose has been achieved |
| “Special Purpose Report” | financial report on a specific activity |
| “Standing Committee” | committee that has an ongoing purpose |
| “Tax Administrator” | person responsible for managing the local revenues and local revenue account on a day-to-day basis, if the Malahat Nation government is collecting local revenues |
| “Terms of Reference” | outline of the purpose and structure of a project, committee, meeting, or negotiation |



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

“Travel Status”

pre-approved travel on official Malahat Nation government business by an individual’s immediate supervisor; Travel Status begins from the individual’s place of work (e.g. the Malahat Nation government office) to the approved destination and ends once they return to their place of work

“Useful Life”

estimate of how long a capital asset is expected to be used by the Malahat Nation government

“Value for Money”

best combination of price, quality, and benefits of a product or service

“Virtual Private Network”

VPN is a way to use public telecommunication infrastructure, such as the internet, to provide remote offices or individual users with secure access to the Malahat Nation government’s virtual network



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

2. Annual Planning and Budgeting Policy

Policy Statement

It is Council's policy to establish an annual planning and budgeting process for the short and long-term priorities and goals and linking them to operations and spending.

Purpose

The purpose of this policy is to ensure that a comprehensive planning process is established and implemented to support the on-going decision making of the Malahat Nation. This is to ensure that the Malahat Nation has enough resources to deliver quality services to members at a reasonable cost and support it in achieving its goals.

Scope

This policy applies to Council, committee members, and Officers and employees of the Malahat Nation involved in the annual planning and budgeting process.

Responsibilities

Council is responsible for:

- Establishing specific goals and service priorities, with input from the Malahat Nation membership to guide objectives planning during the strategic planning process, and resource and allocation decisions during the budgeting process;
- Reviewing and approving the annual budget and ensuring that it was prepared in accordance with the Malahat Nation's Financial Administration Law and other applicable laws, and provides for required programs and services, and planned capital projects of the Malahat Nation;
- Reviewing and approving any circumstances that are expected to create a budget deficit including consideration of any recommendations from the Finance and Audit Committee on plans to eliminate the budget deficit in a future period;
- Reviewing and approving other planning documents including but not limited to a strategic plan, capital plan, and a multi-year financial plan;
- Reviewing and approving the annual threshold for budget amendments;
- Reviewing and approving any amendments to the annual budget or other planning



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

documents;

- Ensuring that a process is in place to address membership priorities in the strategic plan and other planning documents as appropriate;
- Ensuring that the membership of the Malahat Nation is informed about or involved in the preparation of the annual budget, multi-year financial plan, projected budget deficits or projected extraordinary expenditures as set out in the Malahat Nation's Financial Administration Law;
- Establishing general budget policies such as requirements for a balanced budget and use of cash reserves; and
- Ongoing monitoring of financial performance against approved budgets and plans.

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

- Reviewing the draft annual budget and multi-year financial plan and recommending them to Council for approval;
- Providing recommendations to Council respecting plans to eliminate budget deficits in a future year;
- Reviewing draft amendments of the annual budget and recommending them to Council for approval;
- Reviewing information, schedules, and proposed budgets for rehabilitation or replacement of capital assets and plans for new construction of capital assets as provided in the annual budget and annual capital plan; and
- Ongoing monitoring of financial performance against Council-approved budgets.

The Chief Administrative Officer (CAO) is responsible for:

- Creating a planning and budgeting calendar and making sure deadlines are met, subject to the Malahat Nation's Financial Administration Law;
- Ensuring that the budgeting calendar is met by arranging and participating in any necessary strategic and budgetary planning meetings with Council and Officers and employees;
- Updating the strategic plan as required based on the outcomes of the annual planning



Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

session (can assign);

- Reviewing draft budgets and budget amendments, and other draft planning documents in consultation with the Finance and Audit Committee (FAC);
- Communicating the Council-approved strategic plan and annual budget to employees;
- Conducting regular financial monitoring to compare actual income and expenditures to those budgeted; and
- Maintaining a current register of all Malahat Nation's capital assets and arranging for periodic condition assessments.

The Director of Finance (DOF) is responsible for:

- Establishing the format for draft budgets;
- Participating in budget planning sessions with Council, the Finance and Audit Committee, Chief Administrative Officer, and other key stakeholders;
- Collaborating with heads of departments in setting draft expenditures for their respective department components of the annual budget;
- Preparing the draft budget or consolidating and evaluating draft budgets from departments for accuracy, reasonableness, applicable guidelines, and anticipated resources in accordance with the Malahat Nation's Financial Administration Law;
- Developing revenue projections based on reviews of fiscal transfer agreements and collaboration with other Officers on own source revenue projections;
- Recommending the annual threshold for budget amendments to the Finance and Audit Committee for recommendation to Council for approval (can assign);
- Monitoring and reporting to the Finance and Audit Committee budget amendments that meet the Council-approved amendment threshold, for recommendation to Council for approval as an amendment to the annual budget;
- Presenting draft annual budget to the Chief Administrative Officer and the Finance and Audit Committee on an annual basis;
- Implementing financial monitoring, including preparing and analyzing budgeted versus actual revenue and expenditure reports for the Finance and Audit Committee use and



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

overseeing any Council-approved budget amendments after the annual budget is approved;

- Making projections and preparing budgets for capital assets as required for the annual capital plan; and
- Any other responsibilities as outlined in the Financial Administration Law.

Procedures

2.1 Annual Integrated Strategic Planning Process

An annual planning session will be held no later than November 30th. The integrated planning process must comply with the schedule for planning activities set out in the Malahat Nation's Financial Administration Law (FAL).

The planning session will generally include:

- Council, Finance and Audit Committee members, the Chief Administrative Officer, Director of Finance, and heads of departments;
- Development or communication of operational goals and objectives based on priorities established by Council;
- Presentation of a Planning and Budgeting Calendar;
- Development or update of key budget assumptions, constraints, and cost drivers for the annual budget and multi-year financial plan;
- Development or update of a multi-year capital plan to ensure the effective management of capital assets which identifies and prioritizes needs, costs, and expected sources of financing; and
- Development or review and update of strategic plans, goals and objectives.

2.2 Strategic Plan

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

- A long-term vision for the Malahat Nation that will be used to guide financial and



Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

community-decision making;

- Plans, goals, and objectives, identified as short- or long-term, ensuring a realistic timeframe to implement the plan is established;
- A community vision and a community priorities list, developed with input from the community, which provide the guiding principles of the plan; and
- Identified requirements to implement the plan and how the implementation of the plan will be resourced.

The strategic plan will be reviewed annually and updated as necessary.

Updates to the strategic plan will be reviewed and approved by Council no later than March 31st annually.

2.3 Capital Plan

Annually, based on the information in the capital asset register and contributions from relevant employees, a capital plan, which includes short- and long-term projections for asset maintenance, rehabilitation or replacement, including acquisition and/or construction, will be prepared by the Director of Finance by December 31st of each year. The financial information contained in the capital plan will be the basis of the annual capital budget and the life-cycle management of the asset.

The information in the capital plan will be segregated into asset categories (e.g. vehicles, community buildings, community housing, roads, etc.). Forecasts contained in the plan will be prepared on annual, five (5) year, and twenty (20) year bases. The plan will include the information required by the Malahat Nation's Financial Administration Law and, at minimum, the following details:

- Description of each existing asset, including cost, accumulated depreciation and estimated remaining useful life;
- Description and rationale of each planned rehabilitation, replacement, acquisition or construction of asset(s);
- Estimated costs of rehabilitation, replacement, acquisition or construction of each asset;
- Estimated timeframe and schedule of maintenance, rehabilitation, replacement, acquisition or construction of each asset;
- Impact on annual budget and multi-year financial plan.



Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

The Finance and Audit Committee will review and recommend to Council for approval the capital plan by January 30th each year to ensure the information contained in the plan is considered during preparation of the annual budget for the upcoming fiscal year.

2.4 Annual Operational and Capital Budgets

Based on the annual integrated planning session, the initial operating budget estimates will be prepared. The draft budget must meet the requirements of the Malahat Nation's Financial Administration Law (FAL).

The multi-year capital budget estimates will be prepared or updated based on the information developed in the capital plan. Estimates should include all capital improvement projects (purchase, construction, or renovation of physical facilities) and all capital equipment expenditures.

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

The Director of Finance (or assignee) will establish a threshold by which any potential amendments to the budget will be determined. Unexpected, extra-budgetary items under the amendment threshold will be approved in accordance with relevant policies.

The draft budget, including recommendations of amendment threshold, will be presented for discussion at a Finance and Audit Committee meeting. Where a projected deficit exists, the FAC will provide recommendations to Council on plans to eliminate the budget deficit in a future year.

The final draft budget recommended for approval to Council by the FAC will be considered by Council no later than March 31st each year.

2.5 Multi-Year Financial Plan

Based on the annual integrated strategic 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 as defined in the Financial Administration Law (FAL), payments required to address any deficits and payments for all other purposes;



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

- Pro-forma Statement of Financial Position and Consolidated Statement of Cash Flows for each year of the five-year planning period;
- Projected transfers between accounts that include the amounts from the capital asset reserve account;
- All categories of restricted cash; and
- Projected deficits or surpluses.

The draft multi-year financial plan will be presented for discussion at a Finance and Audit Committee meeting. The FAC 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 FAC will be adopted as a formal planning document no later than March 31st of each fiscal year.

2.6 Plan and Budget Amendments

Amendments to budgets are limited to circumstances that lead or may lead to material changes to the projected revenues or expenditures of the Malahat Nation, or to expenditure priorities of Council. The budget amendment threshold is approved by Council each year as determined by the Director of Finance and recommended by the Finance and Audit Committee.

Should circumstances arise which meet the requirements for a budget amendment and the budget amendment threshold, the Director of Finance will prepare a draft budget amendment. Budget amendments will be brought to the Finance and Audit Committee for review and recommendation to Council for approval.

If amendments are required to the component of the annual budget respecting the Malahat Nation's local revenue account, the draft amendment must be prepared by the Director of Finance and submitted to the FAC for review and recommendation to Council for approval.

Reference and Related Authorities

FMB'S Financial Management System Standards

- Standard 15.0 – Integrated Process
- Standard 17.0 – Financial Plan
- Standard 18.0 – Budgets
- Standard 25.0 – Tangible Capital Assets



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

FMB's Financial Administration Law Standards

- Standard 15.0 – Multi-Year Financial Plan
- Standard 16.0 – Budgets

Attachments

- 1) Planning and Budgeting Calendar Template



Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

Recommended Strategic Planning and Budgeting Calendar Template

| TASK | LEAD | DEADLINE |
|--|------------------------|-------------|
| Host annual strategic planning session | CAO | November 15 |
| Review/inspect all tangible capital assets to establish or update information | CAO | November 28 |
| Develop/update Draft Annual Capital Plan | CAO | December 31 |
| Prepare/update Draft Annual Strategic Plan | CAO | January 15 |
| Prepare draft departmental budgets | DOF & department heads | January 31 |
| Prepare draft capital expenditures for the budget and multi-year financial plan | DOF | January 31 |
| Consolidate all departmental budgets into Draft Annual Budget | DOF | February 15 |
| Prepare Draft Multi-Year Financial Plan | DOF | February 15 |
| FAC review Draft Planning Documents & recommend to Council for approval | CAO | February 28 |
| Post Public Notice informing members of Council meeting wherein Planning Documents will be reviewed & approved | CAO | March 15 |
| Council review and approve Planning Documents | Council | March 31 |
| Publishing of Strategic Plan for community members and distribution of Planning Documents to staff | CAO | April 15 |
| Council review and approve draft amendments to Local Revenue Account component of Annual Budget (if required) | Council | July 31 |



Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

3. Financial and Operational Reporting Policy

Policy Statement

It is Council's policy to establish financial and operational processes that promote transparency and accountability and to communicate to members the Malahat Nation's progress towards achieving its goals.

Purpose

The purpose of this policy is to establish financial and operational reporting requirements and practices to provide timely, accurate and relevant financial and operational information to decision-makers and stakeholders, as appropriate. This will support the Malahat Nation in assessing progress toward achieving its goals.

Scope

This policy applies to all financial operations and activities of the Malahat Nation, including those operations that the Malahat Nation controls. The persons affected by this policy include Council, the Finance and Audit Committee, Officers and employees of the Malahat Nation.

Responsibilities

Council is responsible for:

- Reviewing the financial statements and reports, and the Finance and Audit Committee's corresponding recommendations;
- Approving the financial reports list, the financial statements and reports;
- Determining the preferred level of auditor involvement for the report to be issued by the auditors on the special purpose reports referred to in the FAL; and
- Documenting procedures for identification of risks.

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

- Reviewing the financial reports list, reviewing quarterly and annual financial statements and reports, and the Chief Administrative Officer's corresponding recommendations, and making appropriate recommendations to Council; and
- Fulfilling responsibilities as required under the Malahat Nation External Audit Policy, contained in the Malahat Nation Governance Policy.



Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

The Chief Administrative Officer (CAO) is responsible for:

- Identifying, assessing, monitoring and reporting on financial reporting risks to the Finance and Audit Committee;
- Monitoring and reporting on the effectiveness of mitigating controls for the financial reporting risks and fraud risks, taking into consideration the cost of implementing these controls;
- Ensuring that financial reporting risk assessment and management practices have been performed in relation to quarterly and annual financial statements; and
- Periodically reviewing these policies in consultation with the Director of Finance and other staff as appropriate, and recommending any updates to the Finance and Audit Committee for review and recommendation to Council for approval (can assign).

The Director of Finance (DOF) is responsible for:

- Preparing and updating the financial reports list (can assign);
- Preparing the financial statements and reports in accordance with Canadian GAAP and this policy and procedure;
- Reviewing the financial statements and reports and making appropriate recommendations to the Finance and Audit Committee (can assign);
- Assessing and managing financial reporting risk and reporting risks to the Chief Administrative Officer;
- Developing and recommending procedures for identifying and mitigating financial reporting risks and fraud risks and ensuring approved procedures are followed;
- Providing all requested information related to the preparation of financial statements and reports and the assessment and management of financial reporting risk (can assign); and
- [If the Malahat Nation has a loan from the First Nations Finance Authority (FNFA) that is secured by other revenues] Maintaining a complete set of all records respecting other revenues of the Malahat Nation, including all records referred to in section 5 of the Local Revenue Management Implementation Regulation as amended by the Financing Secured by Other Revenues Regulations.



Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

Procedures

3.1 Financial Reports List

Council and the Finance and Audit Committee (or assignee), with the assistance of the Director of Finance, is responsible for preparing a list of all financial statements and reports that are to be prepared on a regular basis.

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

Monthly financial reports prepared by the Director of Finance will be tailored to the needs of the Malahat Nation for monitoring purposes in the form and content recommended by the FAC and approved by Council. The monthly financial reports will be provided to the Chief Administrative Officer and Council, as required in the FAL.

If the Malahat Nation has borrowed money 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; and
- The report's distribution list.

The Director of Finance (or assignee) will review and update the financial reports list annually and submit the list to the FAC for review and recommendation to Council. Council (or assignee) will review and approve the financial reports list annually.

3.2 Financial Statement Preparation

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

The quarterly statements will be considered and recommended to Council for approval by the Finance and Audit Committee following quarter end. The quarterly statements will be considered and approved by Council no later than 45 days following quarter end.

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;



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

- [Financial information for the local revenue account as required by the Financial Administration Law];
- [If the Malahat Nation has borrowed money from the FNFA secured by other revenues] Financial information on these other revenues; and
- Any other information requested by the FAC or Council.

Each annual financial statement will include the following:

- The financial information and disclosures for the Malahat 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 (FAL) regarding reporting of Council remuneration and expenses;
- A special purpose report setting out all debts or obligations forgiven by the Malahat Nation in the fiscal year; and
- Any other report required under the Act or an agreement.

Annual financial statements will be prepared according to a standard “financial closing and reporting process checklist”.

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 Director of Finance’s comment(s) and recommendation(s), and recommend to Council for approval after year end. Council will review and approve the annual financial statements no later than 105 days following the end of the fiscal year for which they were prepared.

Council will review the annual financial statements (other than those prepared for local revenues), the accompanying information and recommendation(s) and approve no later than 120 days after the fiscal year end.

If the financial statements are not approved by Council, a documented rationale will be communicated to the Director of Finance and Chief Administrative Officer for corrective action. The financial statements will be re-submitted for approval within the timeframe stated by Council in their rationale.

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



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

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

The financial reporting record file will be classified as confidential and secure, and maintained according to the relevant policy. Retention period will be seven (7) years unless otherwise specified by Council policy.

3.3 Financial Reporting Risks

Annually, as part of the evaluation process, the Chief Administrative Officer will make sure that the persons, including employees, officers, and Councillors, engaged in the financial management system:

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

The Director of Finance will develop of "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 and/or analysis of all statement of financial position, receivables and payables accounts;
- Review for collectability of outstanding and late payments and preparation of any necessary adjustment to the allowance for doubtful accounts;
- Search for unrecorded liabilities and preparation of accrual journal entries, including:
 - Reconciliation of supplier statements;
 - Review of current contracts for supplies or services; and
 - Department/program inquiries for any invoices, commitments, or 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;
- Review of financial statements for accuracy, additions, and cross-references and for agreement with the general ledger;



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

- Presentation of financial statements has been reviewed; necessary disclosures and reclassification entries have been prepared and approved by the Director of Finance;
- Provision of draft departmental financial statements to respective departments for review, comment and budgetary variance explanations;
- Satisfaction of the Director of Finance 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) require authorization from the Director of Finance, and consultation and communication with the Finance and Audit Committee and Council. Changes such as the addition/deletion/modification of the general ledger accounts, customer/member accounts, or vendor accounts require approval from the Director of Finance.

3.4 Fiscal Year

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

3.5 Annual Report

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

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

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

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

The contents of the annual report and the audit annual financial statements will be presented to the community at the Annual General Meeting (AGM) no later than September 27th each year.



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

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

References and Related Authorities

FMB's Financial Management System Standards

- Standard 14.0 – Fiscal Year
- Standard 20.0 – Risk Management
- Standard 21.0 – Financial Reporting
- Standard 23.0 – Annual Reports

FMB's Financial Administration Law Standards

- Standard 20.0 – Financial Reporting
- Standard 23.0 – Annual Report



Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

4. Financial Institution Account and Cash Management Policy

Policy Statement

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

Purpose

The purpose of this policy is to specify authorities and responsibilities over banking activities including signing and approval authorities, opening and closing of accounts, and processing transactions. Having control over access to, and the management of, the Malahat Nation's bank accounts limits the chance of loss of money.

Scope

This policy applies to Council, Officers and employees assigned financial institution account responsibilities.

Responsibilities

Council is responsible for:

- Approving the addition or the removal of authorized signatories for each financial institution account used by the Malahat Nation;
- Designating the financial institutions that the Malahat Nation may conduct banking activities with; and
- Approving the establishment updates to the limit of an operating line of credit or overdraft account.

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

- Ensuring significant irregularities or unusual reconciling items brought to their attention are investigated.

The Director of Finance (DOF) is responsible for:

- Representing the Malahat Nation in dealing with financial institutions;
- Coordinating the opening, maintenance and closing of bank accounts;
- Assigning banking duties and ensuring that adequate segregation of duties is maintained;



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

- Ensuring physical and other safeguards are implemented over any handling of cash, physical and electronic access to cash, and blank cheques;
- Ensuring all money received is deposited as soon as practicable into the appropriate accounts;
- Ensuring a reconciliation is performed each month for every financial institution account, approving and doing an independent review of monthly bank reconciliations for each financial institution account;
- Documenting and alerting the Finance and Audit Committee of any irregularities in the reconciliation process;
- Monitoring and projecting the Malahat Nation's cash position; and
- Managing the Malahat Nation's short-term liquidity and working capital including credit line facilities.

Employees in the Finance Department are responsible for the following duties as assigned by the Director of Finance:

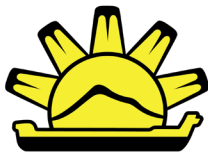
- Receiving cheques, cash, and Electronic Funds Transfers (EFT);
- Preparing cheques and cash for deposits to the appropriate financial institution account, and recording revenue deposited in the accounting system;
- Reconciling petty cash accounts on a monthly basis;
- Ensuring all anticipated recurring deposits have been received, and alerting the Director of Finance of any overdue or late payments;
- Preparing a reconciliation for each of the financial institution bank accounts and ensuring supporting documentation and records are retained for each reconciliation; and
- Alerting the Director of Finance of any irregularities or unusual reconciling items.

Procedures

4.1 Financial Institution Account Management

The Director of Finance maintains correspondence and official documents relating to the opening, maintenance and closing of all financial institution accounts.

The Director of Finance will develop a clear description of the purpose of each financial institution account and provide it to all employees who are responsible for depositing funds and reconciling the accounts.



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

The list of individuals with authorized signing authorities for each financial institution account will be maintained by the Director of Finance. All changes to signing authorities must be approved by Council.

Online financial institution access will be permitted and controlled as follows:

- Each employee requiring online financial institution access will have a separate login and individual password. The sharing of such passwords is expressly forbidden and will result in corrective action, up to and including dismissal.
- The employee performing account reconciliations will be granted read-only access to the account they have been assigned to reconcile.
- Only the Director of Finance and Chief Administrative Officer will be provided with online banking access to perform transactions.
- Transaction completion activities, such as Electronic Funds Transfers (EFT) will be controlled in a similar manner as cheques: two authorized signatories must approve each transaction.

4.2 Cash Receipts

The person recording cash receipts in the general ledger will not be the same individual making the deposit at the financial institution or the individual performing the bank reconciliation.

Cheques received by direct mail will be recorded in a receipt log and endorsed (stamped) immediately as “for deposit only to [account #]” by the person designated by the Director of Finance to receive payments. This blocks negotiation of the cheque(s) if stolen. The log will include the date, source amount, and reason for payment.

The employee who receives and records the payment will make two (2) copies of the cheque, placing one copy in a “cheques received” folder, and submitting the other copy along with the cheque to the Director of Finance for depositing.

Cash received will be recorded in a receipt log, indicating the date, source amount and reason for payment. The employee who receives and records the cash payment will then submit to the Director of Finance for depositing.

All funds will be deposited in the appropriate financial institution account no later than 3 business days after receipt. Any cash stored on premises must be kept in a safe, locked cash box inside a locked cabinet or safe until deposited. Access to the lockbox and cabinet will be limited to the Director of Finance and the employee responsible for receiving funds.

A list of anticipated ongoing deposits will be maintained and reviewed on a monthly basis. Any expected deposits that have not been deposited in the financial institution account(s) will be reported to the Director of Finance immediately.



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

4.3 Petty Cash

A limited number of petty cash accounts as determined by the Director of Finance and based on business needs will be created to pay for small items when payment by cheque or EFT is not practical or possible; however, every effort will be made to pay by cheque or EFT.

Petty cash will be managed as follows:

- The creation of a petty cash account and determination of its starting balance must be approved by the Director of Finance;
- The person responsible for petty cash will maintain an activity log and supporting documentation, and submit these documents to the Finance Department on the first of each month for reconciliation and confirmation of remaining balance;
- Petty cash funds and receipts must be kept in a locked drawer or safe with controlled access;
- The Director of Finance will not replenish the petty cash account(s) without completion of a monthly petty cash reconciliation which evidences the need for top up funds.

4.4 Cheque Stock

All blank cheque stock will be stored in a locked cabinet or safe with controlled or limited access.

No employees of the Finance Department with duties related to Accounts Payable or printing of cheques are authorized to sign cheques or approve money transfers.

No one person or employee will be allowed to enter invoices, select invoices for payment, and then print and sign cheques or approve money transfers. At minimum, this process requires at least two individuals to ensure there is segregation of duties, and two authorized signatories to approve the payment.

Authorized signatories will not sign blank cheques under any circumstances. Failure to comply with this procedure will result in corrective action, up to and including dismissal.

4.5 Credit Lines

The Director of Finance will authorize the draw down on any line of credit or overdraft facilities.

4.6 Opening a Financial Institution Account

Once opened, under the authorization of the Director of Finance, the following must be established for each financial institution account:

- Name of the account;



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

- Instructions regarding the purpose of the account;
- Names of signatories and authority limits;
- Address where all statements and correspondence are to be sent; and
- Financial institution contact person.

The financial institution accounts will be created such that all non-deposit transactions (such as cheques, EFTs, etc.) require two signatures for approval according to the relevant policy.

Once the financial institution account is opened, the Director of Finance sets up the account in the general ledger.

4.7 Closing a Financial Institution Account

The request to close a financial institution account must clearly indicate which account is to be closed (i.e. must include name of the account, financial institution account number), and closing bank balance. All such requests to close an account must be approved by Council.

Upon approval from Council, a financial institution account closing letter will be prepared and delivered by the Director of Finance to the financial institution with instructions to transfer any remaining account balance. The letter will be signed by at least two authorized signatories and a copy of which will be retained in accordance with relevant policies.

Once the account has been closed, the Director of Finance will disable the account in the general ledger.

4.8 Account Reconciliation

Each of the Malahat Nation's financial institution accounts will be reconciled to the accounting system records on a monthly basis and independently reviewed within 15 days of month end.

An independent review must be undertaken by the Director of Finance to confirm that reconciliation and documentation records support the amounts recorded on the reconciliation. Such documentation will be retained in accordance with relevant policies.

The employee preparing the financial institution account reconciliation will report to the Director of Finance any unusual or irregular reconciling items, unreconciled or outstanding amounts, and will sign and date the reconciliation as evidence that it is complete and ready for review by the Director of Finance.

4.9 Independent Review

Each financial institution account's monthly reconciliation must be independently reviewed for completeness, timeliness and accuracy to ensure the following:

- Reconciliation balances;
- All amounts recorded are appropriately supported by documentation;



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

- Adjustments are reasonable, routine in nature, and are not carried over for multiple months; and
- Unusual adjustments are well explained, supported, and, if material in nature, are brought to the attention of the Finance and Audit Committee.

The independent review must be undertaken by someone other than the preparer who does not report to the preparer.

4.10 Irregularities

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

The Finance and Audit Committee may request or undertake additional inquiry into the reported irregularity as determined necessary.

References and Related Authorities

FMB's Financial Management System Standards

- Standard 19.0 – Financial Management and Controls

FMB'S Financial Administration Law Standards

- Standard 18.0 – Financial Management and Controls

Attachments

- 1) Petty Cash Receipt Form
- 2) Monthly Reconciliation Top Sheet – Bank and Visa Accounts
- 3) Petty Cash Reconciliation Form



Malahat Nation

110 Thunder Road, Mill Bay, BC V0R 2P4
PH: (250) 743-3231 | FAX: (250) 743-3251

Petty Cash Requisition

For each purchase made from or reimbursed by Petty Cash, please complete this form and submit to the Malahat Nation Finance Department

ATTACH ITEMIZED RECEIPT HERE OR ATTACH TO BACK OF FORM

Supplier: _____

Purchaser: _____

Date of Purchase: _____

Description: _____

GL Acct: _____ Total: _____

PC: _____ GST: _____

Dept Signature: _____

Date: _____

Director of Finance: _____

Date: _____

ATTACH PETTY CASH CHIT HERE

Incomplete forms shall not be processed and will be returned to the Purchaser

Petty Cash Requisitions shall not be processed without a signature at the proper level of authority

By completing this form, the Purchaser confirms the services and/or goods have been provided, and that the expenditure is in support of valid Malahat Nation activities, and planned in accordance with the Council-approved budget



Malahat Nation

110 Thunder Road, Mill Bay, BC V0R 2P4
 PH: (250) 743-3231 | FAX: (250) 743-3251

Financial Institution Account Reconciliation

Monthly reconciliation of all Malahat Nation financial institution accounts must be documented using this form.
 This form is strictly for use by the Malahat Nation Finance Department

Month: _____ Year: _____

| Account Type (Select One) | | | Account Name |
|---------------------------|--|------|--------------|
| Bank | | Visa | |

| | |
|--------------------|--|
| Starting Balance: | |
| Ending Balance: | |
| Completed By: | |
| Completion Date: | |
| Finalized By: | |
| Finalization Date: | |

If the account could not be reconciled within 15 days after month end per FAL, please provide a brief description of why:

Please provide any relevant information related to unusual reconciliation items or issues, if applicable:

The individual completing the reconciliation shall not be the same individual who reviews and finalizes the reconciliation

Control Document: August 2022



Malahat Nation
 110 Thunder Road, Mill Bay, BC V0R 2P4
 PH: (250) 743-3231 | FAX: (250) 743-3251

Petty Cash Reconciliation

Monthly reconciliation of all Malahat Nation petty cash accounts must be documented using this form. This form is strictly for use by the Malahat Nation Finance Department

Month: _____ Year: _____

| | |
|--------------------|--|
| Account Name: | |
| Completed By: | |
| Completion Date: | |
| Finalized By: | |
| Finalization Date: | |

| Starting Count | | |
|----------------|---|-------------|
| \$100 | x | = \$ |
| \$50 | x | = \$ |
| \$20 | x | = \$ |
| \$10 | x | = \$ |
| \$5 | x | = \$ |
| \$2 | x | = \$ |
| \$1 | x | = \$ |
| \$0.25 | x | = \$ |
| \$0.10 | x | = \$ |
| \$0.05 | x | = \$ |
| Total | | = \$ |

| Ending Count | | |
|--------------|---|-------------|
| \$100 | x | = \$ |
| \$50 | x | = \$ |
| \$20 | x | = \$ |
| \$10 | x | = \$ |
| \$5 | x | = \$ |
| \$2 | x | = \$ |
| \$1 | x | = \$ |
| \$0.25 | x | = \$ |
| \$0.10 | x | = \$ |
| \$0.05 | x | = \$ |
| Total | | = \$ |

| Transactions | | | | | |
|------------------------|-------------------------------|---------------------------------|-------------|--------------|-------|
| Date | \$ Disbursed \$ (Received) | Disbursed To / Received From | Description | Change Rec'd | Total |
| | \$ | | | | \$ |
| | \$ | | | | \$ |
| | \$ | | | | \$ |
| | \$ | | | | \$ |
| | \$ | | | | \$ |
| | \$ | | | | \$ |
| | \$ | | | | \$ |
| | \$ | | | | \$ |
| | \$ | | | | \$ |
| | \$ | | | | \$ |
| | \$ | | | | \$ |
| | \$ | | | | \$ |
| Total Transactions | | | | | \$ |
| Less: Starting Balance | | | | | \$ |
| Equals: Ending Balance | | | | | \$ |
| Over/Under | | | | | \$ |



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

5. Credit Card Policy

Policy Statement

It is Council's policy to establish and maintain internal control procedures to ensure the proper use and authorization of corporate credit card transactions.

Purpose

The purpose of this policy is to outline the responsibilities and expectations of individuals issued a credit card by the Malahat Nation, and to ensure unauthorized expenses incurred on Malahat Nation credit cards are dealt with appropriately.

Scope

This policy applies to all individuals issued a corporate credit card by the Malahat Nation.

Responsibilities

The Director of Finance (DOF) is responsible for:

- Determining the eligibility of cardholders, issuing corporate credit cards to eligible individuals in accordance with this policy, and maintaining a register of all corporate credit cards issued;
- Ensuring a Cardholder Agreement is signed by both the Chief Administrative Officer and the cardholder prior to issuance of a corporate credit card;
- Providing training to cardholders regarding credit cards and allowable purchases;
- Reviewing documentation provided by cardholders for completeness and compliance with this policy, and ensuring correct coding and appropriations are indicated;
- Processing payments in a timely manner to avoid over-limit fees;
- Ensuring monthly statement reconciliations are performed in a timely manner, and independently reviewing the reconciliations prepared; and
- Collecting, cancelling and destroying the corporate credit card of any cardholder who ceases to be eligible, or whose credit card privileges have been revoked.

Cardholders are responsible for:

- Adhering to the Cardholder Agreement and complying with this policy;



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

- Ensuring that corporate credit cards are used only for appropriate business expenditures in support of valid Malahat Nation programs and activities and within the limits of the annual budget;
- Ensuring that no purchases are made by credit card for unauthorized expenses as defined in this policy;
- Complying with all relevant purchasing policy procedures, including the requirement to choose the most reasonably priced alternative when making a purchase;
- If a credit card expenditure is reimbursed by a third party, remitting the reimbursement funds to the Malahat Nation in a timely manner;
- Maintaining the security of the corporate credit card and the confidentiality of the information, including the card number, expiry date, CVV number and PIN;
- Submitting detailed original receipts for each purchase made by credit card in a timely manner;
- Reporting a lost or stolen card to Card Services and the Finance Department immediately; and
- Returning the corporate credit card to the Director of Finance immediately upon completion of term as Councillor, termination or retirement from employment, or upon request of the Director of Finance or Chief Administrative Officer.

Procedures

5.1 Card Issuance and Revocation

At the discretion of the Director of Finance and subject to the terms of eligibility as defined in this policy, a corporate credit card may be issued where the nature of an individual's position requires such use. The Malahat Nation will issue only one (1) corporate credit card to each eligible person.

To meet the requirements of eligibility, an individual must:

- Be an active employee, Officer or Councillor of the Malahat Nation;
- Be employed, appointed or elected in a role with the Malahat Nation that requires the use of a credit card (as determined by the Director of Finance);
- Sign a Cardholder Agreement; and
- Not have had credit card privileges revoked previously.

A predetermined credit limit will be set by the Director of Finance for each issued card. This limit may be reviewed at the request of the cardholder, and adjusted by the Director of Finance periodically.



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

Prior to issuance, each cardholder is required to sign a Cardholder Agreement, thereby agreeing to take full responsibility for the corporate credit card. The original agreement will be retained in accordance with relevant policies. A copy of the signed Cardholder Agreement will be provided to the cardholder.

Infractions of the procedures of this policy and/or the Cardholder Agreement may result in cancellation of the card or revocation/withdrawal of corporate credit card privileges, subject to the discretion of the Director of Finance. Infractions of this policy may result in corrective action up to and including dismissal, subject to the discretion of the Chief Administrative Officer (or Council, if the cardholder is an Officer).

In the event that a cardholder is no longer eligible for a corporate credit card, the Director of Finance will ensure the card is cancelled.

5.2 Card Use

Cardholders shall use corporate credit cards only for appropriate business expenses in support of valid Malahat Nation programs and activities. The charging of personal expenses to the corporate credit card is expressly prohibited.

In situations where there is doubt about the appropriate use of a corporate credit card, the cardholder shall seek the guidance of the Director of Finance prior to completing the transaction.

Transactions of a personal nature, or transactions for which no itemized receipt is submitted, shall be deemed an unauthorized expense and dealt with in accordance with this policy.

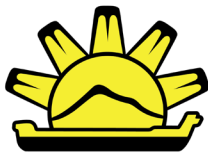
As a condition of the issuance of a corporate credit card, the cardholder agrees that all unauthorized expenses as defined in this policy shall be reimbursed to the Malahat Nation by the cardholder within 10 business days of notification from the Finance Department of an unauthorized expense. Should the cardholder refuse to repay the unauthorized expense within 10 business days, the cardholder's corporate credit card privileges may be suspended until payment is received by the Malahat Nation or information is submitted to indicate the expense is not unauthorized, or revoked at the discretion of the DOF.

5.3 Prohibited Expenditures

A cardholder is not authorized to make the following purchases on a corporate credit card:

- Personal expenses;
- Purchases of gasoline (except where required under a rental car agreement);
- Purchases of alcohol (at a restaurant, liquor store, or other establishment); or
- Any purchase that is not in support of valid Malahat Nation programs and activities.

The Finance Department will notify the cardholder of any unauthorized expenses and request that payment be made to Malahat Nation for the total amount of the expense within 10 business days. The cardholder may choose to have the unauthorized expense deducted from their next paycheck by signing a Payroll Deduction Authorization form. If payment is not received within



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

10 business days, the Director of Finance will suspend or revoke the cardholder's corporate credit card privileges.

5.4 Receipts and Documentation

The cardholder must submit an original itemized receipt for each purchase made on the corporate credit card. A Credit Card Receipt Form (attached to this policy) shall be completed and submitted with the original receipt, ensuring all required information and documentation is submitted. Receipts and documentation must be submitted to the Finance Department within 15 days after the end of the month in which the purchase was made.

Debit machine slips alone are not sufficient. An itemized receipt must be submitted.

The Finance Department will request any missing receipts and/or documentation from the cardholder. Any expense charged to a corporate credit card for which an original itemized receipt has not been submitted will be considered an unauthorized expense and dealt with in accordance with this policy.

As per Canada Revenue Agency (CRA) guidelines for receipts for restaurant meals, the following information must accompany the original itemized receipt for meal purchases:

- Name of all persons present at the meeting;
- Purpose for the meeting; and
- Location of the meeting.

Tips in an amount up to and including 20% of a meal receipt shall be considered a valid business expense. The portion of any tip greater than 20% will be considered an unauthorized expense and shall be reimbursed to the Malahat Nation by the cardholder in accordance with this policy.

Appropriate documentation must be submitted for purchases made by corporate credit card for air, ferry, train or other transportation, including invoices, ticket stubs, boarding passes, etc.

Should a cardholder be required by a car rental agreement to purchase gasoline for a vehicle rented for the purposes and in support of valid Malahat Nation activities, the gasoline purchase may be made by corporate credit card provided that the car rental agreement is submitted as documentation to the Finance Department along with the receipt for the gasoline purchase. If for any reason, a cardholder expects it will be necessary to purchase gasoline on a corporate credit card, the cardholder must notify the Director of Finance in advance of the purchase, as restrictions may be implemented preventing the cardholder from making the purchase.

5.5 Statements and Balances

The Finance Department will complete a credit card statement reconciliation each month following the procedures described in section 4 of this policy, and will notify cardholders of any outstanding purchases for which receipts and documentation have not been received.



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

Cardholders may request a copy of their credit card statement from the Finance Department at any time.

If a cardholder does not recognize an expense on the credit card statement, or suspects fraudulent activity on the card, the cardholder must notify Card Services and the Finance Department immediately.

Cardholders may check their credit card balance at any time by calling Card Services. The balance may also be provided to the cardholder by the Finance Department upon request.

To the best of their ability, cardholders will ensure the limit of their card is not exceeded. If the cardholder is aware that the card may soon be over-limit, the cardholder must notify the Director of Finance as soon as practicable to mitigate payment of over-limit fees.

Reference and Related Authorities

None

Attachments

- 1) Credit Card Receipt Form
- 2) Cardholder Agreement



Malahat

Malahat Nation

110 Thunder Road, Mill Bay, BC V0R 2P4
PH: (250) 743-3231 | FAX: (250) 743-3251

Credit Card Requisition

For each purchase made by Malahat Nation Corporate Credit Card, please complete this form and submit to the Malahat Nation Finance Department

ATTACH ITEMIZED RECEIPT HERE OR ATTACH TO
BACK OF FORM

Supplier: _____
 Cardholder: _____
 Purchaser: _____
 Date of Purchase: _____
 Description: _____

GL Acct: _____ Total: _____
 PC: _____ GST: _____

Cardholder: _____
 Date: _____

Purchaser: _____
 Date: _____

Director of Finance: _____
 Date: _____

Incomplete forms shall not be processed and will be returned to the Cardholder

Credit Card Requisitions shall not be processed without a signature at the proper level of authority

By completing this form, the Cardholder confirms the services and/or goods have been provided, and that the expenditure is in support of valid Malahat Nation activities and planned in accordance with the Council-approved budget



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

Cardholder Agreement

I, _____, hereby confirm that I have read and understood the Malahat Nation Credit Card Policy, and agree to comply fully with this Cardholder Agreement and the terms of the policy.

By signing this document, I confirm that I will ensure the proper use of the corporate credit card issued to me, including but not limited to:

- Ensuring that the corporate credit card is used **only** for appropriate business expenditures in support of valid Malahat Nation programs and activities and approved budget items;
- Ensuring that no purchases are made for unauthorized expenses as defined in the policy;
- Ensuring that the most reasonably priced alternative is chosen when making a purchase (providing value for money in the best interest of the Malahat Nation);
- Ensuring that, if a credit card expenditure is reimbursed to myself by any other organization, the funds for the purchase are subsequently remitted to Malahat Nation immediately;
- Maintaining the security of the corporate credit card and the confidentiality of information, including the card number, expiry date, CVV number, and PIN number; and
- Submitting original receipts and required documentation no later than the 15th of the month following when the purchase was made.

By signing this document, I confirm that I understand my responsibilities regarding submission to the Finance Department of receipts and required documentation for each purchase made via corporate credit card.

Further, I confirm my understanding of unauthorized expenses as defined in the Credit Card Policy, and agree to pay any unauthorized expenses back to Malahat Nation within ten (10) business days of being notified by the Finance Department. Should any identified unauthorized expenses not be paid back to the Malahat Nation within the given timeframe, I confirm my understanding that my credit card privileges may be suspended or revoked at the discretion of the Director of Finance.

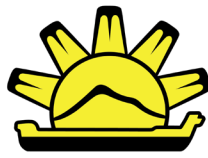
Should I fail to adhere to this Cardholder Agreement, or any terms of the Malahat Nation Credit Card Policy, I confirm my understanding that these infractions may result in cancellation of the card, withdrawal of corporate credit card privileges, and/or corrective action up to and including dismissal.

Cardholder Signature

Date

CAO Signature

Date



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

6. Purchasing and Procurement Policy

Policy Statement

It is Council's policy to establish a process around the purchase of goods and services that demonstrates due diligence, transparency, fairness, quality, and value for money.

Purpose

The purpose of this policy is to provide guidance to the Malahat Nation on how purchases will be planned, managed, approved and paid. Having clear rules around purchasing ensures that the goods and services procured meet the expectations of the Malahat Nation for quality and cost.

Scope

This policy applies to Council, Officers and employees involved in purchasing goods, services and assets on behalf of the Malahat Nation.

Responsibilities

Council is responsible for:

- Ensuring effective control of purchasing of goods, services and assets through documented policies and procedures;
- Authorizing budget-approved purchases with a value of \$25,000 or higher; and
- Reviewing and approving (or rejecting) requests for emergency or extra-budgetary purchases with a value of \$25,000 or higher.

The Chief Administrative Officer (CAO) is responsible for:

- Communicating the policies and procedures to all parties who are affected (can assign);
- Authorizing budget-approved purchases with a value between \$10,000 and \$25,000;
- Reviewing and approving (or rejecting) requests for emergency or extra-budgetary purchases with a value up to \$25,000; and
- Assisting in the evaluation and monitoring of contractors and suppliers.

The Director of Finance (DOF) is responsible for:

- Developing, documenting and maintaining policies and procedures relating to the procurement process for goods, services and assets;



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

- Assisting in the selection, evaluation and monitoring of contractors and suppliers (can assign);
- Authorizing budget-approved purchases up to a value of \$10,000; and
- Managing and monitoring expenditures and identifying and reporting on budget variances.

The Heads of Departments (Directors) are responsible for:

- Managing departmental purchasing within the Council-approved budget and authority as established by FAL regarding expense thresholds;
- Providing required documentation and the profit centre appropriation for each purchase to the Finance Department;
- Monitoring expenditures against the approved budget in cooperation with the Director of Finance, providing requested information and/or documentation related to material overages; and
- Notifying the CAO and/or Council (as determined by the value of the purchase in accordance with this policy) of any requests for emergency or extra-budgetary purchases prior to making the purchase.

Procedures

6.1 Purchasing of Goods and Services

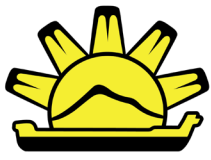
All Officers and employees will comply with the Authorization and Delegation Table in the relevant policy as it relates to expenditure limits. All purchases must be made in accordance with the Council-approved budget and any relevant policies and laws.

Where practical, informal quotes will be obtained through advertisements, direct solicitations to suppliers, and other methods to compare prices and select the best option for the Malahat Nation.

When appropriate, the Malahat Nation will promote the use of local content in the procurement of goods and services in accordance with the Local Content Requirements attached to this policy.

For purchases with a value over \$100,000.00, a competitive purchasing process must occur in accordance with this policy. Documentation of the competitive purchasing process must be reviewed and approved by Council, and retained in accordance with relevant policies.

Purchases and/or construction of tangible capital assets must comply with all relevant policies, including Annual Planning, Purchasing, Expenditure, and Tangible Capital Asset Policies.



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

6.2 Competitive Purchasing Process

Under a competitive purchasing process, Council will decide, in consultation with external legal counsel as needed, whether specific suppliers as part of a Request for Proposal (RFP) process will be invited to submit proposals or an open invitation as part of a formal open tender process will be issued.

The Officer or employee responsible for managing an RFP will include the following:

- Background and context;
- Scope of work, period of contract, budgetary constraints;
- Qualifications required (e.g. experience, skills, education, certifications);
- Criteria and weighting by which proposals will be assessed;
- Proposal due date and planned contract award date;
- Their information as contact person for the RFP; and
- Disclaimer(s) limiting liability of the Malahat Nation in the RFP process, including the right for Malahat Nation to choose any proposal or none.

The Officer or employee, in cooperation with the CAO and any relevant employees and representatives from Council, will review the proposals received against the pre-determined selection criteria as outlined in the RFP. Proposals meeting the pre-determined criteria will be presented to Council with a recommended course of action. Council may approve from the presented proposals, or request that the Officer or employee undergo another RFP process.

Should Council request another RFP process, Council will provide a documented rationale stating why the received proposals were inadequate, including recommendations for updated criteria.

6.3 Exceptions to the Competitive Purchasing Process

Under rare and limited circumstance, and only upon documented approval from Council, a sole source contract may be awarded to a supplier in the following situations:

- No bids were received during the RFP process, or the bids received were unreasonable or don't meet the criteria per the RFP;
- The good(s) or service(s) is only available through a sole source; or
- In an emergency where a delay would result in severe loss or damage to the Malahat Nation as determined by the CAO.



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

Any exceptions to the purchasing process outlined in 6.3 must be documented to demonstrate the rationale and Council approval.

6.4 Approval, Initiation and Monitoring of the Competitive Purchasing Process

Upon approval from Council to select a proposal from an RFP process, the Officer or employee responsible for managing the RFP process will engage the selected candidate to initiate the project. The Officer or employee managing the RFP is responsible for ensuring contracts are signed as appropriate in accordance with the Malahat Nation Authorization and Delegation Table. No project may be initiated until the appropriate signed contracts are in place.

The Director of Finance (or assignee), in cooperation with the Officer or employee responsible for managing the RFP process, will review the contract progress no less than quarterly for the duration of the project.

Budget variances will be noted and communicated to the Chief Administrative Officer. Material budget overages must be reported to Council.

6.5 Documentation Requirements

All purchasing documents, including but not limited to requisitions, invoices, purchase orders, and RFPs, will clearly indicate the details of the goods and/or services requested.

Approvals and budget appropriations and accounts from which certain goods and services may or must be purchased will be documented on relevant internal purchasing documentation in accordance with relevant policies.

A file will be created for each competitive purchasing process that contains the results of each supplier evaluation.

6.6 Monitoring and Evaluation of Suppliers

On an ongoing basis, the Chief Administrative Officer (or assignee) will monitor the quality of work and the working relationship with the supplier. Issues noted will be documented in the supplier file and resolved by the CAO (or assignee).

Using the Contractor/Supplier Evaluation Template attached to this policy, performance evaluation should be tailored to job size and complexity. A review of both the project quality and the service quality should be conducted using a standard set of criteria, and applying weight factors established in the RFP if applicable. Evaluations will be retained in a supplier file.



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

6.7 Encouraging New Suppliers

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

6.8 Preferred Suppliers

For procurement under the RFP threshold, preferred suppliers may be used at the discretion of the CAO. A list of preferred suppliers may be maintained by the CAO or assignee. Preferred suppliers must undergo the monitoring and evaluation process described in 6.6 to determine if the supplier may still be considered preferred. Suppliers who do not satisfy expectations per the evaluation process may no longer be considered preferred.

References and Related Authorities

FMB's Financial Management System Standards

- Standard 19.0 – Financial Management and Controls
- Standard 25.0 – Tangible Capital Assets

FMB's Financial Administration Law Standards

- Standard 8.0 – First Nation Council
- Standard 18.0 – Financial Management and Controls
- Standard 27.0 – Contracts and Tendering

Attachments

- 1) Local Content Requirements
- 2) Procurement Recommended Process and Approval Table
- 3) RFP Template
- 4) Contractor/Supplier Evaluation Template



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

Local Content Requirements

The Malahat Nation shall promote the use of local content when appropriate in the procurement of goods and services. For construction contracts on reserve lands, the Malahat Nation may include a clause that requires the contractor to employ local labour and resources. Another option is to add a training component to the contract that requires the contractor to train local labourers.

Where applicable, the RFP package shall also require bidders to stipulate the extent to which they will use local materials, local equipment, and provide a formal training program for local labour employed by the contractor.

Pre-RFP Considerations for Local Content

Before developing the tender documents, the Malahat Nation should establish:

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

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



Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

| Malahat Procurement Process and Approval Limits | | | | | |
|---|---------------------------------|----------------------------------|-------------------------------|---------------------|--|
| Purchase Value: | | Value Threshold: | Procurement Process Required: | Approval Authority: | Over-Budget Reporting Threshold ⁵ : |
| Lower | Upper | | | | |
| Greater than \$0 | Less than or equal to \$1,000 | Low Value ¹ | None | DOF | 25% |
| Greater than \$1,000 | Less than or equal to \$10,000 | Low Value ¹ | None | DOF | 20% |
| Greater than \$10,000 | Less than or equal to \$25,000 | Moderate Value ² | Minimum 2 informal quotes | CAO | 15% |
| Greater than \$25,000 | Less than or equal to \$100,000 | Moderate/High Value ³ | Minimum 3 formal quotes | Chief & Council | 10% |
| Greater than \$100,000 | No limit | High Value ⁴ | Competitive Tendering | Chief & Council | 5% |

¹ **Low Value:** Per the Authorization and Delegation Table, all 'Low Value' procurement must be authorized by the Director of Finance. No requests for quotations are required for Low Value procurement.

² **Moderate Value:** Per the Authorization and Delegation Table, all 'Moderate Value' procurement must be authorized by the CAO. Where practicable, a minimum of 2 informal quotes shall be requested in effort to compare best value.

³ **Moderate/High Value:** Per the Authorization and Delegation Table, all 'Moderate/High Value' procurement must be authorized by a quorum of Council. Where practicable, a minimum of 3 formal quotes shall be requested in effort to compare best value.

⁴ **High Value:** Per the Authorization and Delegation Table, all 'High Value' procurement must be authorized by a quorum of Council. A competitive tendering process shall be completed for all High Value procurement. Per the Procurement Policy, a Request for Proposal (RFP) or open tender process shall be used to obtain multiple proposals in an effort to compare best value.

⁵ **Over-Budget Reporting Threshold:** Any procurement that is over-budget by the thresholds listed in the above table must be reviewed by the DOF and the CAO and reported to the FAC and Council.



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

This document must be released as the Request for Proposal or open tender call for any High Value procurement project of the Malahat Nation as defined in the Malahat Procurement Process and Approval Limits Table. Each Bidder must complete the requirements of this document and submit with their proposal to the Malahat Nation to be considered in the competitive purchasing process.

| Malahat Nation Request for Proposal | | | | |
|-------------------------------------|---------|-----------------------|--------|-----------------------|
| Project Title: | | | | |
| Type of Tender: | Invited | <input type="radio"/> | Public | <input type="radio"/> |
| Proposal Due Date: | | | | |
| Contract Award Date: | | | | |
| Contract Completion Date: | | | | |

| Bidder Information | |
|--|--|
| Bidder Name: | |
| Address: | |
| Telephone: | |
| Email: | |
| Previous experience working with First Nations and/or Malahat Nation (if applicable): | |
| Intended level of use of available community labour and/or resources (e.g. equipment, materials, etc.) during project: | |
| Intended level of training to be made available to community members during and/or after the project: | |



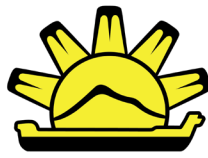
Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

| Project Information |
|---|
| Description and objectives of the project: |
| |
| Background information for the project (e.g. context, challenges, etc.): |
| |
| Scope of the project: |
| Description of Services: |
| |
| Expected Output and Timeline: |
| |
| Expected Payment Schedule (based on % of completion): |
| |
| Qualifications Necessary: |
| |
| Specific requirements (e.g. course of construction insurance, performance guarantee and bonding, subcontractor involvement): |
| |
| Criteria and weighting for proposals: |
| (1) Organization: 20% Weighting Demonstrated ability to provide adequate management and support to deliver the services. Personnel have strong familiarity with Malahat Nation projects and activities, and knowledge of best practices outside Malahat Nation to lend to the analysis. |



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

(2) Experience with First Nations: 10% Weighting

Demonstrated experience working broadly with First Nations, specifically the Malahat Nation community.

(3) Approach: 20% Weighting

Demonstrated appreciation of the key issues and risks to achieve the objectives as outlined in this RFP. Appropriate methodology and work plan to fulfill the objectives of the services in the specified timeframes.

(4) Skills and Experience: 20% Weighting

Proven skills and experience on similar past projects.

(5) Proposal Cost: 20% Weighting

Appropriate qualifications, experience and skills of personnel and team balance to implement the services with a reasonable budget.

(6) Intent to Use Community Labour: 10% Weighting

Demonstrated intent and the extent to which the Bidder will utilize and/or train available community members.

(7) Other Criteria (specify): XX% Weighting

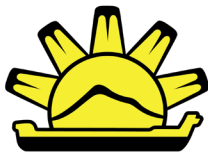
Specify/describe other criteria

Other Special Terms and Conditions (e.g. delivery dates, constraints, etc.):

Other Information

Each Bidder is required to prepare a detailed itemized budget in submitting their proposal, including consultancy fees and administrative support charges (if applicable), specifying unit cost and the number of hours/days proposed to be devoted to the project.

Malahat Nation shall make payment according to the payment schedule identified in this RFP and/or as soon as practicable after an identified percentage of work has been completed per invoices and accompanying supporting documentation received by the Malahat Nation from the selected Bidder.



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

Each Bidder is expected to fully inform themselves on all aspects of the work required to be performed, and submit its proposal (including this completed document) in accordance with any criteria or requirements listed.

At the time of submitting a proposal, the Bidder agrees there is no conflict of interest, actual, potential or apparent, unless specifically and clearly identified in the proposal with a recommended plan to manage the conflict of interest. The Bidder agrees to notify the Malahat Nation immediately if an actual or potential conflict of interest arises.

Bidders should familiarize themselves with the Malahat Nation’s Financial Administration Law (FAL) and related policies and procedures, as they are applicable to the management and delivery of Malahat Nation projects. The FAL and policies are available on the Nation’s website at: <https://www.malahatnation.com/about/governance/laws/fal/>

Nothing in this RFP will be construed to create any binding contract (express or implied) between the Malahat Nation and any Bidder until a written contract, if any, is entered into by the parties.

Submissions and Questions can be Directed to:

| | |
|-----------------------|---|
| Contact Name & Title: | Name & Title of Project Overseer |
| Address: | 110 Thunder Road, Mill Bay, BC, V0R 2P4 |
| Email: | XXXXXX.XXXXXX@malahatnation.com |
| Telephone: | 250-743-3231 ext. XXX |

Relevant answers for any question submitted shall be distributed to all Bidders, with confidential information redacted (if applicable).

By bidding in response to this Request for Proposal, you and/or your company agree to comply with any conditions herein, and acknowledge that Malahat Nation retains the right to choose any or none of the proposals received.



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

| Contractor/Supplier Evaluation Template | |
|---|--|
| Supplier Name: | |
| Goods/Services provided: | |
| RFP Reference #: | |
| Value of Contract: | |

| Criteria | Details/Comments | Value | Score |
|--|---|-------|---------|
| Qualifications | <i>[Do they have the appropriate qualifications to perform the work?]</i> | [#] | [#] |
| Experience | <i>[Is their experience commensurate with requirements?]</i> | [#] | [#] |
| Supplier Terms/Conditions | <i>[Are their terms and conditions satisfactory, e.g. payment terms?]</i> | [#] | [#] |
| Prior Working Relationship w/ Malahat Nation | <i>[Have they worked with Malahat Nation previously? If so, what has the working relationship been like?]</i> | [#] | [#] |
| Price | <i>[Evaluate the price in consideration of other criteria and the availability of other providers]</i> | [#] | [#] |
| Other: | <i>[Other relevant criteria]</i> | [#] | [#] |
| RFP Requirements: | <i>[Describe any areas of concern where requirements were not met]</i> | [#] | [#] |
| RFP Requirements: | <i>[Describe any areas of concern where requirements were not met]</i> | [#] | [#] |
| Other Considerations: | <i>[Any other relevant information not included in evaluation above, e.g. Inclusion of local content]</i> | [#] | [#] |
| Overall Evaluation Score: | | | [xx/xx] |
| Comments/Recommendations: | | | % |



Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

7. Expenditures Policy

Policy Statement

It is Council's policy to establish a process around expenditures paid to suppliers or reimbursed to Councillors and Malahat Nation Officers and employees for valid Malahat Nation programs and activities.

Purpose

The purpose of this policy is to ensure that all expenditures from Malahat Nation's funds are in support of valid Malahat Nation services and activities, and that processing of payments are subject to proper approvals and budgetary controls. Having rules in place for how spending can get approved and for what is an important part of the Malahat Nation's ability to operate effectively and efficiently.

Scope

This policy applies to Council, committees of Council, Officers and employees of the Malahat Nation, and any other persons conducting activities in connection with the financial administration of the Malahat Nation.

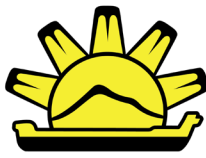
Responsibilities

Individuals with approval authority as designated in the Authorization and Delegation Table are responsible for:

- Before approving an expenditure, ensuring that it is permitted under the current Council-approved annual budget and as required in the Malahat Nation's Financial Administration Law (FAL); and
- Approving expenditures, including those for emergency purposes not anticipated in the budget and not expressly prohibited by or under the FAL or other law, per the Authorization and Delegation Table.

The Director of Finance (DOF) is responsible for:

- Reviewing reimbursable expenditure claims to make sure that the requirements of relevant policies have been met before approving payment; and
- Updating and communicating the reimbursable expenditure claim and travel claim forms, ensuring rates are kept current.



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

Finance Department employee(s) assigned Accounts Payable duties are responsible for:

- Ensuring all submitted expenditures have the required approvals per the Authorization and Delegation Table before processing; and
- Ensuring all required documentation in accordance with this and other relevant policies accompanies each submitted expenditure and is retained in the financial records of the Malahat Nation in accordance with the relevant policy.

The Heads of Departments (Directors) are responsible for:

- Ensuring each departmental expenditure submitted to the Finance Department includes all required approvals, documentation and the profit centre appropriation; and
- Monitoring expenditures against the approved budget in cooperation with the Director of Finance, providing requested information and/or documentation related to material overages.

Officers, employees, committees and Council members are responsible for:

- Ensuring that all reimbursable expenditures claimed are in accordance with this policy and the Authorization and Delegation Table;
- Preparing a reimbursable expenditure claim and/or travel claim that includes all required documentation.

Procedures

7.1 General and Operational Expenditures

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

In emergency situations, the Chief Administrative Officer (CAO) may approve the purchase of goods and/or services that were not anticipated in the budget and are not procured in accordance with the relevant policies and procedures. In such emergency situations, the rationale for these purchases must be documented by the CAO and reported immediately to the Finance and Audit Committee and to Council.

Extra-budgetary expenses will be reviewed and approved in accordance with relevant policies and the Authorization and Delegation Table. The amendment threshold will be used to determine if amendments to the budget are required for approved extra-budgetary expenses.

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



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

or amount to be paid is in accordance with an agreement or, if not specified by an agreement, is reasonable; or

- If payment is to be made before completion of work or services, delivery of the goods or satisfaction of any conditions in an agreement, the payment is in accordance with an agreement.

All requisitions for payment will be paid from the operating bank account, unless otherwise specified on the requisition. If another financial institution account is indicated on the requisition, a statement must be included certifying that it is in accordance with the account appropriation identified. By submitting the requisition, the department confirms that the expenditure is not prohibited nor extra-budgetary, and that it is made in accordance with the Financial Administration Law (FAL).

7.2 Payroll

Salaried employees will be processed on the 1000 Salary Payroll, and paid bi-monthly. Hourly employees will be processed on the 1010 Hourly Payroll or the 1050 Caterpillar Childcare Payroll, and paid bi-weekly. Where possible, payrolls will be paid via Electronic Funds Transfer (EFT). Payroll must be reviewed and approved by the Director of Finance, and payroll payments must be authorized in accordance with this policy.

Hourly employees will record their time daily via the Xyntax app or paper timesheets. Time entry will be reviewed and approved by the employee's immediate supervisor, allowing enough time for payroll to be processed by the Finance Department ahead of payday. Paper timesheets must be signed by both the employee and the supervisor.

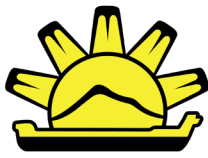
Paid time off in the form of vacation pay, wellness pay, or other allowable paid time off as defined in the *Employee Manual Policy* found in the *Human Resources (HR) Policy*, and unpaid time off will be documented via an Employee Leave Request Form, signed by both the employee and the supervisor, and submitted to the Finance Department in a timely manner. Requests for time off, paid or unpaid, may be submitted and approved through the Xyntax app.

The Director of Finance will monitor the payroll accounts and complete reconciliations as needed. Irregularities will be reported to the Chief Administrative Officer.

7.3 Reimbursable Expenses

Employees will clearly demonstrate and document that all amounts claimed for reimbursement are directly related to authorized activities performed on behalf of the Malahat Nation and in accordance with the Council-approved budget and relevant policies and procedures.

Expenses reimbursed by hosts or other third-party funding arrangements must not be claimed. Declaration of such third-party reimbursements must be made to the Malahat Nation, and the funds from such third-party reimbursements subsequently remitted to Malahat Nation in the event that the employee was previously reimbursed by Malahat Nation.



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

Prior to travel, employees must submit a request to their immediate supervisor stating the purpose, dates, estimated costs for the proposed travel and whether or not Malahat Nation will be reimbursed by a third-party for the costs. The immediate supervisor will review the request to ensure it is in support of valid Malahat Nation activities, and that there is sufficient budget available. Employees are responsible for submitting all required documentation for reimbursement of travel costs.

Travel expenditures eligible for reimbursement include:

- **Transport:** standard class for rail or air travel will be economy or equivalent. Standard car rental vehicle class will be mid-size. Gas purchases and full vehicle insurance costs are reimbursable expenses for rental cars. Parking, taxi fare and ferry transport are reimbursable to the extent that these expenses are in support of valid Malahat Nation activities.
- **Mileage:** use of personal vehicle will be reimbursed in the form of mileage paid at a rate per kilometre travelled per CRA guidelines. All non-business-related vehicle costs are the responsibility of the vehicle owner. Gas purchases for personal vehicles are not reimbursable. Individuals using a private vehicle for work-related use must have the minimum insurance coverage legally required in BC. Malahat Nation will not be held responsible for any claims, accidents or damage to a private vehicle.
- **Accommodation:** the lowest cost hotel option will be selected. The standard for accommodation is a single room, in a safe environment, conveniently located and comfortable equipped. Where possible, employees may be asked to share accommodation with other employees when travelling for the same work-related purpose.
- **Per Diems/Incidentals:** for travel extending beyond a typical, 9am-4pm work day, a maximum per diem amount for meals and/or incidentals may be reimbursed at the discretion of the Director of Finance. Where reimbursable to Malahat Nation by a third-party and at the discretion of the Director of Finance, per diems will be paid at the rate established by the third-party to employees travelling for work-related purposes. Where a per diem has been approved by the Director of Finance, receipts for meals and/or incidentals are not required.

7.4 Other Travel Expenses

Other travel and business-related expenses that are directly attributable to travelling or business conducted on behalf of the Malahat Nation will be reimbursed, including parking, airport taxes, tolls, taxi fares, and public transit fares. All expenses must be documented and submitted to Finance in accordance with this policy to be eligible for reimbursement. Expenses related to parking and traffic violations are not reimbursable in accordance with the Employee Policy Manual.



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

7.5 Memberships and other Reimbursable Expenses

Memberships in professional organizations that are required for an individual's position or are meeting a demonstrated need of the Malahat Nation will be reimbursed provided that the Chief Administrative Officer (CAO) has approved each membership.

For other expenses not listed in this policy, pre-approval is necessary from the CAO before initiating the expense and submitting a reimbursement claim.

7.6 Reporting and Documentation

For general and operational expenditures, the following must be submitted to the Finance Department for payment:

- Original contract/agreement (if applicable);
- Original invoice and/or itemized receipt;
- Purchase order (if applicable);
- Requisition for payment that has the appropriate level of signed approval in accordance with the Authorization and Delegation Table and the Financial Administration Law (FAL).

Reimbursable expense claims must be complete, sufficiently supported, and recorded on the appropriate expense claim form. Prior to submitting expenses to the Finance Department for payment, the employee will make sure that they have prepared a complete claim that includes:

- The employee's signature and date signed, acknowledging that all amounts claimed are accurate and in support of valid Malahat Nation activities;
- Original receipts for all amounts claimed, including:
 - Invoices;
 - Itineraries for air/train travel;
 - Itemized restaurant bills (where per diems do not apply); and
 - Completed Employee Travel Claim form, including immediate supervisor signature and GL/PC appropriation.

Debit machine receipts alone are not sufficient, the original itemized receipt or invoice from the supplier must be included in every reimbursement or expense claim. Failure to submit an original itemized receipt may result in denial of expense claims at the discretion of the Director of Finance.

For all expenditures, claims with the appropriate documentation as described in this policy must be submitted to the Finance Department with all required approvals within 30 days of the expense being incurred.

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



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

7.7 Approval for Payment

No money will be paid out of any financial institution account without a requisition for payment that includes all required documentation.

Payments to be made out of a local revenue account must be authorized by the Tax Administrator. Payments from a local revenue account must be made in accordance with the Financial Administration Law (FAL).

Invoices received must be submitted to the Finance Department along with all required documentation and information. Once an invoice is submitted, the Finance Department will process the invoice to:

- Match the purchase order with the invoice (if applicable);
- Ensure all required documentation has been submitted;
- Verify mathematical accuracy;
- Ensure taxes are correctly calculated, preparing GST exempt forms in the event that an invoice has erroneously included tax;
- Confirm funds are available to pay the invoice; and
- Confirm the indicated GL/PC coding.

The individual that approves the expenditure cannot be the same individual who approves the requisition for payment. The Finance Department is responsible for ensuring that all payments are approved by appropriate individuals per the Malahat Nation Authorization and Delegation Table.

7.8 Payments

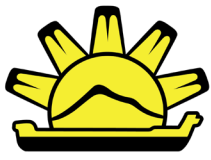
Accounts Payable will be paid on a Net 30 basis unless otherwise indicated on the supporting documentation submitted to the Finance Department.

The Finance Department will prepare Accounts Payable pay runs every week on Thursday for release of payment on Friday. A/P runs will be provided to two authorized signatories for approval of payment, and will be accompanied by:

- A listing of all payments prepared, noting the payee, amount, payment date and method; and
- Supporting documentation for each payment.

All documentation supporting expenditures and payment will be retained in accordance with the relevant policy. Finance Department employees will notify the Director of Finance immediately of any instances of:

- Non-compliance with policy requirements that cannot be resolved;
- Suspected breach of the Financial Administration Law (FAL); and
- Suspected fraud.



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

References and Related Authorities

FMB's Financial Management System Standards

- Standard 8.1 – Delegated/Assigned Responsibilities
- Standard 19.0 – Financial Management and Controls

FMB's Financial Administration Law Standards

- Standard 8.0 – First Nation Council
- Standard 18.0 – Financial Management and Controls

Attachments

- 1) Payment Requisition Form
- 2) Purchase on Account Form
- 3) Employee Travel Reimbursement Claim Form
- 4) Personal Vehicle Mileage Claim Form
- 5) EFT Authorization Form
- 6) Non-Cheque Payment Release Authorization



Malahat Nation

110 Thunder Road, Mill Bay, BC V0R 2P4
 PH: (250) 743-3231 | FAX: (250) 743-3251

Payment Requisition

This form must be completed and signed by the appropriate head of department prior to submission to the Finance Department.
 Expenditures exceeding \$10,000 must be approved at the appropriate level prior to submission

| | | | |
|-------------|--|-------------------|--|
| Department: | | Date of Purchase: | |
| Supplier: | | Payable to: | |
| Address: | | Purchase Order: | |
| | | | |

| Budget Itemization | | | |
|--------------------|-------|-----|-------|
| Description | GL | PC | Total |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| GST | 12500 | 000 | |
| Total: | | | |

| All Payment Requisitions must be approved by the Department and Director of Finance | | | |
|--|--|------|--|
| Department: | | Date | |
| Director of Finance | | Date | |
| All Payment Requisitions between \$10,000 & \$25,000 must also be approved by the Chief Administrative Officer | | | |
| Chief Administrative Officer | | Date | |
| All Payment Requisitions over \$25,000 must also be approved by quorum of Council | | | |
| Chief | | Date | |
| Councillor | | Date | |
| Councillor | | Date | |
| Councillor | | Date | |

NOTES TO FINANCE:

Incomplete forms shall not be processed and will be returned to the Department
Payment Requisitions shall not be processed without a signature at the proper level of authority
By completing this form, the Department confirms the services and/or goods have been provided, and that the expenditure is in support of valid Malahat Nation activities, and planned in accordance with the Council-approved budget



Malahat

Malahat Nation

110 Thunder Road, Mill Bay, BC V0R 2P4

PH: (250) 743-3231 | FAX: (250) 743-3251

Purchase on Account: _____

For each purchase made on Malahat Nation net terms credit account, please complete this form and submit to the Malahat Nation Finance Department

ATTACH ITEMIZED RECEIPT HERE OR ATTACH TO BACK OF FORM

Purchaser: _____

Date of Purchase: _____

Description: _____

GL Acct: _____ Total: _____

PC: _____ GST: _____

Purchaser: _____

Date: _____

Department: _____

Date: _____

Director of Finance: _____

Date: _____

Incomplete forms shall not be processed and will be returned to the Purchaser

On Account requisitions shall not be processed without a signature at the proper level of authority

By completing this form, the Department confirms the services and/or goods have been provided, and that the expenditure is in support of valid Malahat Nation activities and planned in accordance with the Council-approved budget



Malahat Nation

110 Thunder Road, Mill Bay, BC V0R 2P4
 PH: (250) 743-3231 | FAX: (250) 743-3251

Travel Reimbursement Claim

This form must be submitted by the department for all reimbursement claims related to work-related travel. Mileage claims must be submitted on a separate form. If travel costs are to be reimbursed by a 3rd party, those costs must be reimbursed directly to Malahat Nation, or declared and remitted to Malahat Nation.

| | | | |
|-------------------|-------|----|--|
| Employee | | | |
| Date(s) of Travel | | | |
| Purpose of Travel | | | |
| GL | 57580 | PC | |

| DATES (mm/dd/yyyy) | | | | | | TOTAL (excl. GST) |
|--|--|--|--|--|--|----------------------|
| MEALS - INDICATE TOTAL LESS GST, ORIGINAL RECEIPTS MUST BE SUBMITTED | | | | | | |
| Breakfast | | | | | | \$ |
| Lunch | | | | | | \$ |
| Dinner | | | | | | \$ |
| Incidentals | | | | | | \$ |
| TRAVEL - INDICATE TOTAL LESS GST, ORIGINAL RECEIPTS MUST BE SUBMITTED | | | | | | |
| Taxi | | | | | | \$ |
| Parking | | | | | | \$ |
| Ferry | | | | | | \$ |
| Airfare | | | | | | \$ |
| ACCOMODATION - INDICATE TOTAL LESS GST, ORIGINAL RECEIPTS MUST BE SUBMITTED | | | | | | |
| Hotel | | | | | | \$ |
| Other | | | | | | \$ |
| GOODS & SERVICES TAX - MUST BE REFLECTED ON ORIGINAL RECEIPTS SUBMITTED | | | | | | |
| GST | | | | | | \$ |
| Total: | | | | | | \$ |

| Authorization | | | |
|---------------------|--|------|--|
| Claimant | | Date | |
| Supervisor | | Date | |
| Director of Finance | | Date | |

Incomplete forms shall not be processed and will be returned to the Claimant

Travel Reimbursement Claims shall not be processed without a signature at the proper level of authority

By completing this form, the Department confirms the travel occurred as claimed and in support of valid Malahat Nation activities

By completing this form, the Department confirms the travel has been planned in accordance with relevant policy and the Council-approved budget



Malahat Nation
 110 Thunder Road, Mill Bay, BC V0R 2P4
 PH: (250) 743-3231 | FAX: (250) 743-3251

Personal Vehicle Mileage Claim

This form must be submitted by the department for all mileage claims related to use of a personal vehicle for work-related travel

| | | | |
|----------|-------|------------|--|
| Employee | | Department | |
| GL | 57580 | PC | |

| Personal Vehicle Use Travel Log | | | | | | |
|---------------------------------|---------|-------------------|------------------|----|--------|-------|
| Date | Purpose | Departing Address | Arriving Address | KM | Rate | Total |
| | | | | | \$0.61 | \$ |
| | | | | | \$0.61 | \$ |
| | | | | | \$0.61 | \$ |
| | | | | | \$0.61 | \$ |
| | | | | | \$0.61 | \$ |
| | | | | | \$0.61 | \$ |
| | | | | | \$0.61 | \$ |
| | | | | | \$0.61 | \$ |
| | | | | | \$0.61 | \$ |
| | | | | | \$0.61 | \$ |
| Total: | | | | | \$0.61 | \$ |
| | | | | | GST: | C8S |

| Authorization | | | |
|---------------------|--|------|--|
| Claimant | | Date | |
| Supervisor | | Date | |
| Director of Finance | | Date | |

Incomplete forms shall not be processed and will be returned to the Claimant
Mileage Claims shall not be processed without a signature at the proper level of authority
By completing this form, the Department confirms the travel occurred as claimed, the individual's personal vehicle was used for the travel, and the travel occurred in support of valid Malahat Nation activities
By completing this form, the Department confirms the travel has been planned in accordance with relevant policy and the Council-approved budget



Malahat Nation

110 Thunder Road, Mill Bay, BC V0R 2P4
 PH: (250) 743-3231 | FAX: (250) 743-3251

Electronic Funds Transfer (EFT) Authorization Agreement

The individual, or company through its authorized representative (as applicable), hereby authorize the Malahat Nation to initiate automatic payments to the account indicated in accordance with applicable law.

This authorization shall remain in full force and effect until the individual, or company, provides notice to the Malahat Nation to the termination of this authorization, within reasonable time and to the Malahat Nation's point of contact as provided, so as to afford the Malahat Nation reasonable opportunity to act on the termination.

Please complete the following and attach void cheque or direct deposit form:

| Contact Information | | | |
|--------------------------|--|---------------------------|--|
| Company/Individual | | | |
| Address | | | |
| | | | |
| Telephone | | | |
| Email (notifications) | | | |
| Banking Information | | | |
| Bank | | Transit # 5 digits | |
| Account # 5-12 digits | | Institution # 3 digits | |

The signature below of the individual, or authorized representative of the company (as applicable), provides the Malahat Nation the authorization necessary to directly deposit payments to the individual, or company, in accordance with this agreement:

| Authorization | | | |
|---------------------|--|-------|--|
| Signature | | Date | |
| Name | | Title | |
| Internal Use Only | | | |
| Director of Finance | | Date | |
| Name | | | |

Payments shall not be released unless approved by two authorized signatories in accordance with FAL

Control Document: August 2022



Malahat Nation

110 Thunder Road, Mill Bay, BC V0R 2P4
 PH: (250) 743-3231 | FAX: (250) 743-3251

Non-Cheque Payment Release Authorization

Payments shall not be released unless duly authorized in accordance with FAL & relevant policies. This form is strictly for use by the Malahat Nation Finance Department

| | |
|------------------|--|
| Date of Release: | |
| Prepared by: | |

| Payment Type (Select One) | | | |
|---------------------------|--|-----------------|--|
| EFT | | Online Banking | |
| Auto Withdrawal | | Other (Specify) | |

| Payment Details | | |
|-----------------|---------------|-------|
| Recipient | # of Invoices | Total |
| | | \$ |
| | | \$ |
| | | \$ |
| | | \$ |
| | | \$ |
| | | \$ |
| | | \$ |
| | | \$ |
| | | \$ |
| | | \$ |
| | | \$ |
| | | \$ |
| | | \$ |
| | | \$ |
| | | \$ |
| | | \$ |
| | | \$ |
| Total: | | \$ |

| Authorization | | | |
|----------------------|--|------|--|
| Authorized Signatory | | Date | |
| Authorized Signatory | | Date | |



Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

8. Borrowing Policy

Policy Statement

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

Purpose

The purpose of this policy is to establish an effective borrowing framework for Malahat Nation. Borrowing money can support Malahat Nation in carrying out its plans and in achieving its goals.

Scope

This policy applies to Council, the Finance and Audit Committee, Officers and employees, and those persons with the authority to recommend or approve borrowing.

Responsibilities

Council is responsible for:

- Reviewing and approving any proposed borrowing, including the terms and conditions, as reviewed by the Finance and Audit Committee.

The Finance and Audit Committee (FAC) is responsible for, but may assign, the following:

- Reviewing borrowing proposals presented by the Chief Administrative Officer (CAO) and Director of Finance (DOF) and recommending a course of action to Council; and
- Monitoring borrowings and repayments as reported by the CAO and DOF.

The Chief Administrative Officer (CAO) is responsible for, but may assign, the following:

- Reviewing borrowing proposals prepared by the Director of Finance and recommending a course of action to the Finance and Audit Committee; and
- Monitoring borrowings and repayments as reported by the DOF.

The Director of Finance (in conjunction with the Tax Administrator for local revenue account related debts) is responsible for, but may assign, the following:

- Preparing borrowing proposals for each proposed borrowing and presenting it to the CAO for review;



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

- Ongoing monitoring and management of all borrowing, ensuring timely payments are made, sufficient documentation is maintained, and performing regular reconciliations of debt transactions; and
- Reporting and disclosing borrowings in the financial statements in accordance with Canadian GAAP, the Financial Administration Law (FAL) and any agreements under which the borrowings were incurred.

Procedures

8.1 Determination of Need and Evaluation of Options

The Chief Administrative Officer, in cooperation with the Director of Finance and relevant Officers and employees, will document the need to incur borrowing by examining the strategic plan, multi-year financial plan, annual budget, capital plan, and any other planned activities that may require borrowing.

Once the need and amount of borrowing required is determined, the Director of Finance will outline the various borrowing options available. The DOF will consider at least the following prior to preparing a borrowing proposal:

- Impact on future budgets and projected cash flow;
- Cost and interest rate;
- Level of risk involved (e.g. borrowing covenants, ratios, etc.);
- Ability to service the borrowing and repayment schedules;
- Analysis of terms and conditions and impact of borrowing; and
- Financial reporting implications.

The DOF will prepare a borrowing proposal which includes the following:

- Need for financing and alternatives considered;
- Evaluation of available borrowing options;
- Recommended borrowing option;
- Purpose, use and application of borrowing;
- Description of repayment plans based on cash flow analysis;
- Payment schedule to comply with timely payment of debt obligations;
- For capital project-related debt: requirement for consultation with Malahat Nation members before debt is incurred.

The Chief Administrative Officer will review the borrowing proposal, and recommend a course of action to the Finance and Audit Committee. The CAO may engage legal counsel on the borrowing proposal as required.



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

8.2 Approval

The CAO and DOF (or assignee(s)) will present the borrowing proposal to the Finance and Audit Committee for their review. The FAC will review the report and make a recommendation on course of action to Council.

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

8.3 Management and Monitoring of Borrowings

Council will manage and monitor borrowing obligations as reported by the DOF.

The Director of Finance will manage and monitor borrowings by:

- Ensuring timely payments are made according to the terms and conditions and repayment schedule; and
- Performing reconciliations between the Malahat Nation's financial records and statements from the lender.

8.4 Reporting on Borrowings

The Director of Finance will report to the Finance and Audit Committee on the following:

- Gross amount outstanding;
- Interest paid or payable for the period; and
- Any defaults or projected defaults on debt servicing amounts.

The Director of Finance will ensure that the borrowing obligation is reported to the Finance and Audit Committee on a quarterly basis in the financial statements in accordance with Canadian GAAP and any requirements of the Financial Administration Law.

8.5 Records Management

The Director of Finance will ensure borrowing records are created, maintained and retained in accordance with the relevant policy. For each borrowing, the following will be documented:

- Loan agreement and any supporting agreements;
- Borrowing proposal on which Council based its decision;
- Documented Council approval and required membership information or involvement;



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

- Interest and principal repayment schedule that includes dates of all payments required under the loan agreement or plan for borrowing retirement;
- Cost of borrowing, including interest payments and services or other charges; and
- Purpose of the borrowings.

References and Related Authorities

FMB'S Financial Management System Standards

- Standard 19.0 – Financial Management and Controls

FMB's Financial Administration Law Standards

- Standard 18.0 – Financial Management and Controls



Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

9. Lending, Guarantees and Indemnities Policy

Policy Statement

It is Council's policy to establish a process around lending, loan guarantees and indemnities, including loans to members under the Council-approved lending program.

Purpose

The purpose of this policy is to provide the Malahat Nation with an effective and transparent process for the approval, collection and documentation of lending, loan guarantees and indemnities given by the Malahat Nation as permitted in the Financial Administration Law.

Scope

This policy applies to the lending, loan guarantees and/or indemnities entered into between the Malahat Nation and:

- A Councillor;
- An Officer or employee of the Malahat Nation;
- A Malahat Nation member or entity in which a member has an interest; and
- Any other third party, whether an individual or business entity, including Government Business Enterprises (GBEs).

Responsibilities

Council is responsible for:

- Approving and signing all lending, guarantees and indemnities within amounts specified in the Authorization and Delegation Table;
- Ensuring the Council-approved lending program is universally accessible, has published terms and conditions, and remains transparent;
- Approving the application form template, terms and conditions including interest rates to be applied with respect to lending, guarantees and indemnities, and any changes thereto; and
- Approving the lending program status report of the Director of Finance and the Finance and Audit Committee.



Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

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

- Monitoring the status of the Malahat Nation's lending, loan guarantees and indemnities as reported by the Director of Finance, and reporting to Council as needed.

The Chief Administrative Officer (CAO) is responsible for, but may assign, the following:

- Reviewing the lending program report made by the Director of Finance and making any recommendations to Council;
- Approving and signing all lending within amounts specified in the Authorization and Delegation Table;
- Ensuring the lending, loan guarantee and indemnity process is transparent by providing Malahat Nation members access to the requirements, standard terms and conditions;
- Monitoring the administration of lending to members and any amendments; and
- Ensuring the publication and distribution of the terms and conditions of the lending program to members.

The Director of Finance (DOF) is responsible for:

- Approving and signing all lending, guarantees and indemnities within amounts specified in the Authorization and Delegation Table;
- Ensuring lending allowances and write-offs (if any) are reported to the Finance and Audit Committee and accurately recorded and disclosed in the financial statements;
- Maintaining and retaining adequate supporting documentation for all loans, loan guarantees and indemnities;
- On an annual basis, preparing a report for the Finance and Audit Committee setting out all payments made for loan guarantees and indemnities; and
- On an annual basis, preparing a report for the Finance and Audit Committee setting out all loans, loans forgiven, and payments received.

Procedures

9.1 Requirements

Subject to the Financial Administration Law (FAL), any authorized lending issued is subject to the following conditions:



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

- Loans available to members must be made in accordance with the Council-approved lending program which has published terms and conditions and is universally available to all members;
- Loans require authorization in accordance with the Authorization and Delegation Table. 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 level for the Malahat Nation as determined by the Director of Finance;
- Interest, if charged, will be applied consistently to all loans;
- A binding legal written agreement will be made between the Malahat Nation and individual requesting the loan. The agreement will contain the standard clauses that are consistently applied to every individual that applies for and secures a loan from the Malahat Nation. The following items, at minimum, must be present in the agreement:
 - Name of the individual;
 - Amount of the loan;
 - Nature and amount of any security pledged or provided as collateral;
 - Interest (if applicable); and
 - Repayment schedule.
- Approval will be enacted by signing the agreement with the individual requesting the loan.

Loan guarantees will only be granted in the following circumstances:

- The amount of the loan guarantee does not exceed the amount specified in the Authorization and Delegation Table;
- Council has approved the loan guarantees upon consideration of the report of the Director of Finance;
- Approval is enacted by signing the agreement with the individual requesting the loan guarantee; and
- Risk of non-payment or non-fulfillment of an obligation is at an acceptable level for the Malahat Nation as determined by the Chief Administrative Officer.

The report from the Director of Finance must:

- Identify risks associated with giving the loan guarantee;
- Evaluate the likelihood having to honour and make payments under the guarantee;
- Include a copy of the legal agreement requiring the issuance of a loan guarantee (to be retained on file in accordance with the relevant policy); and



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

- Describe information collected and any judgements/estimates used to make this evaluation and assess the financial ability of the Malahat Nation to honour the loan guarantee should it be required to do so.

A binding legal agreement will be made between the Malahat Nation and 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 Malahat Nation. The following items, at minimum, will be present in the agreement:

- Name of the individual;
- Amount of the loan guarantee;
- Duration of the loan guarantee agreement;
- Nature and amount of any security pledged or provided as collateral;
- Amount, interest terms and/or other charges, maturity and repayment terms of the underlying loan or obligation; and
- Purpose and use of the underlying loan.

9.2 Payroll Advances

Employees, officers, and Councillors, may request a payroll advance from the Malahat Nation. Payroll advances will only be granted in the event that all prior payroll advances have been repaid in full. Payroll advances will only be granted at the discretion of the Director of Finance (DOF), or quorum of Council in the instance of officers or Councillors.

Payroll advances must not exceed the value of the individual's gross bi-weekly or semi-monthly pay. Payroll advances must be repaid in full within the six (6) pay periods following the date of the advance. In the event that employment, appointment, or term of office is terminated prior to the advance being paid back in full, the remaining balance owing will be deducted from the employee's final pay. In the event that payment in full is not obtained prior to termination of employment, appointment or term of office, the outstanding amount will be recognized as a debt owing to the Malahat Nation in accordance with this policy.

9.3 Leases

The Malahat Nation must comply with the terms and conditions of any lease agreements it enters into.

Council, or the person with delegated authority as outlined in the Authorization and Delegation Table, will ensure that the Malahat Nation enters into a lease agreement, provided that the amounts payable under the lease are within the budget for the related program or department.

The Director of Finance will monitor lease agreements, ensuring timely payments are made, and recording the lease in the financial records of the Malahat Nation in accordance with Canadian GAAP.



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

9.4 Accessibility

Subject to the Financial Administration Law (FAL), all members must be able to obtain a loan from the Malahat Nation, subject to any conditions outlined in this policy.

The CAO (or assignee) will ensure that the requirements to obtain a loan, loan guarantee or indemnity, as well as the standard terms and conditions of these agreements are accessible to all Malahat Nation members. This information will be available to all members who request a copy from the band office, either in person, by phone, fax or email.

9.5 Collection

On a monthly basis, the Director of Finance will review the list of outstanding loans receivable and corresponding loan payments. The following actions will be taken to resolve overdue payments and delinquent accounts:

- For loan payments between 30 – 60 days overdue: the individual holding the loan will be contacted in writing, requesting that all overdue payments be made as soon as possible and no later than a specified date.
- For loan payments between 60 – 120 days overdue: late payment interest will be charged on the outstanding loan balance in accordance with the loan agreement. The individual will be contacted in writing and by phone, and informed that interest will accumulate until all overdue payments have been received. Contact by writing and by phone will be made on a monthly basis thereafter if payment has not been received.
- For loan payments beyond 120 days overdue: the Director of Finance will determine whether the loan should be considered impaired and written off, or sent to an external collection agency. The Finance Department will inform the individual in writing and by phone that the payments in arrears have been transferred to an external agency for collection.

A copy of all written communications will be retained in the loan receivable file in accordance with relevant policies.

Any additional financing arrangements or amendments to an existing loan agreement to improve the likelihood of repayment will be determined by the Director of Finance and approved by the Chief Administrative Officer.

9.6 Debt Forgiveness

All reasonable steps should be taken to attempt to collect the outstanding balance. In the event that it becomes obvious that the Malahat Nation will be unable to collect the outstanding balance, the Director of Finance will prepare a report to the Chief Administrative Officer detailing the following:

- Individual and amount in arrears;



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

- Principal and interest outstanding on the loan;
- Length of time in arrears;
- Measures taken to collect on payment in arrears;
- Rationale for debt forgiveness.

Approvals for debt forgiveness must be made in accordance with the Authorization and Delegation Table. Amounts requiring Council approval must be reviewed and recommended to Council for approval by the Finance and Audit Committee before being approved by Council.

9.7 Write-offs

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

Approvals for debt write-offs must be made in accordance with the Authorization and Delegation Table. Amounts requiring Council approval must be reviewed and recommended to Council for approval by the Finance and Audit Committee before being approved by Council.

9.8 Monitoring and Reporting

All loans, loan guarantees and indemnities will be reported in a Special Purpose Report (SPR) annually to the Finance and Audit Committee. The SPR will contain the following information for each loan, loan guarantee and indemnity, and will be included or referenced in the Malahat Nation's Annual Report:

- Purpose of the loan, loan guarantee or indemnity;
- Amount of original 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; and
- Any expected payments required as a result of having to fulfill or honour a guarantee or indemnity agreement based on the Director of Finance's knowledge of the contracts in place and changes in their underlying financial condition.

9.9 Record Keeping

All agreements and payment records associated with loans, loan guarantees and indemnities will be stored in the Malahat Nation's financial records in accordance with the relevant policy.

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

Records will be retained of the authority under which the debt was incurred including any Band Council Resolution (BCR) and membership involvement.



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

References and Related Authorities

FMB'S Financial Management System Standards

- Standard 19.0 – Financial Management and Controls

FMB'S Financial Administration Law Standards

- Standard 18.0 – Financial Management and Controls

Attachments

- 1) Malahat Nation Emergency Small Loan Program Terms & Conditions
- 2) Malahat Nation Emergency Small Loan Application & Rubric
- 3) Malahat Nation Emergency Small Loan Program: Lending & Repayment Agreement



Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

Malahat Nation Emergency Small Loan Program: Terms & Conditions

Malahat Nation Chief & Council have approved an Emergency Small Loan Program to assist Malahat Nation community members in emergency-type situations with a small, short-term loan up to a maximum of \$2,000.

The Emergency Small Loan Program is universally available to all members of the Malahat Nation. All applications to the program are subject to the terms and conditions of the program as set out in this document, as well as Malahat Nation Financial Administration Law (FAL) section 64 and Malahat Nation Lending, Guarantees & Indemnities Policy, which are made available to all Malahat Nation members.

Loan applications will be individually assessed by the Director of Finance using an unbiased, pre-determined set of eligibility criteria. Loan applications deemed eligible per the pre-determined criteria will be recommended to the CAO for approval.

The criteria used to determine the eligibility of each loan application is designed to assess the circumstances which require a loan, and to weight the likelihood and significance of several factors, including:

- Likelihood of negative impact to:
 - a) the community member's quality of life; or
 - b) a Malahat Nation-owned asset
- Significance of the expected negative impact; and
- Likelihood of repayment of the loan

The minimum threshold necessary for a loan application to be deemed eligible is: very likely to negatively impact a member's quality of life or a Malahat Nation-owned asset, significant in impact, and very likely to be repaid. Any loan application that meets or exceeds this minimum threshold will be recommended to the CAO for approval.

Successful applicants are required to sign a binding repayment agreement prior to a loan being disbursed. Loan applicants may be required to provide documentation to confirm the information submitted on a loan application (such as evidence of why a loan is being requested, evidence of employment such as paystubs and T4s, etc.)

Community members are not eligible for a loan if any payment owing to Malahat Nation is outstanding. This includes payments owing for previous loans, rental arrears, miscellaneous repayment agreements, etc.



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

Malahat Nation Emergency Small Loan Program: Application & Rubric

| Applicant Info | | | |
|-------------------|--|-------|--|
| Applicant Name: | | Date: | |
| Amount Requested: | | | |
| Purpose of Loan: | | | |
| | | | |
| | | | |
| | | | |

| Eligibility Criteria & Rubric | | | | |
|--|----------------------|------------------------------|------------------|-------------|
| Likelihood of negative impact to: (select one) | | Member's quality of life; or | | |
| | | Malahat Nation-owned asset | | |
| | | | | |
| Impossible | Unlikely | Likely | Very Likely | Assured |
| Assessed significant of the potential negative impact: | | | | |
| | | | | |
| Not Significant | Limited Significance | Significant | Very Significant | Devastating |
| Likelihood of repayment of the loan: | | | | |
| | | | | |
| Impossible | Unlikely | Likely | Very Likely | Assured |
| Supplementary Information: | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

| Authorization: | | | |
|----------------------|--|-------|--|
| Director of Finance: | | Date: | |
| CAO: | | Date: | |



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

Malahat Nation Emergency Small Loan Program: Lending & Repayment Agreement

Date: _____

I, _____, have been approved for a loan in the amount of \$ _____ through Malahat Nation’s Emergency Small Loan Program. I understand that by signing this document, I enter a binding agreement to repay the Malahat Nation the full amount borrowed per the payment schedule below. I agree to all terms and conditions of the loan as outlined in the Malahat Nation Small Loan Program Terms and Conditions.

The loan will be repaid to Malahat Nation per the following Repayment Schedule:

| Payment | Date | Amount | Balance Owing |
|---------|------|--------|---------------|
| 1 | | | |
| 2 | | | |
| 3 | | | |
| 4 | | | |
| 6 | | | |
| 7 | | | |
| 8 | | | |

By signing this document, I acknowledge my responsibility to ensure that Malahat Nation is repaid in full for the amount of the loan, whether that amount is repaid by myself or a third party.

Signature of Applicant

Date

Signature of Director of Finance

Date



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

10. Investments Policy

Policy Statement

It is Council's policy that the Malahat Nation's investments will be managed and administered to preserve capital and generate sufficient income and growth to meet the Malahat Nation's operational and/or strategic objectives.

Purpose

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

Scope

This policy applies to Council, the Finance and Audit Committee, and Officers of the Malahat Nation.

Responsibilities

Council is responsible for:

- Establishing the investment objective(s) of the Malahat Nation;
- Determining and approving the Malahat Nation's short- and long-term investment strategy;
- Determining allowable uses of funds, ensuring restricted funds are only invested in accordance with the Financial Administration Law (FAL);
- Approving preliminary risk assessment of funds;
- Appointing (and removing) an investment manager;
- Approving the opening (and closing) of an investment account;
- Approving funds to be invested;
- Approving the redemption of invested funds not related to operational financial institution accounts; and
- Ensuring the approved investment strategy is periodically reviewed for effectiveness.



Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

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

- Monitoring performance of investments as reported by the Director of Finance.

The Chief Administrative Officer (CAO) is responsible for:

- Monitoring the performance of all parties to whom duties have been delegated;
- Liaising with the Finance and Audit Committee, investment manager, Director of Finance, and investment consultants as required; and
- Providing the Finance and Audit Committee with recommendations in relation to preliminary risk assessment of funds, funds to be invested, monitoring performance, and the redemption of invested funds.

The Director of Finance (DOF) is responsible for:

- Performing a preliminary risk assessment analysis against criteria to be met prior to investing decisions being made by Council (can assign); and
- Recommending transfers, rebalancing, monitoring actions, investment manager changes, and any other recommendations to the Finance and Audit Committee.

Procedures

10.1 Determine Investment Management Strategy

Council will establish and implement a documented investment management strategy for Malahat Nation funds that meet the requirements of the FAL.

The investment management strategy will include both the short- and long-term strategies and will determine the allowable uses of funds.

10.2 Selection of Investment Manager

Once Council has established the investment objective(s) of the Malahat Nation, Council will select the investment manager. The Director of Finance may review and analyze the proposals, or Council may engage an independent consultant to facilitate the selection process of investment manager.

The proposals will be analyzed using several criteria including:

- Experience;
- Qualifications;



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

- Investment management style;
- Costs;
- Past performance;
- Volatility of returns;
- Management fees; and
- Other criteria identified by Council.

The investment management agreement will be consistent with this procedure and must facilitate the execution of short- and long-term investment strategies. The agreement must be executed before any funds are transferred to the investment account.

10.3 Termination of Investment Manager

Council will specify within the investment management agreement the terms and conditions for termination of the agreement, which could include:

- Failure to achieve performance goals and investment returns;
- Changes in the Malahat Nation or its investment strategy which would no longer require the services of an investment manager; and
- Changes in investment manager personnel, firm or ownership structure, investment philosophy, style or approach which might adversely affect the potential return and risk level.

10.4 Designation and Transfer of Investment Funds

The Director of Finance will notify the Finance and Audit Committee in writing when there are funds available to transfer to the investment account. The written notification must identify the source of the available funds (i.e. government transfer, local revenues, or unrestricted) and whether they are to be invested according to the investment strategy.

Council must approve the transfer of funds to and from the investment account.

The Director of Finance will communicate and oversee approved requests to redeem investments and transfer the proceeds to the Malahat Nation.

10.5 Local Revenues – Permitted Investments

Local Revenues collected by the Malahat Nation may only be invested in:

- Securities issued or guaranteed by Canada or a province/territory;
- Securities of a local, municipal, or regional government in Canada;
- Investments guaranteed by a bank, trust company, or credit union;
- Deposits in a bank or trust company in Canada, or non-equity or membership shares in a credit union; or



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

- Securities issued by the First Nations Finance Authority (FNFA) or a municipal finance authority established by a province/territory.

10.6 Monitoring of Investments

The Director of Finance will reconcile the investment accounts to the general ledger and investment statements.

The Director of Finance will verify the investment management fees charged to ensure they are consistent with the underlying contracts.

The Director of Finance will prepare a quarterly monitoring report and provide it to the CAO. The report will summarize:

- The performance of the investments under management to relevant benchmarks;
- The weighting of the investment portfolio and comparison to target asset allocation;
- Any relevant media or news articles about the investment manager; and
- Any ownership or staffing changes within the investment manager organization.

The CAO will review the report, may provide further recommendations, and submit to the Finance and Audit Committee. The FAC will review the quarterly monitoring report, may provide further recommendations, and submit the report to Council for approval.

10.7 Rebalancing of Investment Portfolio

Once approved by Council, the Director of Finance or Chief Administrative Officer will communicate any rebalancing instructions to the investment manager once approved by Council.

References and Related Authorities

FMB'S Financial Management System Standards

- Standard 20.0 – Risk Management

FMB's Financial Administration Law Standards

- Standard 19.0 – Risk Management



Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

11. Capital Assets Policy

Policy Statement

It is Council's policy to establish a process around capital assets that includes a life-cycle approach to effectively plan, manage, account for and dispose of assets according to the Malahat Nation's capital asset strategy and to accurately reflect these in the Malahat Nation's financial statements.

Purpose

The purpose of this policy is to provide guidance on the planning, management, and accounting treatment for capital assets over the entire capital asset life-cycle, so that Malahat Nation can manage its resources efficiently and effectively to meet its goals and priorities.

Scope

This policy applies to Council, the Finance and Audit Committee, and Officers and employees of the Malahat Nation directly involved in capital asset management.

Responsibilities

Council is responsible for:

- Approving policies for the safeguarding of capital assets in accordance with the FAL;
- Establishing asset recognition criteria, approving the capital asset register and annual updates thereto;
- Approving capital project trigger threshold and capital project plans;
- Ensuring capital project budgeting requirements are implemented;
- Establishing a capital asset reserve fund, approving reserve fund transactions; and
- Informing or involving members about capital asset projects and borrowings for capital projects.

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

- Reviewing and recommending to Council for approval the annual budget for capital assets;
- Reviewing any scheduled capital project plans, including supplemental information and their budgets, and developing recommendations for Council; and



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

- Reviewing and reporting on significant operational and/or capital budget variances of which FAC has been made aware

The Chief Administrative Officer (CAO) or assignee is responsible for:

- Developing the life-cycle management program in accordance with the requirements of this policy and the Financial Administration Law, making recommendations to the Finance and Audit Committee on matters concerning the management of the Malahat Nation's capital assets;
- Maintaining, or delegating to another Officer or employee the maintenance of, the capital asset register as required in this policy and the Financial Administration Law, including arranging for an periodic condition assessment to obtain updated information of each capital asset; and
- Ensuring Malahat Nation members are informed and involved in capital asset projects and borrowings for construction as required in the FAL.

The Director of Finance (DOF) is responsible for:

- Establishing the criteria including monetary threshold for defining a capital asset and capital projects per the Authorization and Delegation Table, and recommending to Council for approval;
- The accurate and timely recording and reporting of capital assets in the financial statements in accordance with Canadian GAAP;
- Updating and monitoring the application of this policy on a regular basis;
- Preparing on or before December 31st each year the financial information related to maintenance and/or replacement of capital assets as required in the Financial Administration Law and this policy;
- Preparing the quarterly reporting to the Finance and Audit Committee, or more frequently if necessary, on the status of the capital asset reserve fund;
- Developing and recommending procedures for the safeguarding of assets and ensuring approved procedures are followed;
- Developing the budget for capital project plans and annual capital plans; and
- Reporting to FAC regarding the status of major capital projects in progress, including identification of significant variances



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

Officers and employees involved in the life-cycle management program are responsible for:

- Maintaining capital asset information and implementing asset security and safeguarding measures as provided through the application of these policies and safeguarding procedures approved by Council; and
- Recording and reporting changes in capital assets to the Chief Administrative Officer and Director of Finance.

Procedures

11.1 Capital Asset Register

A capital asset register will be established and updated by the Chief Administrative Officer (or assignee). The asset register will reflect the life-cycle management program including maintenance, rehabilitation, and replacement activities as well as provide an accurate inventory of capital assets.

The register may include:

- Location asset is kept;
- Acquisition date and cost;
- Useful life, remaining useful life (in years);
- Estimated repairs and maintenance costs (annual);
- Cumulative repairs and maintenance costs (to date);
- Deferred and planned maintenance;
- Insured value;
- Disposal value;
- Inspection date(s); and
- General information/comments.

The Chief Administrative Officer (or assignee) will prioritize capital assets in the register according to importance and impact on the safety and well-being of the Malahat Nation. The highest ranked assets will be given priority for replacement or rehabilitation in future planning.

The Finance Department will regularly reconcile the capital asset register to the general ledger.

11.2 Annual Condition Assessment and Review

On or before November 30th each year, the CAO (or assignee) will initiate an annual condition assessment of the Malahat Nation's capital asset inventory. Employees involved in asset management will be directed by the CAO to complete the inspection. Where appropriate or



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

necessary, the CAO may choose to engage the services of an external specialist to assist in the valuation of assets.

Any changes to the capital asset register as a result of the annual condition assessment will be documented and communicated to the Chief Administrative Officer for review and approval. Once reviewed and approved by the CAO, the register will be updated and any changes communicated to the Director of Finance. The CAO will report to the Finance and Audit Committee on the outcome of the annual condition assessment, including information regarding deferred maintenance and plans to complete maintenance in future period(s).

If there is evidence of damage to or loss of an asset identified during the condition assessment process (or any other time), the CAO will investigate the matter and initiate an insurance claim process if applicable. The capital asset register will be updated based on this new information.

When conditions indicate that a capital asset no longer contributes to the Malahat Nation's ability to provide goods and services, or that the value of future economic benefits associated with the capital asset is less than its net book value, the cost of the capital asset should be reduced to reflect the decline in the asset's value. The net write-downs of capital assets should be accounted for as expenditures in the statement of operations. A write-down cannot be reversed.

11.3 Safeguarding Assets

Malahat Nation assets must be safeguarded to the extent possible at all times. Physical security arrangements over capital assets will be reviewed annually by the Chief Administrative Officer, and any relevant employees engaged in the safeguarding of assets, and the results of this review reported to and reviewed by the Finance and Audit Committee, with any recommendations subsequently forwarded to Council.

Employees assigned responsibility for the safeguarding of assets must act in the best interests of the Malahat Nation at all times, including complying with the terms and procedures of this policy.

Insurance coverage for capital assets will be obtained and remain in force unless an asset is to be self-insured based on a risk management assessment that balances any potential loss with the cost of insurance, replacement value of items, etc. Insurance will be obtained in accordance with the relevant policy.

11.4 Maintenance of Assets

The Chief Administrative Officer (or assignee) will ensure that appropriate staff training on the use of Malahat Nation assets is provided. Capital assets must be used in a manner so as to preserve the value and useful life of the asset to the extent possible.



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

Upon updating the capital asset register each year, any capital assets identified as no longer in use will be listed as such and steps will be taken to decommission and appropriately dispose of the assets in accordance with any applicable laws or regulations.

All warranty and related work, including inspections, will be undertaken in a timely manner for the duration of the asset's useful life.

11.5 Use of Malahat Nation Assets for Work-Related Purposes

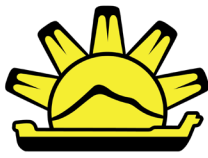
Where required to fulfill duties and/or responsibilities of employment or appointment, employees, Officers, contractors and agents of the Malahat Nation may be provided with use of a Malahat Nation vehicle for work-related purposes.

Employees, Officers, contractors and agents must meet the following eligibility criteria for use of Malahat Nation vehicles:

- Individual is minimum 18 years of age;
- Individual has a current, valid driver's license appropriate to the vehicle used. A copy of the individual's driver's license must be provided to HR for record-keeping purposes prior to vehicle use;
- Individual has a clean driving record from the last 36 months, meaning none of the following have occurred in the last 36 months:
 - Involvement in three (3) or more chargeable accidents;
 - Insurance cancelled, declined or not renewed by insurance provider; and
 - Driver's license suspended or revoked.
- Individual has not previously had work-related driving privileges revoked by Malahat Nation.

Unless authorized in accordance with provision 11.6, Malahat Nation vehicles shall not be used for any purpose other than approved work-related purposes. All passengers must be authorized in advance of travel for work-related purposes. Safety belts must be worn at all times by drivers and passengers. Use of electronic devices, including but not limited to laptops and cellphones, is strictly forbidden while operating a Malahat Nation vehicle. Drivers are responsible for maintaining the cleanliness of Malahat Nation vehicles used.

All drivers must comply with the rules and regulations of driving, and relevant traffic laws. Any traffic violation penalties shall be the sole responsibility of the driver; Malahat Nation does not accept responsibility for fines or penalties as a result of traffic violations by employees, Officers, contractors or agents of the Malahat Nation.



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

Drivers are responsible for completing work-use driver's logs. Drivers must record each use of a Malahat Nation vehicle in the log book, including details regarding date and time of use, location driven to and from, kilometres travelled, and purpose for travel. Completed logs must be submitted to HR no less than monthly for recordkeeping purposes. If an employee, Officer, contractor or agent is found to have used a Malahat Nation vehicle for personal use not in accordance with provision 11.6, corrective action will be taken up to and including dismissal from employment or appointment.

Malahat Nation vehicles are to be parked at designated Malahat Nation premises at the end of each working day. Employees, Officers, contractors and agents are not permitted to take Malahat Nation vehicles home, unless expressly approved in accordance with provision 11.6.

11.6 Personal Use of Malahat Nation Assets

Personal use of Malahat Nation assets is strictly forbidden, unless adequate insurance coverage for personal use has been obtained under the authorization of Council, and permission for personal use has been expressly permitted in advance by a written agreement approved by the CAO (Council in the instance of Officers) which stipulates the terms and conditions for the personal use of the asset, including but not limited to:

- Duration of agreement;
- Restrictions on allowable personal use (i.e. if an individual is on-call and permitted to take a Malahat Nation vehicle to their personal residence, the agreement must stipulate that the vehicle must remain parked at the personal residence until such a time as the individual is called in to work, and not be used for any purpose other than driving to and from the place of residence and Malahat Nation premises.)
- Requirement to maintain the safeguarding of the asset during personal use;
- Requirement to utilize the asset in a manner that maintains its value and useful life;
- If the asset in question is a vehicle, a requirement to track and report to the Director of Finance on a monthly basis the following:
 - Odometer reading prior to personal use;
 - Date(s) and time(s) of every instance of personal use;
 - Total of all kilometres driven for personal use; and
 - Odometer reading upon return of the vehicle to Malahat Nation.
- Agreement to repay the Malahat Nation for any significant damages to the asset occurring during personal use;



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

- Confirmation of understanding that breach of this policy may result in corrective action, up to and including dismissal from employment; and
- Any other relevant terms and conditions as imposed by the CAO or Council.

Any individual who uses a Malahat Nation asset for personal use without prior explicit consent from Council will be subject to corrective action, up to and including dismissal from employment.

Personal use of Malahat Nation vehicles will be recorded as a taxable benefit to the employee in accordance with CRA guidelines. Per CRA guidelines, personal use includes kilometres driven to and from a place of residence, regardless if the employee is required to take a Malahat Nation vehicle home for on-call work purposes.

11.7 Life-Cycle Management Program

Assets will be maintained in accordance to a life-cycle management program based on the information contained in the capital asset register and annual capital plan.

In the event that the Malahat Nation acquires, constructs, rehabilitates or replaces a capital asset, the following information must be documented or updated in the capital asset register for the purpose of maintaining the asset over its useful life and preparing the annual capital plan:

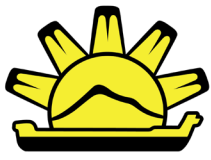
- Asset description;
- Rationale and use;
- Estimated or actual cost;
- Estimated useful life, or estimated remaining useful life;
- Estimated annual operating and maintenance costs; and
- Estimated timeframe and schedule of regular maintenance, rehabilitation or replacement.

Employees assigned responsibility over the life-cycle management of capital assets are required to comply with maintenance schedules in accordance with the information prepared for the life-cycle management of the asset.

11.8 Capital Projects

The Chief Administrative Officer (or assignee), with input from the Director of Finance, will develop a plan for each capital project. The plan will include a business case for the capital project that will contain, at minimum the following:

- The financial viability of the project (i.e. feasibility, how it will be financed, expected ROI, etc.);
- Project operating requirements (e.g. annual operating and maintenance costs, cash flow considerations, etc.);



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

- A project risk assessment, including environmental impact assessments for capital plans involving construction on Malahat lands; and
- Evaluation of all other options considered.

The CAO (or assignee) will coordinate planning, design, engineering, Request(s) for Proposals (RFP), supplier selection, and environmental requirements for each capital project. Procedures for purchasing and procurement must be followed in accordance with relevant policies. Capital project external advisors may be engaged to carry out these obligations.

The Director of Finance will coordinate project costing, budgeting, and financing for each capital project. The Director of Finance and CAO (or assignee) will present the plan for the capital project to Council for approval.

Approved capital projects must be included in the annual capital plan that is reviewed and recommended to Council by the Finance and Audit Committee by January 30th each year in accordance with the *Annual Planning & Budgeting Policy*.

Council will inform or involve members about capital projects and borrowings (if any) for capital projects prior to commencement of the project.

11.9 Construction Management

The Chief Administrative Officer (or assignee) will obtain the appropriate course of construction insurance for each capital project in accordance with the relevant policy, and will require guarantees and bonding from the supplier.

The Director of Finance, with assistance from Finance Department employees, will process supplier progress payments, manage construction holdbacks and payments.

Quarterly, the CAO (or assignee) and Director of Finance will report to the Finance and Audit Committee on each capital project respecting:

- Year to date borrowings, loans and payments;
- Status of the project, including:
 - Change orders, if any;
 - Comparison of actual expenditures to date against the projected budget;
 - A detailed description of any identified problems with the project, problem or issue resolution, if any; and



Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

- Updated projections of costs or timeline to completion.

11.10 Acquisition of Capital Assets

The acquisitions of capital assets must be made in accordance with this and other relevant Malahat Nation policies.

All purchases or leases of capital assets are to be made in accordance with the annual budget, annual capital plan, and approval limits in the Authorization and Delegation Table.

Any significant variance between budgeted and actual cost of the capital asset will be reviewed and reported in accordance with the Malahat Procurement Process and Approval Limits Table.

11.11 Capital Asset Reserve Fund

Council will establish a capital asset reserve fund to be applied for the purposes of construction, acquisition, maintenance, rehabilitation and replacement of the Malahat Nation's capital assets.

Any capital project requiring use of capital asset reserve funds must include the amount required from the reserve in the business case, and justification for the use of the reserve fund including all other financing options considered. Withdrawals from the capital asset reserve fund must be used solely for the purpose of acquiring, maintaining, rehabilitating and/or replacing capital assets, and must be approved by Council.

A minimum balance of \$100,000.00 must be maintained in the Capital Asset Reserve at all times. Plans requiring funding from the capital asset reserve fund in excess of the maximum eligible amount considering this minimum balance requirement may be approved only to the limit possible to retain this minimum balance requirement, unless authorized by quorum of Council in emergency situations only.

11.12 Disposal of Capital Assets

Prior to the disposal of a capital asset and as a condition of approval of the disposal, the fair market value of the asset must be determined. The Chief Administrative Officer will consult an external specialist in establishing the fair market value if deemed necessary.

Community members of the Malahat Nation shall have an equal opportunity to purchase surplus assets through a competitive disposal process. Council will notify members via Public Notice of the impending disposal of an asset.

All items to be sold are on an "as is, where is" basis with no warranties or guarantees expressed or implied.



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

Approval for disposals of assets must be made in accordance with the Authorization and Delegation Table.

References and Related Authorities

FMB'S Financial Management System Standards

- Standard 25.0 – Tangible Capital Assets

FMB'S Financial Administration Law Standards

- Standard 25.0 – Tangible Capital Assets Management



Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

12. Insurance Policy

Policy Statement

It is Council's policy to establish a process around insurance coverage for its operations, staff and Councillors as part of its overall risk management strategy.

Purpose

The purpose of this policy is to provide guidance on the establishment and maintenance of an insurance program to ensure material risks are addressed for the Malahat Nation and its Council, Officers and employees, and committees of Council.

Scope

This policy applies to Council, the Finance and Audit Committee, and Officers and employees involved in insurance matters of the Malahat Nation.

Responsibilities

Council is responsible for:

- Purchasing and maintaining in force all insurance coverage that is appropriate and aligned with the risks under the care or control of the Malahat Nation based on the recommendations of the CAO and Finance and Audit Committee; and
- If Council chooses, purchasing and maintaining insurance for the benefit of a Councillor or an Officer against any liability arising from that person being or having been a Councillor or an Officer.

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

- Reviewing Malahat Nation's insurance coverage and providing suggestions for improved coverage to Council where appropriate.

The Chief Administrative Officer (CAO) is responsible for:

- Leading and managing the risk identification and assessment process;
- Leading and managing the RFP process for selection of an insurance provider, retaining external expertise to assist in deliberations given the technical nature of insurance decisions if deemed necessary;
- Recommending a preferred insurer and coverage options to the Finance and Audit Committee and Council (can assign);



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

- Monitoring insurance coverage expiration and payment dates to make sure coverage does not lapse (can assign); and
- On an annual basis, reviewing insurance coverage to make sure that it continues to meet the needs of the Malahat Nation (can assign).

The Director of Finance (DOF) is responsible for:

- Assisting in the risk identification and assessment process; and
- Ensuring compliance with payment dates outlined in Council-approved insurance program.

Procedures

12.1 Identify Significant Material Risks

The Chief Administrative Officer, with input from members of the leadership team, the Finance and Audit Committee, and Council, will develop a list of potential significant material risks to the Malahat Nation's financial assets and operations. This will include an examination of:

- Potential sources of liability of the Malahat Nation arising from its operations;
- Value and use of assets under control of the Malahat Nation;
- Potential sources of liability for individuals such as Councillors, Officers and employees; and
- Other risk areas that could result in a loss to the Malahat Nation and could be insured.

12.2 Identify and Purchase Insurance Products

Based on the risk analysis performed, the Chief Administrative Officer (or assignee) will identify the risks where insurance coverage is appropriate.

The CAO will review options from different insurance providers and will make a recommendation, including details of cost and scope, to the Finance and Audit Committee. Where appropriate, legal advice will be sought as required to make sure that the terms and conditions of coverage sought are appropriate for the Malahat Nation.

12.3 Approval for Insurance Coverage

Council will review, approve, and document the selection option as presented by the CAO with accompanying recommendations from the FAC. Once approved by Council, purchase of the insurance coverage will follow the relevant policy.



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

12.4 Maintenance of Insurance Coverage

The Director of Finance will maintain a schedule of insurance policy expiration dates and payment dates, and will monitor on a regular basis to ensure that the coverage does not lapse.

The Chief Administrative Officer (or assignee) will review insurance coverage on an annual basis to ensure that it continues to adequately address the risks and meet the needs of the Malahat Nation.

References and Related Authorities

FMB'S Financial Management System Standards

- Standard 20.0 – Risk Management

FMB'S Financial Administration Law Standards

- Standard 19.0 – Risk Management



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

13. Risk Management Policy

Policy Statement

It is Council's policy to establish a process around identifying, managing and monitoring risks related to the financial management system and the achievement of the Malahat Nation's goals.

Purpose

The purpose of this policy is to provide guidance on risk management as part of the integrated planning process and ongoing governance activities of the Malahat Nation.

Scope

This policy applies to Council, the Finance and Audit Committee, and Officers and employees involved in the risk management of Malahat Nation.

Responsibilities

Council is responsible for:

- Providing input for the annual risk assessment, including consideration of fraud risks;
- Reviewing, approving and monitoring the annual Malahat Nation risk management plan and fraud risk assessment;
- Subject to the Financial Administration Law (FAL), approving:
 - The undertaking of for-profit activities, consolidated entities and ventures;
 - The investment strategy and investment risk assessment;
 - Lending, guarantees and indemnities;
 - Insurance coverage; and
 - Emergency and operations continuity plan.
- The monitoring of an approved for-profit activity.

The Finance and Audit Committee (FAC) are responsible for:

- Providing input for the annual risk assessment, including consideration of fraud risks; and
- Reviewing the risk management plan and fraud risk assessment on a periodic basis.



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

The Chief Administrative Officer (CAO) is responsible for:

- Establishing and maintaining a positive workplace environment which supports integrity, honesty, accountability and transparency;
- Managing the annual risk assessment process and preparing the risk management plan, both which will include fraud risk;
- Identifying and assessing risks associated with specific material business activities, lending, guarantees, indemnities, investments, general operations, financial reporting and fraud risks;
- Identifying risks associated with for-profit business activity, steps taken to limit the risks, approvals required to undertake for-profit activity, and monitoring of any approved for-profit activity (can assign);
- Reviewing and updating the risk management plan and fraud risk assessment on a regular basis and reporting any significant changes to the risk management plan and fraud risk assessment to the Finance and Audit Committee (can assign);
- Preparing documentation that assess the qualifications and competency of individuals engaged or hired in the control activity process of the financial management systems; and
- Obtaining a written confirmation from the persons engaged in the Malahat Nation's financial management system that they understand their responsibilities.

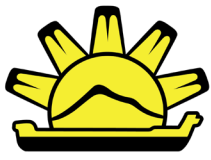
The Director of Finance (DOF) is responsible for:

- Ensuring all for-profit business activities are separately reported periodically to the Finance and Audit Committee;
- Developing and recommending procedures for identifying and mitigating risks, including financial reporting and fraud risks for the annual risk management plan; and
- Monitoring the control activities and its impact on the Malahat Nation and the risk management plan.

Procedures

13.1 Annual Risk Management Planning

As part of the integrated planning process, a risk assessment will be developed by the Chief Administrative Officer. Risks identified will include any risks that could impact the achievement of its strategic goals or its operations in general.



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

Risks will be recorded in the risk management plan. The CAO will analyze the potential impact and likelihood of each risk identified and develop an appropriate risk mitigation plan.

The risk management plan must separately address risks related to specific business activities, lending, guarantees, indemnities, investments, general operations, and financial reporting so that these risks may be managed and monitored.

The risk management plan will be presented to the Finance and Audit Committee for review and recommendation to Council for approval, as part of the integrated planning process.

On a quarterly basis, the CAO will review the risk management plan with the risk owners to update the risk and mitigation plans. Any significant changes will be reported to and reviewed by the Finance and Audit Committee and approved by Council.

13.2 Fraud Risk Assessment

On an annual basis as part of the integrated strategic planning process, a fraud risk assessment will be performed by the Chief Administrative Officer, in consultation with the Director of Finance and other senior management.

On an annual basis, the CAO, in consultation with the Director of Finance, will prepare documentation that assesses the qualifications of individuals engaged in fraud risk control activities in the Malahat Nation's financial management system.

On a periodic basis, the individuals involved in the fraud risk controls must confirm in writing that they understand their responsibilities.

13.3 For-Profit Business Activities Risk Management Considerations

Prior to beginning any for-profit business activity, the Chief Administrative Officer (or assignee) will lead the preparation of a business case supporting the activity, which will include a detailed description of the proposed activity, costs and funding arrangements, projected revenues and benefits, strategic impact, and a risk assessment.

The risk assessment will include whether the activity will result in a material liability of the Malahat Nation or expose the Malahat Nation's financial assets, property or resources to significant risk. The risk assessments should assess all risks related to the project and the resulting overall impacts on the Malahat Nation. For each risk, a detailed mitigation plan with assigned responsibility will be developed.

The complete business case and risk assessment will be presented to the Finance and Audit Committee for review and recommendation to Council for approval. Approved for-profit business activities will be documented via a Band Council Resolution (BCR).

The CAO will be responsible for ongoing monitoring of the for-profit business activity. Deviations from the approved business plan will be presented to the FAC for review and recommendation to Council.



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

13.4 Lending, Guarantees and Indemnities

Approval and management of lending, guarantees and indemnities is detailed in the relevant section of this policy.

13.5 Investment Risk Assessment

Monitoring, reporting and approval of the investments strategy and performance is detailed in the relevant section of this policy.

13.6 Financial Reporting Risks

The Director of Finance will identify and document any activities that could result in the risk of the following occurring:

- A material misstatement in information in the quarterly and annual financial statements;
- Failure to achieve planned levels of financial performance; and
- Failure to fulfill the Malahat Nation's obligations.

13.7 Insurance and Emergency Operations Continuity Plan

Refer to the relevant section of this policy for guidance on the risk assessment and management of investments, insurance and emergency planning.

References and Related Authorities

FMB's Financial Management System Standards

- Standard 20.0 – Risk Management

FMB's Financial Administration Law Standards

- Standard 19.0 – Risk Management



Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

14. Emergencies and Operations Continuity Policy

Policy Statement

It is Council's policy to establish a process around emergency and operations continuity planning that addresses the key risks facing the Malahat Nation.

Purpose

The purpose of this policy is to provide guidance on preparing for emergencies through a documented emergency and continuity plan designed to meet the size, risk and impact of potential emergencies that could affect the Malahat Nation and its ability to achieve its goals and priorities.

Scope

This policy applies to Council, Officers, committee members, employees and members of the Malahat Nation.

Responsibilities

Council is responsible for:

- Approving the emergency and operations continuity plan.

The Chief Administrative Officer (CAO) is responsible for, but may assign, the following:

- Ensuring that an emergency and operations continuity plan is prepared and approved;
- Ensuring that the emergency and operations continuity plan is communicated to the affected staff and community members as part of its implementation along with any necessary training; and
- Updating the emergency and operations continuity plan on an annual basis.

Procedures

14.1 Analyze the Current Situation

The CAO (or assignee) will conduct a risk assessment to identify all risks that could have an impact on the operations and finances of the Malahat Nation, including potential threats such as fires, natural disasters, and environmental risks.



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

For each of the risks identified, the CAO (or assignee) will determine the likelihood of the threat occurring, and the potential impact on the Malahat Nation's operations.

14.2 Develop the Emergency and Operations Continuity Plan

Based on the likelihood and impact, the CAO (or assignee), with input from outside expertise as required, will determine which risks will be addressed in the emergency and operations continuity plan. The plan should identify critical systems or operations and how these will be managed in the event of an emergency to minimize the effects on the Malahat Nation's overall operations and finances.

Arears which should be examined and examples of issues to address for each risk include: buildings and sites; critical equipment; information technology; and people.

14.3 Implement the Plan

The CAO (or assignee) will develop a communication strategy to make sure all affected staff and community members have access to the emergency and operations continuity plan. The plan will be published and retained on site in a manner that ensures its accessibility. The plan should include all required information to enact the plan, including emergency contacts, responsibilities lists, vendor lists, fire drill routes, etc.

The emergency and operations continuity plan will be tested by the CAO. Testing could include mock disaster exercises, communication and off-site computing tests, fire drills, etc.

14.4 Annual Review

On an annual basis, the CAO and key employees will review the plan and associated documentation to make sure it remains relevant and up to date. Updates will be performed, and new versions of the plan and associated documentation distributed to the sites and individuals noted above. Changes to the plan will be approved by Council.

References and Related Authorities

FMB's Financial Management System Standards

- Standard 20.0 – Risk Management



Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

15. Financial Management System Improvement Policy

Policy Statement

It is Council's policy to establish a process around continuous improvement in the Malahat Nation's financial management system.

Purpose

The purpose of this policy is to provide guidance on the Malahat Nation's continuous improvement of its financial management system. Regularly reviewing and making improvements to the financial management system of the Malahat Nation helps to ensure the policies and procedures are meeting its needs.

Scope

This policy applies to Council, the Finance and Audit Committee, Officers, and employees involved in the financial administration of the Malahat Nation.

Responsibilities

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

- Reporting to Council as soon as practicable any gaps or areas of non-compliance between the Malahat Nation's financial management systems and practices and the First Nations Financial Management Board (FNFMB) Standards in accordance with Section 15.1 of this policy; and
- Monitoring actions taken to bring the Malahat Nation into compliance.

The Chief Administrative Officer (CAO) or assignee is responsible for:

- Planning, scheduling, and conducting internal assessments;
- Ensuring issues or concerns identified through the internal assessment process are resolved;
- Holding an annual meeting to review the financial management system for the previous fiscal year;
- Performing self-assessments of the Malahat Nation's financial management systems and practices against the FNFMB Standards and monitoring to make sure any gaps or areas of non-compliance are resolved as soon as possible;



Malahat

Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

- Reporting to Council and the Finance and Audit Committee the results of reviews; and
- Ensuring issues and concerns regarding the financial management system are collected, tracked, managed, reported and resolved as required in this policy.

The Director of Finance (DOF) or assignee is responsible for:

- Ensuring that any concerns or issues regarding the financial management system brought to their attention are tracked, managed, and resolved on an ongoing basis.

Procedures

15.1 Financial Management System Review

Annually, the Chief Administrative Officer or assignee will schedule a review the financial management system for the period of the previous four quarters and up to the date of the meeting. The meeting shall include the CAO, DOF, employees of the Finance Department, and other individuals as determined appropriate by the CAO.

The agenda items will include, but are not limited to, reviews of the following:

- The system's processes and procedures;
- Applicable laws for compliance;
- External and internal assessment results;
- Identified process improvement opportunities including their resolution;
- The committees' Terms of Reference;
- Malahat Nation's corporate and personnel organization charts.

The CAO or assignee will prepare a report for distribution to the Finance and Audit Committee that includes the following:

- Statement of whether the financial management system has, during the review period, been operated in compliance with all applicable laws, policies, procedures and directions; and
- Recommendations for any changes to those laws, policies, procedures and directions that would be beneficial to the financial management system.

The CAO will make the report available to Council and auditors.

15.2 Internal Assessments

The employee performing the internal assessment will be adequately qualified and independent of the operations or activities being assessed. This employee will be assigned by the CAO and must be independent of the operation or activity under review.



Malahat Nation

STATEMENT OF POLICY AND PROCEDURE

Finance Policy

A documented report will be prepared by the reviewer for each internal assessment performed. The report will contain the reviewer's findings and resolutions of any concerns identified in the findings. Reports will be issued to the CAO.

15.3 Continual Improvement Process

The Director of Finance (or assignee) will be responsible for ensuring that any concerns or issues regarding the financial management system brought to their attention are tracked, managed, and resolved on an ongoing basis.

15.4 Review of Financial Administration Law

Annually, the Finance and Audit Committee will review the Financial Administration Law to:

- Determine if it facilitates effective and sound financial administration of the Malahat Nation; and
- Identify any amendments to the FAL that may better serve this objective.

The FAC will report to the Council and auditors on the results of its review, including any recommendations it makes for amendments to the Financial Administration Law.

15.5 Membership Information or Involvement

In the event that recommendations from the Finance and Audit Committee require amendments to the Financial Administration Law, Council will make sure that the community members are provided the information or involved in consideration of any proposed amendments to the Law as required in the FAL.

References and Related Authorities

FMB's Financial Management System Standards

- Standard 27.0 – FMB Standards
- Standard 29.0 – Financial Management System Improvement

FMB's Financial Administration Law Standards

- Standard 33.0 – FAL Review
- Standard 29.0 – FMB Standards