

LOWERNICOLA INDIAN BAND



FINANCIAL GOVERNANCE POLICY AND PROCEDURES

Effective Date: September 17, 2019

Council Resolution: 09-17-2019-09

Kari Beilander

Executive Director Signature

September 17, 2019

Date

Table of Contents

1. DEFINITIONS	3
2. POLICIES AND PROCEDURES.....	10
2.1 Creation	11
2.2 Approval and Communication	12
2.3 Maintenance	12
3. DELEGATED & ASSIGNED RESPONSIBILITIES.....	13
3.1 Delegation.....	14
3.2 Temporary Delegation.....	14
3.3 Monitoring and Evaluation.....	14
4. CODE OF CONDUCT AND CONFLICT OF INTEREST.....	20
5. COMMITTEE ESTABLISHMENT AND DISSOLUTION	24
5.1 Establishment / Dissolution	25
5.2 Member Appointment.....	25
5.3 Performance Monitoring and Evaluation	26
5.4 Member Removal.....	26
6. FINANCE AND AUDIT COMMITTEE.....	27
6.1 Member Appointment and Removal.....	29
6.2 Term Requirements	29
6.3 Eligibility Criteria	29
6.4 Administration and Reporting.....	30
7. OFFICER APPOINTMENT AND RESPONSIBILITIES	36
7.1 Appointment.....	37
8. EXTERNAL AUDIT	38
8.1 Auditor Selection, Engagement and Performance.....	39
8.2 Auditor Independence.....	40
8.3 Audit Planning.....	41
8.4 Audit Preparations	41
8.5 Audited Annual Financial Statements.....	41
9. REPORTING OF COMPENSATION, BENEFITS AND CONTRACTS.....	43
10. WHISTLEBLOWER POLICY.....	45
10.1 Fostering an Open and Ethical Working Environment.....	46
10.2 Reporting Wrongdoing	47
10.3 Inquiry.....	47

10.4 Response and Remedial Actions 48

1. DEFINITIONS

“Arrears”	unpaid, overdue debt, or an unfulfilled obligation
“Assets”	anything of value owned by Lower Nicola Indian Band
“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 Lower Nicola Indian Band’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 Lower Nicola Indian Band’s capital assets and any other major capital projects in which Lower Nicola Indian Band 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
“Chairperson”	head of a meeting, department, committee, or board. The vice-chairperson acts as the head when the chairperson is not there

“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 Lower Nicola Indian Band 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”	situation of personal gain at the expense of others
“Contract”	legally binding agreement between two parties
“Control”	policy, procedure, or process put in place to manage a LOWER NICOLA INDIAN BAND government’s administration
“Corrective Actions”	steps taken to deal with 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 Lower Nicola Indian Band that includes Chief, Councillors and the equivalent terminology used by Lower Nicola Indian Band
“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 Lower Nicola Indian Band’s finances
“Direct Supervisor”	employee responsible for managing and overseeing the work and development of other staff
“Eligibility Criteria”	requirements set by Council which must be met by an individual to be considered independent and eligible to be appointed to the Finance and Audit Committee
“Engagement Letter”	written document prepared by the auditor that serves as a contract to confirm the audit arrangements between the auditor and Lower Nicola Indian Band

	government; it is required by Canadian Generally Accepted Auditing Standards
“Entity”	corporation, partnership, joint venture or unincorporated association or organization whose financial transactions are consolidated in Lower Nicola Indian Band government’s financial statements in accordance with GAAP
“Executive Director”	person who is responsible for leading the day-to-day administration or management of Lower Nicola Indian Band and who reports directly to Council
“Expenditure”	amount of money spent by Lower Nicola Indian Band government to buy goods or services
“Expenses”	amount of money spent on transportation, accommodation, meals, hospitality or incidentals, to be paid back (reimbursed)
“Financial Competency”	ability to read and understand Lower Nicola Indian Band 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 all money and property of Lower Nicola Indian Band within a specific period
“Fiscal Year”	twelve-month period used for tax or accounting purposes
“Fraud”	wrongful or criminal act that involves lying or holding back information; this is usually done for personal or financial gain
“GAAP”	Canadian Generally Accepted Accounting Principles, the framework of accounting guidelines, rules and procedures
“HR Records”	records that contain information on an individual’s hiring, job duties, compensation, performance, and general employment history
“Indemnity”	security or protection against a loss or other financial commitment
“Independence”	eligibility criteria for finance and audit committee membership defined as an individual who does not have a direct or indirect relationship with Lower Nicola Indian Band government that could, in the opinion of

	Council, reasonably interfere with the individual's judgment as a member of the finance and audit committee
	an individual with a role in the financial management of Lower Nicola Indian Band involving planning, organizing, directing or controlling of its financial activities – including budgeting, financial accounting, financial reporting, procurement and use of funds, does not meet the minimum independence requirements for finance and audit committee membership
"Information"	knowledge received and any documented material regardless of source or format
"Information Security"	way a Lower Nicola Indian Band 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 Lower Nicola Indian Band government that are linked, coordinated, and driven by Lower Nicola Indian Band's vision and strategic objectives
"Internal Assessment"	review of an activity/process by an independent Lower Nicola Indian Band 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 Lower Nicola Indian Band'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 Lower Nicola Indian Band's <i>Fiscal Management Act</i>
"Materiality"	financial amount that Lower Nicola Indian Band government considers significant, typically large amounts; the materiality threshold is the minimum financial amount that a Lower Nicola Indian Band government considers significant

“Misconduct or Wrongdoing”	breach of Lower Nicola Indian Band’s Financial Administration Law including conflict of interest provisions, code of conduct, Council-approved policies and administrative procedures
“Officer”	Executive Director , Director of Finance, Tax Administrator or any other employee of Lower Nicola Indian Band government designated by the Council as an Officer
“Organizational Chart”	visual representation of the different positions in a Lower Nicola Indian Band government that clearly shows reporting relationships (who reports to who)
“Performance Improvement Plan”	plan developed by an employee’s direct 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 a Lower Nicola Indian Band 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
“Purchasing”	buying an asset or item. Also referred as “procurement” per Lower Nicola Indian Band’s Financial Management Board Standards
“Record”	information created, received, and maintained by Lower Nicola Indian Band 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

“Rehabilitation”	asset alteration, extension and renovation but does not include routine maintenance
“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 Lower Nicola Indian Band government’s capital assets
“Requisition”	purchase order used by Lower Nicola Indian Band government when recording expenditures
“RFP”	Request for Proposal, competitive process followed by Lower Nicola Indian Band government to enter into a major service contract. RFPs lay out Lower Nicola Indian Band 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 a Lower Nicola Indian Band government’s goals and objectives
“Sole Source”	contract entered into by Lower Nicola Indian Band 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 Lower Nicola Indian Band government is collecting local revenues
“Terms of Reference”	outline of the purpose and structure of a project, committee, meeting, or negotiation
“Travel Status”	pre-approved travel on official Lower Nicola Indian Band government business by an individual’s direct supervisor; Travel Status begins from the individual’s place of work (e.g. Lower Nicola Indian Band 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 Lower Nicola Indian Band government; the life of a capital asset may extend beyond the Useful Life and the life of a capital asset, other than land, is fixed (limited)
“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 Lower Nicola Indian Band government’s virtual network

2. POLICIES AND PROCEDURES

POLICY

Policy Statement

It is Council's policy to establish a process around creating, revising, and issuing policies and procedures that reflect Lower Nicola Indian Band's practices and meet legal and regulatory requirements that affect Lower Nicola Indian Band's financial administration.

Purpose

The purpose of this policy is to make sure that there is a standardized way of preparing, reviewing, issuing, maintaining and revising Lower Nicola Indian Band's financial management system policies and procedures.

Scope

This policy applies to the Council, Committees of Council and all employees and any other persons with authority to conduct activities in connection with the financial administration of Lower Nicola Indian Band.

Responsibilities

Council is responsible for:

- approving new, revised or removed policies and procedures by Council Resolution that comply with applicable laws, regulations and standards unless procedures approval has been delegated to the Executive Director.

The Finance and Audit Committee is responsible for:

- recommending to Council the issuance, revision or removal of policy and procedure document related to reimbursable expenses and perks of Council members and employees only

The Executive Director is responsible for:

- approving new, revised or removed procedures as delegated by Council
- maintaining a comprehensive list of all existing policies and procedures
- making sure that the current list of policy and procedures is made available to all affected persons
- reviewing all policy requests (new, revised, removed) and submitting a recommendation to Council for approval
- determining if the policy and/or procedure document request needs to be referred to a subject matter expert for additional review

- determining if the policy and/or procedure document needs cross functional review from other departments within Lower Nicola Indian Band
- making sure proposed or revised policy and procedures incorporate the requirements of applicable laws, regulations and standards
- making sure proposed or revised procedures are consistent and compliant with the respective Council approved policies
- making sure that existing policy and procedures are kept current by reviewing periodically

The Director of Finance is responsible for:

- making sure policy and procedure documents being reviewed comply with *Lower Nicola Indian Band's Financial Administration Law* and GAAP
- conducting an assessment for each significant function or activity of the Nation's financial administration to determine if a policy and procedure document is required

All persons affected by the policies and procedures are responsible for:

- understanding and complying with the policies and procedures appropriate to their responsibility and interaction

ADMINISTRATIVE PROCEDURES

Procedures

2.1 Creation

Any employee may recommend a policy or procedure; however, the Executive Director will create a list of all policies and procedures required by *Lower Nicola Indian Band's Financial Administration Law* or required to adequately and effectively manage and control the financial management system and to safeguard LOWER NICOLA INDIAN BAND's assets.

The Executive Director will determine the appropriate content keeping within the following format for the policy:

- policy – clear statement that indicates the protocol or rule affecting the specific area
- purpose – the reason or rationale underlying the policy and procedure
- scope – the areas, functions, individuals, or departments affected by the policy
- definitions – any specialized terms that are not otherwise defined
- responsibilities – describes who, using titles or positions, is responsible for implementing or maintaining the policy and procedure
- references (optional) – list of applicable documents, policies, laws and regulations
- attachments (optional) – forms, reports, or records that are generated from the policy

The Executive Director will agree on appropriate content keeping within the following format for procedures:

- procedures – describes the steps, details, or methods to be used to implement and maintain the policy and procedures
- references (optional) – list of applicable policies

2.2 Approval and Communication

Council must approve all policies and procedures by Council Resolution unless procedures' approval has been delegated to the Executive Director.

The Executive Director will communicate all approved policies and procedures and make sure they are accessible to the all affected departments and persons whether on the Lower Nicola Indian Band's server, website or a location to which all those affected have access.

2.3 Maintenance

At least every two years, all issued policy and procedures will be reviewed for completeness, accuracy, and relevancy and revised or removed accordingly.

References and Related Authorities

FMB's Financial Management System Standards

- Standard 9.0 – Policies and Procedures

FMB's Financial Administration Law Standards

- Standard 8.0 – LOWER NICOLA INDIAN BAND Council

3. DELEGATED & ASSIGNED RESPONSIBILITIES

POLICY

Policy Statement

It is Council's policy to establish a process around giving financial administration authorizations and delegations to identified departments, committees and individuals. Overall responsibility for financial management of Lower Nicola Indian Band remains with the Council.

Purpose

The purpose of this policy is to document and specify the use of delegation and assignment authority to transfer the responsibility for making a decision or performing a duty to another functional area, Officer, employee, or agent and to provide accountability with respect to financial authorization and authority to bind Lower Nicola Indian Band to legal obligations.

Scope

This policy applies to the Council, Committees of Council, Officers, employees of Lower Nicola Indian Band and any other persons with authority to conduct activities in connection with the financial administration of Lower Nicola Indian Band.

Responsibilities

Council is responsible for:

- authorizing the Executive Director to delegate any Council duties or functions related to Lower Nicola Indian Band's financial administrative system to an Officer, employee, Committee, contractor or agent except:
 - the approval of financial administration policies that fall under Council's responsibility as specified in a Financial Administration Law
 - the appointment and removal of the Finance and Audit Committee members, including the Chairperson and Vice-Chairperson
 - the approval of budgets, budget amendments, borrowings and financial statements
 - the approval of the Authorization and Delegation Table
 - any matter relating to the employment or authorities of any Officers

The Executive Director is responsible for:

- assigning their financial management activities or functions except:
 - making sure those with delegated authority understand their responsibilities and have the skill and knowledge necessary to effectively exercise authority

- establishing protocols for delegation and temporary assignments to deal with absences due to illness, vacation, or other extended leaves using the Temporary Delegation and Authorization form

Regardless of the delegation of any financial administration authority by Council, Council remains responsible for the financial management of Lower Nicola Indian Band.

ADMINISTRATIVE PROCEDURES

Procedures

3.1 Delegation

The Executive Director will prepare and update the Authorization and Delegation Table in accordance with this policy.

The Executive Director will make sure there is an appropriate level of documentation including a signed Temporary Delegation and Authorization form.

The Executive Director will submit the Authorization and Delegation Table to Council for approval.

The Executive Director will make sure that the Authorization and Delegation Table is communicated to all staff to make sure delegated responsibilities can be carried out effectively.

Council, Committees, Officers, employees, contractors and agents may delegate authority only to individuals competent and capable of carrying out the delegated authority.

The Executive Director will make sure that any delegation of authority granted is aligned with the organizational chart structure.

3.2 Temporary Delegation

Delegation and temporary assignments for absences due to illness, vacation, or other extended leaves must be documented using the Temporary Delegation and Authorization form and reported to and filed with the Executive Director.

3.3 Monitoring and Evaluation

The Executive Director will monitor and evaluate the performance of the delegated duties and functions and if necessary, make recommendations to Council for amendments to the Authorization and Delegation Table.

References and Related Authorities

FMB's Financial Management System Standards

- Standard 8.0 – Delegated/Assigned Responsibilities

FMB's Financial Administration Law Standards

- Standard 8.0 – Lower Nicola Indian Band Council
- Standard 11.0 – Lower Nicola Indian Band Officers and Employees

Attachments

1. Authorization and Delegation Table
2. Temporary Delegation of Duty/Function Form

AUTHORIZATION AND DELEGATION TABLE

Financial Administration Activity / Function	Responsible	Authority Level (where applicable)
Policy Approval	Council	No delegation
Procedure Approval	Council	Executive Director
Annual Signing of Code of Conduct Declaration	Council, Finance & Audit Committee Members, Officers, Employees	No delegation
Annual Completion and Signing of Private Interests Disclosure Form	Council, Finance & Audit Committee Members, Officers, Employees	No delegation
Appointment and Termination of Finance & Audit Committee Members	Council	No delegation
Finance & Audit Committee Terms of Reference Approval	Council	No delegation
Signing of Finance & Audit Committee Eligibility Declaration	Finance & Audit Committee Members	No delegation
Committee Establishment, Terms of Reference and Termination	Council	No delegation
Strategic Plan Approval	Council	No delegation
Annual Risk Register Approval	Council	Executive Director
Multi-year Financial Plan Approval by March 31 of each year	Council	No delegation
Annual Budget Approval by March 31	Council	No delegation
Budget Amendment Approval	Council	No delegation
Annual Report Approval by Sept 27	Council	No delegation
Annual Audited Financial Statements Approval by July 29	Council	No delegation
Annual Special Purpose Reports Approval	Council	No delegation
Quarterly Financial Statements Approval Before Next Quarter	Council	No delegation
External Auditor Appointment and Termination	Council	No delegation
Investment Strategy Approval	Council	No delegation
Investment Manager Appointment and Termination	Council	No delegation

Financial Administration Activity / Function	Responsible	Authority Level (where applicable)
Annual Emergency and Operations Continuity Plan Review and Approval	Executive Director	Can delegate to another Officer
Annual Review of Financial Management System	Executive Director	Can delegate to another Officer
Document Retention Periods Approval	Council	No delegation
Organization Chart Approval	Council	Can delegate non-Officer approval to Executive Director
Appointment, Termination, Severance and Salary Adjustments – Officers	Council	No delegation
Annual Performance Evaluation of Officers	Council	Can delegate Director of Finance performance evaluation to Executive Director
Annual Performance Evaluations of Employees	Direct Supervisor	No delegation
Hiring, Termination, Severance and Salary Adjustments – Non-Officers	Executive Director	Can delegate to the Directors
Approval of Budgeted Expenditures and Capital Asset Purchases and Disposals	Council	Must approve amounts greater than \$ 50,000.00
	Executive Director	Must approve amounts between \$25,000.00 and \$50,000.00
	Director of Finance	Must approve amounts between \$10,000.00 and \$25,000.00
	Sector Directors/Managers	Up to \$25,000.00
	Program Managers	\$10,000.00
Approval of Extraordinary Expenditures	Council	Must approve amounts greater than \$50,000.00
	Executive Director	Must approve amounts up to \$50,000.00
Approval of Contracts – Less than 12 months	Council	Must approve amounts greater than \$50,000.00
	Executive Director	Must approve amounts up to \$50,000.00
Approval of Capital Project Trigger Threshold	Council	A project is considered a “capital project” when total cumulative costs will be greater than \$100,000.00
Capital Projects Approval	Council	No delegation
Capital Asset Reserve Fund Establishment	Council	No delegation

Financial Administration Activity / Function	Responsible	Authority Level (where applicable)
Approval of Contracts – Greater than 12 months	Council	No delegation
Approval of Insurance Coverage and Premiums	Council	No delegation
Annual Review of Insurance Coverage	Executive Director	Can delegate to another Officer
Approval of Capital/Operating Leases	Council	No delegation
Approval of Bank Account Transfers	Council	Two approvals from authorized signatories – no delegation
Bank Accounts – Opening/Closing	Council	No delegation
Bank Accounts – Approval of Reconciliations	Officer	No delegation
Approval of Borrowing Transactions	Council	No delegation
Approval of Lending – Principal amount	Council	Must approve amounts greater than \$15,000.00
	Executive Director	Must approve amounts up to \$15,000.00
Approval of Lending – Loans Receivable	Council	Must approve amounts greater than \$15,000.00
	Director of Finance	Must approve amounts up to \$15,000.00
Approval of Guarantees and Indemnities	Council	No delegation
Loan Forgiveness Approval	Council	No delegation
Expense Allowance Approval Including Credit Card Allowance	Executive Director	Must approve amounts greater than \$500.00
	Director of Finance	Must approve amounts up to \$500
Payroll Remittance Package Approval	Director of Finance	No delegation
Approval of Reimbursable Expense Claims – Council	Council and Officers	Two approvals – one non-claimant Council member and one Officer

TEMPORARY DELEGATION OF DUTY/FUNCTION FORM

I, [insert name and position title], hereby delegate to [insert name and position title] the duty/function, on a temporary basis, of my position effective [insert start date] to [insert end date].

Agreed to on the XX day of Month 20XX

Person delegating:

Name and Position Title

Person delegated to:

Name and Position Title

4. CODE OF CONDUCT AND CONFLICT OF INTEREST

POLICY

Policy Statement

It is Council's policy to establish a process around having Council, Officers and any staff and contractors, if applicable involved in the financial administration of Lower Nicola Indian Band, make an annual Code of Conduct Declaration and disclose as soon as possible any circumstances which could result in an actual or potential conflict of interest.

Purpose

The purpose of this policy is to provide each Council member, employee and contractor with a clear understanding of their expected conduct, including managing conflicts of interest, in the performance of their responsibilities.

Scope

This policy applies to all individuals involved with the financial administrative system of Lower Nicola Indian Band, including Council, Officers, employees and contractors.

Responsibilities

Council is responsible for:

- at the beginning of their term of office, reading and understanding the code of conduct and conflict of interest requirements and signing the Code of Conduct Declaration and the Conflict of Interest Disclosure forms
- in addition to annually, disclosing as they arise and as soon as possible, any circumstances which could result in an actual or potential conflict of interest

The Executive Director is responsible for:

- making sure that Council members, employees and contractors are informed of the code of conduct and conflict of interest requirements and that training/orientation is provided to Council members, Officers and employees and contractors in a timely manner upon being hired or elected
- making sure that Council members, Officers, employees and contractors sign the Code of Conduct Declaration and the Conflict of Interest Disclosure forms annually and submit it to the Executive Director in a timely manner
- filing the Code of Conduct Declaration and Conflict of Interest Disclosure forms according to the relevant records management policy that protects the privacy of the persons making the disclosure

Officers, employees and contractors are responsible for:

- in addition to annually, disclosing circumstances which could result in an actual or potential conflict of interest as they arise and as soon as possible

Immediate supervisors are responsible for:

- making sure their supervised employees and contractors sign the Code of Conduct Declaration and Conflict of Interest Disclosure forms annually and submit to the Executive Director in a timely manner if the Executive Director has delegated this responsibility to immediate supervisors

ADMINISTRATIVE PROCEDURES

Procedures

At the end of each fiscal year, the Executive Director will communicate, in writing, to Council members, Officers, employees and contractors to obtain the signed Code of Conduct Declaration and Conflict of Interest Disclosure forms.

The Executive Director will file the Code of Conduct Declaration and Conflict of Interest Disclosure forms according to the relevant records management policy that protects the privacy of the persons making the disclosure.

Signed Council Code of Conduct Declaration and Conflict of Interest Disclosure forms will be filed with the relevant administrative personnel.

The Executive Director will retain all Code of Conduct Declarations and Conflict of Interest Disclosure forms in the respective Officer, employee personnel or contractor file.

Council will act if the required forms are not received within **90 days** of being notified by the Executive Director.

References and Related Authorities

FMB's Financial Management System Standards

- Standard 13.0 – Conduct Expectations

FMB's Financial Administration Law Standards

- Standard 12.0 – Conduct

Attachments

1. Code of Conduct Declaration
2. Conflict of Interest Disclosure Form

CODE OF CONDUCT DECLARATION

I hereby confirm that I have read and understand the Conduct and Conflict of Interest Expectations set out in Lower Nicola Indian Band's Financial Administration Law ("the Law") and the Schedule – Avoiding and Mitigating Conflicts of Interest and agree to comply fully with them.

I agree that I will adhere to the following principles and responsibilities governing my professional and ethical conduct.

To the best of my knowledge and ability:

- I will comply with the Law, any other applicable Lower Nicola Indian Band law and any applicable standards
- I will act with honesty, good faith and in the best interest of Lower Nicola Indian Band
- I will exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances
- I will avoid any real, potential, or apparent conflicts of interests
- I will act with due care, competence, and diligence, without misrepresenting material facts or allowing my independent judgement to be subordinated
- I will respect the confidentiality of information acquired in the course of my work or service except when authorized to do so in the performance of my duties or am otherwise legally obligated to disclose
- I will ensure responsible use of and control over all Lower Nicola Indian Band assets and resources entrusted to me
- I will be accountable for adhering to this declaration

Declaration of Understanding:

Council member, Employee or Contractor
name (print)

Council member, Employee or Contractor
name (signature)

Title

Date

CONFLICT OF INTEREST DISCLOSURE FORM

A Council member, employee or contractor (“an individual”) has a “conflict of interest” when the individual exercises a power or performs a duty or function and at the same time knows or ought reasonably to have known that in the exercise of the power or performance of the duty or function there is an opportunity to benefit the individual’s private interests, otherwise known as personal gain at the expense of others.

Private interests are defined in the FAL Schedule – Avoiding and Mitigating Conflicts of Interests and include the interests of closely associated persons or entities.

An individual has an apparent conflict of interest if a reasonably well-informed person would perceive that the individual’s ability to exercise a power or perform a duty or function of their office or position is affected by the individual’s private interests.

All Council members, employees and contractors are required to declare any actual, potential or apparent conflicts of interest to Lower Nicola Indian Band. Conflicts of interest could arise from “personal interests” which include:

- the individual’s spouse
- a person under the age of eighteen (18) years in respect of whom the individual or the individual’s spouse is a parent or acting in a parental capacity
- a person for whom the individual or the individual’s spouse is acting as guardian
- a person, other than an employee, who is financially dependent upon the individual or the individual’s spouse or on whom the individual is financially dependent
- an entity in which the individual or the individual in combination with any other person described in this section has a controlling interest
- close family or personal relationships with persons in a position to influence the affairs of Lower Nicola Indian Band, or otherwise engaged in the affairs of Lower Nicola Indian Band
- close relationships with persons having an interest in information, competitive, intellectual or other interests of Lower Nicola Indian Band

Declaration: I disclose the following actual, potential or apparent conflicts of interest:

--

Council member, Employee or Contractor
name (print)

Council member, Employee or Contractor
name (signature)

Title

Date

5. COMMITTEE ESTABLISHMENT AND DISSOLUTION

POLICY

Policy Statement

It is Council's policy to establish a process around standing committees and special committees it deems necessary to fulfill its mandate or to assist in meeting its legal and regulatory obligations.

Purpose

The purpose of this policy and procedure is to establish an effective governance system that makes sure Committees are consistently and purposefully structured to carry out its specified functions assigned by Council or in Lower Nicola Indian Band laws.

Scope

This policy applies to Council, its committees and the Executive Director.

Responsibilities

Council is responsible for:

- establishing a committee and its mandate
- approving the terms of reference for each committee
- determining the minimum qualifications and eligibility requirements of committee members and chairpersons
- appointing a chairperson or filling a chairperson vacancy on a committee
- evaluating the effectiveness of each committee
- approving any recommendations presented by the committee

The Executive Director is responsible for:

- making sure that the agendas and minutes of all committee meetings are retained for a period of at least seven years or a period specified in Lower Nicola Indian Band's relevant policy

The Chairperson is responsible for:

- facilitating committee meetings and making sure they are conducted in an efficient and effective manner
- scheduling committee meetings as necessary and planning committee activities to make sure that the committee is successful in fulfilling its mandate and addressing its functions, duties and responsibilities, including working within its approved budgetary resources
- approving committee agendas

- making sure that minutes are prepared and that they accurately reflect meeting outcomes
- identifying the necessary qualifications and eligibility criteria for committee members, subject to Lower Nicola Indian Band's laws
- recruiting qualified committee member candidates and recommending them to Council
- evaluating committee members and their contributions
- recommending member appointments and removals to Council
- reporting to Council on behalf of the committee

The Committee members are responsible for:

- preparing for applicable committee meetings by reading reports and background materials prepared for each meeting and obtaining information necessary for decision making
- becoming knowledgeable of the committee functions
- participating fully in the discussions of the committee
- attending all committee meetings
- avoiding conflicts of interests and complying with conflicts of interest policies and procedures established by Council or under Lower Nicola Indian Band's laws

ADMINISTRATIVE PROCEDURES

Procedures

5.1 Establishment / Dissolution

Subject to Lower Nicola Indian Band laws, Council may establish or dissolve a committee, other than the Finance and Audit Committee, by passing a Council Resolution. Council will also establish terms of reference regarding the committee's mandate, objectives and expected outcomes.

Subject to Lower Nicola Indian Band laws, for each new committee, the Executive Director and the chairperson will develop and recommend to Council for approval the terms of reference which will include, at a minimum, the following:

- composition of members, including minimum number of Council members and any requirements for specific experience, skills, knowledge or expertise
- quorum
- term of the committee members
- detailed role and functions
- voting rules
- meeting and reporting obligations

5.2 Member Appointment

Subject to Lower Nicola Indian Band laws, Council will appoint a committee chairperson.

Subject to Lower Nicola Indian Band laws, the Executive Director and the respective committee chairperson will develop and recommend to Council for approval membership qualification and eligibility criteria for each committee, including potential conflicts of interest avoidance.

The chairperson, based on consultations with the committee, will recommend to Council the appointment of new committee members.

5.3 Performance Monitoring and Evaluation

Annually, the chairperson will evaluate the committee's progress against its terms of reference, objectives, and stated outcomes. The results of the analysis will be presented to Council and used as the basis for the following year plan for the committee.

The chairperson will continually monitor the performance of committee members against their terms of appointment.

5.4 Member Removal

Subject to Lower Nicola Indian Band laws, a committee member may be removed on the recommendation of the committee chairperson if the committee member has committed a breach of the code of conduct, confidentiality, a Lower Nicola Indian Band policy or fails to perform expected duties of a committee member, or is no longer qualified or eligible to be a committee member.

References and Related Authorities

FMB's Financial Management System Standards

- Standard 11.0 – Lower Nicola Indian Band Committees

6. FINANCE AND AUDIT COMMITTEE

POLICY

Policy Statement

It is Council's policy and a requirement of Lower Nicola Indian Band's Financial Administration Law to establish a process around creating and maintaining a Finance and Audit Committee ("the FAC") to assist Council in carrying out its oversight responsibilities for financial reporting, internal control and risk management processes.

Purpose

The purpose of this policy is to set out the composition, responsibilities, and procedures in creating and maintaining a Finance and Audit Committee.

Scope

This policy applies to Council, the Finance and Audit Committee, the Executive Director and the Director of Finance.

Responsibilities

Council is responsible for:

- assigning to the FAC any responsibilities or functions in addition to those set out in the Law
- approving the FAC's terms of reference
- determining eligibility criteria of FAC members, chairpersons and vice-chairpersons
- confirming, before appointment, that each potential FAC member is eligible to be a member and is independent
- making sure that each FAC member signs a statement annually, confirming that they continue to meet the eligibility criteria and remain independent
- determining the requirements of financial competency to be met by the majority of FAC members
- appointing the FAC's chairperson and vice-chairperson and filling any vacancies in those offices
- evaluating the FAC's effectiveness
- providing the FAC with the resources it might need to carry out its functions
- considering any FAC recommendations or advice
- If the chairperson is not a Council member, sending notices and agendas of all Council meetings to the chairperson

The Finance and Audit Committee Chairperson is responsible for:

- facilitating the FAC's interaction with Officers
- chairing FAC meetings and making sure they are conducted in an efficient and effective manner

- planning the FAC's activities to make sure that it is successful in fulfilling its mandate and addressing its functions, duties and responsibilities
- preparing FAC agendas
- making sure minutes are recorded at each duly called meeting
- recruiting qualified FAC member candidates and recommending them to Council
- evaluating FAC members and their contributions
- reporting to Council on behalf of FAC

FAC Members are responsible for:

- preparing for meetings by reading reports and background materials prepared for each meeting and acquiring adequate information necessary for decision making
- actively participating in FAC deliberations
- attending all scheduled FAC meetings subject to reasonable exceptions acceptable to the chairperson
- becoming knowledgeable of FAC's functions and statutory responsibilities under Lower Nicola Indian Band's Financial Administration Law
- maintaining communications with management, FAC members, the auditor and other advisors as appropriate
- making sure they have the minimum level of financial competency necessary to fulfill their responsibilities
- making sure they maintain their independence as required in Lower Nicola Indian Band's Financial Administration Law
- avoiding conflicts of interests and complying with conflict of interest policies and procedures established by Council and described in the Financial Administration Law
- reviewing and making recommendations to the chairperson on the FAC terms of reference for Council consideration and approval

The Executive Director is responsible for:

- maintaining the current FAC member list
- tracking FAC member financial competency
- keeping the chairperson current on major developments and provide FAC with sufficient information on a timely basis to enable FAC to discuss potential issues, make decisions, and fulfill its mandate
- assisting the chairperson in planning and making necessary arrangements for setting agendas, giving required meeting notices and holding meetings
- attending each FAC meeting, unless excused by the chairperson for a reasonable reason or excluded from attendance by FAC vote as provided in Lower Nicola Indian Band's Financial Administration Law

The Director of Finance is responsible for:

- attending each FAC meeting, unless excused by the chairperson for a reasonable reason or excluded from attendance by FAC vote as provided in Lower Nicola Indian Band's Financial Administration Law
- providing technical and professional support to the FAC as requested or as required in Lower Nicola Indian Band's Financial Administration Law

ADMINISTRATIVE PROCEDURES

Procedures

6.1 Member Appointment and Removal

Subject to Lower Nicola Indian Band's Financial Administration Law, Council will appoint the FAC chairperson and vice-chairperson.

Council must establish its FAC consistent with the number of members specified in the Financial Administration Law.

Council, upon recommendation of the chairperson, will appoint the FAC members, a majority of whom must have financial competency and all of whom must have independence and meet the eligibility criteria as set out in the terms of reference approved by Council.

A FAC member may be removed from office by Council in the circumstances permitted in Lower Nicola Indian Band's Financial Administration Law.

6.2 Term Requirements

Subject to Lower Nicola Indian Band's Financial Administration Law, when making FAC appointments, Council will make sure that no more than half of the members' terms will expire in any one fiscal year.

The Executive Director will maintain a register of FAC members which will, for each member, include the date of appointment or re-appointment, the term of the membership, and the term end date and which will track independence and financial competency issues for each member.

Upon any changes in FAC membership, the Executive Director will report to Council on the term end dates for each FAC member.

The term of a FAC member will be as established in Lower Nicola Indian Band's Financial Administration Law.

The terms of office of FAC members are staggered to ensure the continuing effectiveness of the FAC and to provide for succession planning.

If a FAC member is removed from office, dies, or resigns before their term expires, Council must as soon as possible appoint a new FAC member to hold office for the remainder of the term.

6.3 Eligibility Criteria

Council will establish FAC member eligibility criteria by specifying that an individual will not have a role in the financial management of Lower Nicola Indian Band involving the planning, organizing, directing, or controlling of its financial activities, including budgeting, financial accounting, financial reporting, procurement and utilization of funds.

Council will document FAC member criteria for independence by specifying that the individual does not have a direct or indirect financial relationship with Lower Nicola Indian Band

government that could, in the opinion of Council, reasonably interfere with the individual's exercise of independent judgment as a FAC member.

Council will establish FAC member financial competency criteria that, in the opinion of Council, will reasonably allow a FAC member to fulfill their required role and responsibilities and support the FAC effectiveness.

All FAC members will sign the Finance and Audit Committee Eligibility Declaration form and provide to the Executive Director for record retention.

6.4 Administration and Reporting

Subject to Lower Nicola Indian Band's Financial Administration Law, the quorum necessary for the transaction of business at FAC meetings will be a majority of FAC members.

Subject to Lower Nicola Indian Band's Financial Administration Law, the FAC will meet at least quarterly and otherwise as necessary but in any event as soon as possible following receipt of the audited annual financial statements and report of the auditor.

All Council members of Lower Nicola Indian Band may attend FAC meetings provided, however, that no Council member is entitled to vote at such meeting and is not counted as part of FAC quorum if they are not a FAC member.

The external auditor may attend and be heard at FAC meetings.

The FAC will maintain written meeting records of attendance of FAC members and of any ex-officio member such as the Executive Director and the Director of Finance.

The FAC will provide minutes of its meetings to Council and the chairperson will provide reports to Council as appropriate on the substance of meetings as soon as possible.

References and Related Authorities

FMB's Financial Management System Standards

- Standard 11.0 – Lower Nicola Indian Band Committees

FMB's Financial Administration Law Standards

- Standard 10.0 – Finance and Audit Committee
- Standard 21.0 – Audits

Attachments

1. Finance and Audit Committee Terms of Reference
2. Finance and Audit Committee Eligibility Declaration

FINANCE AND AUDIT COMMITTEE TERMS OF REFERENCE

Composition: At least one (1) Council member must be a member of a Finance and Audit committee consisting of three members and at least two (2) Council members must be members of a Finance and Audit committee consisting of four or more members. Council will appoint committee members, including a chairperson and a vice-chairperson one of whom must also be a member of Council. Each committee member will perform their role in an objective, fair, and impartial manner. The majority of committee members must have financial competency and all of the members must have independence as defined below.

Financial Competency:

- the ability to read, understand and analyze Lower Nicola Indian Band's annual audited financial statements and the notes to the financial statements
- the ability to understand accounting policies, including any estimates used or judgments applied by management in the application of Lower Nicola Indian Band's accounting policies, when these are explained by Lower Nicola Indian Band's Director of Finance and the auditor
- an understanding of Lower Nicola Indian Band's objectives and operations that may impact the selection or application of accounting policies
- a knowledge and understanding of the strategies that have been adopted by Lower Nicola Indian Band and the risks involved with any new strategies
- an ability to understand Lower Nicola Indian Band's risk environment

Independence: An individual is independent if they do not have a direct or indirect financial relationship with Lower Nicola Indian Band that could, in the opinion of Council, reasonably interfere with the individual's exercise of independent judgment as a member of the Finance and Audit Committee with the below exception:

An individual who has a role in the financial management of Lower Nicola Indian Band involving the planning, organizing, directing or controlling of its financial activities – including budgeting, financial accounting, financial reporting, procurement and utilization of funds **is not** considered independent.

Quorum: Quorum necessary for the transaction of business at committee meetings will be majority of the voting members of the committee.

Voting Rules: Unless a committee member is not permitted to participate in and vote on a motion because of a conflict of interest, every member has one vote in all committee decisions. In the event of a tie vote, the chairperson may cast a second tie-breaking vote.

Committee Term: The Finance and Audit Committee is a standing committee established by the Financial Administration Law.

Member Term: The members of the Finance and Audit Committee must serve staggered terms, as follows:

- non-Council members shall serve three-year terms, appointed in opposite years of Council elections

- Council members must be appointed to the Finance and Audit Committee as soon as possible following their election to the Council and will serve on the Finance Committee to the end of their term on Council

Chairperson: Appointed by Council. Either the chairperson or the vice-chairperson must be a member of Council.

Vice-chairperson: Appointed by Council. Either the chairperson or the vice-chairperson must be a Council member.

Mandate: The Finance and Audit Committee is responsible to review and make recommendations to Council on the financial administration matters of Lower Nicola Indian Band. The Finance and Audit Committee will assist Council in fulfilling its oversight responsibilities for the financial reporting process, the internal control system, the audit process, and the process for monitoring compliance with laws and regulations and the code of conduct.

Meetings: The Finance and Audit Committee will meet not less than quarterly and immediately following completion of the annual audit, with the chairperson having authority to convene additional meetings as circumstances required.

All committee members are expected to attend each meeting, in person or via tele/video-conference. The committee will invite members of the management, auditors, or others to attend meetings as necessary.

The Executive Director and Director of Finance must be notified of all meetings and must attend those meetings, subject to reasonable exceptions.

The auditor of Lower Nicola Indian Band must receive notices of all meetings and may attend and be heard at such meetings.

Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared. The chairperson will report key decisions and areas of discussion or concern to Council as soon as possible following each Finance and Audit Committee meeting or in writing if the information needs attention in a timely manner.

The Executive Director or Director of Finance may be excluded from all or any part of a committee meeting at the discretion of the committee – decided by a recorded vote.

Responsibilities:

Financial Accounting and Reporting Oversight

- subject to Lower Nicola Indian Band's Financial Administration Law, review draft annual budgets and multi-year financial plans and recommend them to Council for approval
- monitor the financial performance of Lower Nicola Indian Band against budget and report any significant variations and their reasons to Council
- review the quarterly and annual financial statements of Lower Nicola Indian Band and recommend them to Council for approval
- If Lower Nicola Indian Band collects local revenues, review the annual financial statements of Lower Nicola Indian Band's local revenue account and recommend them to Council for approval

- review the annual special purpose reports of Lower Nicola Indian Band and recommend them to Council for approval
- review the annual report of Lower Nicola Indian Band and recommend it to Council for approval
- make any other recommendations to Council on any matter respecting the financial administration of Lower Nicola Indian Band
- review management's approach for safeguarding Lower Nicola Indian Band's assets and information systems, the adequacy of staffing of key financial functions and any plans for improvement
- review with management and the external auditors emerging accounting issues and their potential impact on Lower Nicola Indian Band's financial reporting
- review with management Lower Nicola Indian Band's financial policies and compliance with such policies

Auditor Oversight

- make recommendations to Council on the selection, engagement and performance of Lower Nicola Indian Band's independent auditor
- receive assurances on the independence of a proposed or appointed auditor
- review and make recommendations to Council to approve the annual audit plan of the external auditor, including the scope of the audit to be performed and the estimated audit fees
- review and make recommendations to Council respecting the audited annual financial statements, including the audited local revenue account financial statements, if applicable, and any special purpose reports
- review any management letters containing recommendations of the external auditor and management's response
- recommend to Council pre-approval of all audit, audit-related and non-audit services to be provided to Lower Nicola Indian Band by the external auditor
- periodically review, and make recommendations to Council respecting policies, procedures and directions on reimbursable expenses and perks of Council members, officers and employees
- monitor financial reporting risks and fraud risks and the effectiveness of internal controls designed to mitigate those risks taking into consideration the cost of implementing any change to internal control
- review Lower Nicola Indian Band's Financial Administration Law and recommend amendments to Council
- review and make recommendations to Council on the terms of reference

Risk Management

- review the annual risk management plan and fraud risk assessment completed by the Executive Director and provide input to the identification, monitoring and reviewing of the annual risk assessment process
- provide recommendations to Council on the annual risk management plan and fraud risk assessment
- provide updates to the Council on any significant changes to the assessment and adequacy of monitoring activities

- review requests for non-budgeted funding for Lower Nicola Indian Band's business enterprises and make recommendations to Council

Other

- review expenses of Council members and Officers and assess Lower Nicola Indian Band's policies with respect to expense reimbursement and allowances
- evaluate at least annually the adequacy of these terms of reference

FINANCE AND AUDIT COMMITTEE ELIGIBILITY DECLARATION

The eligibility criteria to be a Finance and Audit Committee member is as follows:

- the ability to read, understand and analyze annual financial statements and the notes to the financial statements
- the ability to understand accounting policies, including any estimates used or judgments applied by management in the application of the accounting policies, when these are explained by Director of Finance and the auditor
- an understanding of Lower Nicola Indian Band's objectives and operations that may impact the selection or application of accounting policies
- a knowledge and understanding of the strategies that have been adopted by Lower Nicola Indian Band and the risks involved with any new strategies
- an ability to understand Lower Nicola Indian Band's risk environment

Valid for the [2019/20 and 2020/2021] fiscals unless member term ends, whichever comes first.

I have read the terms of reference of the Finance and Audit Committee and will comply with these.

I am independent and am eligible to be a member of the Finance and Audit Committee.

[Insert name]

Date

[Insert title]

7. OFFICER APPOINTMENT AND RESPONSIBILITIES

POLICY

Policy Statement

It is Council's policy to establish a process around outlining the duties and roles of Lower Nicola Indian Band's officers, which include the Executive Director and the Director of Finance and the Tax Administrator, if applicable, and to establish a process for the appointment or removal of Officers of Lower Nicola Indian Band.

Purpose

The purpose of this policy is to provide guidance on the appointment and removal process and responsibilities of Officers of Lower Nicola Indian Band.

Scope

This policy applies to Council and Officers of Lower Nicola Indian Band.

Responsibilities

Council is responsible for:

- appointing the Officers of Lower Nicola Indian Band

The Executive Director is responsible for:

- developing and recommending policies and procedures for Council approval, if procedures' approval has not been delegated by Council to the Executive Director
- preparing and recommending for Council approval, descriptions of the powers, duties and functions of all employees of Lower Nicola Indian Band
- hiring the employees of Lower Nicola Indian Band, as the Executive Director considers necessary and within Council approved budget, and to set the terms and conditions of their employment
- overseeing, supervising and directing the activities of all Officers and employees of Lower Nicola Indian Band
- overseeing and administering the contracts of Lower Nicola Indian Band
- identifying, assessing, monitoring and reporting on financial reporting risks and fraud risks
- monitoring and reporting on the effectiveness of mitigating controls for financial reporting and fraud risks
- other duties as required by Council that are not contrary to Lower Nicola Indian Band's *Fiscal Management Act* ("the *FMA*") or inconsistent with the Executive Director's duties under Lower Nicola Indian Band's Financial Administration Law
- reporting directly to Council

The Director of Finance is responsible for:

- the day to day management of Lower Nicola Indian Band's financial administration system
- other duties as required by the Executive Director that are not contrary to the *FMA* or inconsistent with the Director of Finance's duties under Lower Nicola Indian Band's Financial Administration Law
- reporting directly to the Executive Director
- any other duties as set out in the Financial Administration Law

If applicable, the Tax Administrator is responsible for:

- the day to day management of Lower Nicola Indian Band's local revenues system
- other duties as required by the Executive Director that are not contrary to the *FMA* or Lower Nicola Indian Band's local revenue laws or inconsistent with the tax administrator's duties under Lower Nicola Indian Band's Financial Administration Law
- reporting directly to the Executive Director

ADMINISTRATIVE PROCEDURES

Procedures

7.1 Appointment

Council will approve, prior to posting a job, the specific qualifications required for each position.

Council will determine the selection process for all Officer positions identified by this policy. At minimum the Council will create an Officer selection committee. The Officer selection committee will develop criteria for a selection process that will evaluate the qualifications, experience, and any other interview standards deemed appropriate for each candidate.

Initial screening will occur to assess each applicant's ability to meet the minimum stated standards. Applications of qualified candidates received for a posting will be forwarded to the selection committee to further screen the applications to select individuals to be interviewed for the position. The interview process will be consistent for all applicants.

The Officer selection committee will then evaluate each candidate against the established criteria and recommend a candidate for the position to Council.

References and Related Authorities

FMB's Financial Management System Standards

- Standard 12.0 – Lower Nicola Indian Band's Officers and Employees

FMB's Financial Administration Law Standards

- Standard 11.0 – Lower Nicola Indian Band's Officers and Employees

8. EXTERNAL AUDIT

POLICY

Policy Statement

It is Council's policy to establish a process around the appointment, management and termination of a qualified and licensed external auditor to render an audit opinion on the annual financial statements (and special purpose reports, where applicable) of Lower Nicola Indian Band in accordance with GAAP.

Purpose

The purpose of this policy is to provide guidance on the appointment of an external auditor and the management of the annual audit process within Lower Nicola Indian Band.

Scope

This policy applies to Council, the Finance and Audit Committee, Officers and employees providing services within the financial administration system.

Responsibilities

Council is responsible for:

- appointing (re-appointing) an auditor meeting the specified eligibility requirements and documenting the appointment by Council Resolution
- making sure the engagement letter requires the auditor to confirm that the financial statements and the audit comply with Lower Nicola Indian Band Financial Administration Law, the Lower Nicola Indian Band's Physical Management Act and the Lower Nicola Indian Band's Financial Management Board's standards, any relevant funding agreement requirements, and applicable laws
- approving and reviewing periodically the policy related to the external auditor's authority to receive the information and documents required to perform the audit function
- confirming that the auditor has carried out the audit as required by the Financial Administration Law and the engagement letter
- reviewing and approving the audited annual financial statements within 120 days after fiscal year end, and ensuring they are signed by those required in the Financial Administration Law – at minimum the Chief or Council chairperson, chairperson of the Finance and Audit Committee and the Director of Finance
- making sure Lower Nicola Indian Band members have access to the audited financial statements and special purpose reports after they have been approved and signed as required in the Financial Administration Law

The Finance and Audit Committee is responsible for:

- overseeing the external audit and advising Council as required

- making recommendations to Council on the selection, engagement and performance of an auditor
- receiving assurances on the independence of a proposed or appointed auditor
- approving the terms and conditions of the auditor appointment as set out in the engagement letter and making sure it includes the auditor's obligation to confirm that the annual financial statements and the audit of them comply with the Financial Administration Law, the *FMA* and Lower Nicola Indian Band's Financial Management Board's Standards and any relevant funding agreements
- reviewing the draft annual financial statement from the Director of Finance and presenting the statements to Council within ninety days following the end of the fiscal year for which they were prepared
- reviewing and making recommendations to Council on the planning, conduct and results of audit activities
- reviewing and making recommendations to the Council on the audited annual financial statements, including the audited local revenue account financial statements if applicable and any special purpose reports

The Executive Director is responsible for:

- directing and facilitating any notices regarding meetings on the annual audit or audited financial statements

The Director of Finance is responsible for:

- overseeing, supervising, directing and facilitating requests for any information required by the auditor to carry out its audit responsibilities
- providing auditor with copy of Lower Nicola Indian Band's Financial Administration Law and FMB's Local Revenue Financial Reporting Standards, if Lower Nicola Indian Band is collecting property taxes and the auditor is auditing Lower Nicola Indian Band's local revenues financial report
- preparing and providing to the Finance and Audit Committee within forty-five days of the fiscal year end the annual financial statements and special purpose reports for the fiscal year in accordance with Canadian GAAP and any funding agreements
- making sure the accounts are properly updated to reflect audit adjustments, the account balances are reconciled to the audit statements and schedules, and a proper year end closing of the accounts is completed
- providing feedback on the auditor's performance to the Executive Director

ADMINISTRATIVE PROCEDURES

Procedures

8.1 Auditor Selection, Engagement and Performance

The Executive Director and the Director of Finance will establish evaluation criteria to be included in a Request for Proposal ("RFP") for the external audit which will be reviewed by the

Finance and Audit Committee and approved by Council and include, at a minimum, for the auditor to be:

- independent from Lower Nicola Indian Band, its related bodies, Council and Officers and members
- in good standing with regulatory bodies (Chartered Professional Accountants of Canada) and/or their respective counterparts in the province or territory in which the firm or accountant is practicing
- licensed to practice public accounting

The Finance and Audit Committee will review the Officers' evaluation of the proposals and their recommendation. The Finance and Audit Committee may recommend or ask for additional information, including an in-camera (i.e. without management) interview with the recommended auditor.

The Finance and Audit Committee will recommend the engagement of the selected auditor and the engagement letter to Council for approval.

Council will review the engagement letter with the auditor selected to make sure it contains the content required by the Financial Administration Law including the following:

- requirement for audit to be completed in compliance with Canadian Generally Accepted Auditing Standards
- audit objective and scope
- auditor responsibilities
- Lower Nicola Indian Band's management responsibilities
- expected form and content of any reports issued by auditor including circumstances when a report may be different from these requirements
- requirement for auditor to communicate in writing to Council matters that come to auditor's attention during audit involving:
 - identified or suspected non-compliance with relevant laws (other than insignificant non-compliance matters)
 - significant internal control deficiencies

Council will proceed to sign the engagement letter in accordance with Lower Nicola Indian Band's Authorization and Delegation Table and make sure it is delivered to the auditor.

On a periodic basis, the Finance and Audit Committee will review and make recommendations to Council on the engagement of the external auditor and recommend to Council for approval on whether an RFP should be initiated for the appointment of a new auditor.

8.2 Auditor Independence

The Finance and Audit Committee will make sure that Lower Nicola Indian Band has received a letter from the auditor, before the annual audit is finalized, in which the auditor confirms their continued independence.

8.3 Audit Planning

The Director of Finance will meet with the auditor before commencement of the annual audit to review the proposed audit plan, to make any requests or to provide any feedback that the auditor should consider when finalizing the plan and conducting the audit.

The Director of Finance will submit the finalized audit plan to the Finance and Audit Committee for review.

The Finance and Audit Committee will submit the finalized audit plan along with any recommendations to Council for approval.

8.4 Audit Preparations

The Director of Finance will keep the auditor informed and discuss in advance of the audit of any significant accounting issues, developments or changes for Lower Nicola Indian Band that could have an impact on the audit and the audit report.

Prior to fiscal year end, the Director of Finance will oversee staff concerning fiscal year end procedures to make sure of the accuracy and completeness of Lower Nicola Indian Band's financial statements and disclosures.

Staff, under the direction of the Director of Finance, will prepare necessary schedules and working papers. This will include preparation of accounts receivable and accounts payable confirmation letters, financial institution account confirmations, and account balance reconciliations.

The Finance and Audit Committee will be informed of any issues that could affect the audit (e.g. where the auditor believes a change in the terms of the engagement may be needed).

8.5 Audited Annual Financial Statements

The Finance and Audit Committee will receive and review the draft audited annual financial statements, including any special purpose reports and the local revenue account financial statements if applicable.

The Finance and Audit Committee will satisfy itself that:

- the audit has been completed according to the plan
- the financial statements are fairly presented according to Canadian GAAP
- the auditors have provided an opinion on the financial statements and an opinion over any special purpose reports as required by Lower Nicola Indian Band's Financial Administration Law
- there are no significant unresolved issues

The Finance and Audit Committee will meet with the auditor to review the draft audited financial statements. The committee may meet with the auditor 'in camera' (without Lower Nicola Indian Band's management team) for a part of the meeting.

When satisfied with its review of the draft audited financial statements and the resolution of any audit issues, the Finance and Audit Committee will recommend the draft audited financial statements to Council for approval.

Before publishing the audited financial statements, the following approvals are required:

- approval of Council through a Council Resolution
- approval by signature from Chief or Council chairperson, chairperson of the Finance and Audit Committee and the Director of Finance

References and Related Authorities

FMB's Financial Management System Standards

- Standard 22.0 – Audits

FMB's Financial Administration Law Standards

- Standard 10.0 – Finance and Audit Committee
- Standard 21.0 – Audits

9. REPORTING OF COMPENSATION, BENEFITS AND CONTRACTS

POLICY

Policy Statement

It is Council's policy and a requirement of Lower Nicola Indian Band's Financial Administration Law to establish a process around the annual disclosure for each Council member the remuneration paid, and expenses reimbursed by Lower Nicola Indian Band, and by any entity that is consolidated by Lower Nicola Indian Band, whether such amounts are paid to the Council member while acting on Council or in any other capacity.

Purpose

The purpose of this policy is to establish accountability, transparency and full disclosure for each Council member's remuneration and expenses paid by Lower Nicola Indian Band and by its consolidated entities.

Scope

This policy applies to Council. This policy and procedure does not apply to remuneration or expenses received:

- in common by all Lower Nicola Indian Band members
- under a program or service universally accessible to Lower Nicola Indian Band members on published terms and conditions
- from a trust agreement, according to the terms of the trust

Responsibilities

Council is responsible for:

- making sure that each Council member annually reports to the Director of Finance all remuneration paid and all expenses reimbursed by Lower Nicola Indian Band and by any entity consolidated into Lower Nicola Indian Band's annual audited financial statements

The Director of Finance is responsible for:

- preparing an annual report separately listing the remuneration paid and expenses reimbursed by Lower Nicola Indian Band, and by any entity, to each Council member whether such amounts are paid to them while acting on Council, or in any other capacity
- including the Schedule of Remuneration and Expenses as a special purpose report in Lower Nicola Indian Band's financial statements
- making the Schedule of Remuneration and Expenses report available on Lower Nicola Indian Band website or location to which membership has access

ADMINISTRATIVE PROCEDURES

Procedures

The Director of Finance or a designate will use amounts from the general ledger to complete the special purpose report.

The special purpose report must include any Council member that left prior to the end of the fiscal year.

If a Council member worked in another capacity for Lower Nicola Indian Band during part of a fiscal year that is being disclosed, the remuneration earned and any other expenses paid in the other position must be included. To be clear, a footnote will be included in the special purpose report to explain which amounts relate to the respective roles.

The Director of Finance will hire Lower Nicola Indian Band's independent auditor to issue an audit or a review engagement report on the special purpose report in accordance with the terms of the engagement.

The Director of Finance will submit the special purpose report along with the draft unsigned audit or review engagement report from Lower Nicola Indian Band's auditor to the Finance and Audit Committee for review and recommendation for approval to Council.

Once the special purpose report is approved by Council, the Director of Finance will obtain the auditor's signed report and arrange for it to be attached to the final special purpose report. The special purpose report will be formatted so it can be published electronically.

References and Related Authorities

FMB's Financial Management System Standards

- Standard 10.0 – Reporting of Remuneration and Expenses

FMB's Financial Administration Law Standards

- Standard 9.0 – Reporting of Remuneration and Expenses
- Standard 20.0 – Financial Reporting

10. WHISTLEBLOWER POLICY

POLICY

Policy Statement

It is Council's policy to establish a process around the reporting and investigation of misconduct while protecting the identity of individuals who report misconduct to the extent possible.

Purpose

The purpose of this policy is to make sure there is a procedure to report, investigate, and act on allegations of wrongdoing within the financial management system and to provide protection to persons who come forward with these reports in good faith.

Scope

This policy applies to Council, Officers, employees, contractors, agents and members of Lower Nicola Indian Band.

Responsibilities

Council is responsible for:

- making sure that this policy is communicated to all affected and interested persons
- investigating reported misconduct to the Finance and Audit Committee members
- making sure that the identity of the person who makes a report of misconduct in good faith is kept confidential to the extent possible in all circumstances and not subject to negative actions for making the report
- approving policies and procedures required in the Financial Administration Law on such matters
- supporting and fostering an open and ethical environment

The Finance and Audit Committee is responsible for:

- reviewing any reports provided to it on inquiries into the circumstances of the reported misconduct; conducting any further inquiry it considers necessary; and providing a report to Council, along with any recommendations
- taking all reasonable steps to make sure that the identity of the person who makes a report of misconduct is kept confidential to the extent possible in all circumstances
- taking necessary steps to make sure that persons who have reported instances of wrongdoing remain protected against any negative actions including but not limited to discrimination, threats, harassment or loss of employment or employment opportunities
- supporting and fostering an open and ethical environment

The Chair of the Finance and Audit Committee is responsible for:

- taking all reasonable steps to make sure that the identity of the person who makes a report of misconduct is kept confidential to the extent possible in all circumstances
- taking necessary steps to make sure that persons who have reported instances of wrongdoing remain protected against any negative actions including but not limited to discrimination, threats, harassment or loss of employment or employment opportunities
- reporting to Council any potential or real breaches of policy and/or negative actions against the whistleblower

The Executive Director is responsible for:

- communicating the Whistleblower Policy to all affected and interested persons
- providing a confidential reporting procedure(s) to report violations
- receiving reports of misconduct, making an appropriate and timely inquiry into the matter and reporting to the Finance and Audit Committee as soon as possible
- taking all reasonable steps to make sure that the identity of the person who makes a report of misconduct is kept confidential to the extent possible in all circumstances
- taking necessary steps to make sure that persons who have reported instances of wrongdoing remain protected against any negative actions including but not limited to discrimination, threats, harassment or loss of employment or employment opportunities
- reporting to Council any potential or real breaches of policy or negative actions against the whistleblower
- securing related records
- fostering and supporting an open and ethical environment

ADMINISTRATIVE PROCEDURES

Procedures

10.1 Fostering an Open and Ethical Working Environment

The identity of any person who raises a concern of wrongdoing will remain confidential to the extent possible.

A person reporting a breach in good faith will receive fair and unbiased treatment throughout the investigative process. Council will make sure that the person is protected from any discrimination, threats, retaliation or harassment.

A person against whom a report has been made will receive fair and unbiased treatment. Where a preliminary inquiry into a report indicates a possible finding of misconduct, the person against whom the report has been made will be given an appropriate opportunity to answer the allegation in a manner consistent with the other provisions of this policy.

On an annual basis, the Finance and Audit Committee will provide Council with a report on the effectiveness of this policy and the Code of Conduct policy.

10.2 Reporting Wrongdoing

Council has established the following procedures to receive, retain, investigate and act on complaints and concerns of Council members, Officers, employees, contractors and agents of Lower Nicola Indian Band regarding instances of misconduct or wrongdoing.

The Executive Director will make sure that the procedures described above will be included in contracts and the appointment of agents and committee members.

The Executive Director and the Chair of the Finance and Audit Committee will receive and inquire into reports of misconduct or wrongdoing.

The Executive Director and the Chair of the Finance and Audit Committee will report their respective findings of an inquiry into a report of misconduct or wrongdoing that they receive.

The Finance and Audit Committee will inquire, if necessary, further into any findings reported.

Any report received by a Council member, Officer, employee, contractor or agent from any source inside or outside Lower Nicola Indian Band will be immediately forwarded to the Finance and Audit Committee chairperson and the Executive Director.

Lower Nicola Indian Band Officers, employees, contractors and agents will forward their reports to the Executive Director or the Finance and Audit Committee chairperson.

Instances of wrongdoing will be reported directly to the Finance and Audit Committee chairperson in the following ways:

- anonymously in writing to the attention of the Finance and Audit Committee chairperson:
Finance and Audit Committee chairperson, 181 Nawishaskin Lane Merritt, BC V1K 0A7
- via email: financeandauditcommittee@lnib.net
- via telephone to the Finance and Audit Committee chairperson at 1-888-447-1744

Instances of wrongdoing can be reported directly to the Executive Director in the following ways:

- anonymously in writing to the attention of the Executive Director:
Executive Director, 181 Nawishaskin Lane Merritt, BC V1K 0A7
- via email: executivedirector@lnib.net
- via telephone to the Executive Director at 1-888-447-1744

10.3 Inquiry

Promptly upon receipt of a report, the Executive Director and the Finance and Audit Committee chairperson will:

- if not anonymous, confirm in writing to the whistleblower that the report has been received
- make sure that the identity of the person(s) making the report is kept confidential to the extent possible and that individuals who report in good faith are protected from negative actions
- include the report in a confidential memo including the following:

- the nature of the report (including specific allegations made and the names of the persons involved)
- the date of receipt of the report
- the current status of any inquiry
- the report made to the Finance and Audit Committee
- any final resolution of the reported wrongdoing
- decide on the appropriate action to be taken when conducting the inquiry and start the inquiry as soon as possible. The inquiry should seek to confirm or deny the allegations presented
- when the alleged incident is of significant risk to the operations, reputation, etc. of Lower Nicola Indian Band, related to potential criminal acts by individuals, or of high financial value to Lower Nicola Indian Band, the Executive Director or the Finance and Audit Committee chairperson may retain external expertise to conduct the inquiry
- within a period of **two weeks** from the moment the report has been received, inform the whistleblower, if not anonymous, of the status of the inquiry and steps that have been taken or will be taken following the results of the inquiry
- report on the progress of current inquiries at each Finance and Audit Committee meeting
- upon completion of the inquiry, report to the Finance and Audit Committee on the conduct of the inquiry and the result of the inquiry and recommended actions to Council for review and approval
 - the Finance and Audit Committee will actively monitor inquiries to make sure they are conducted in accordance with this policy
 - if the reported wrongdoing concerns a Finance and Audit Committee member, Council will inquire into the matter or retain external expertise to conduct the inquiry

10.4 Response and Remedial Actions

After considering the final report of an inquiry, the Finance and Audit Committee will make a recommendation to Council which will make a decision to resolve the issue as soon as possible.

Recommended actions will correspond with the severity of the wrongdoing and can include reprimands, leave without pay, termination, revocation of appointment or other actions as determined by Council and subject to the provisions of the relevant policy.

Police will be contacted if activities of a criminal nature are identified.

Recovery of Lower Nicola Indian Band funds as a result of the wrongdoing as described in the Financial Administration Law will be tracked and collected from the responsible individual(s).

References and Related Authorities

The FMB's Financial Management System Standards

- Standard 28.0 – Financial Misconduct

The FMB's Financial Administration Law Standards

- Standard 32.0 – Financial Misconduct