

KEY FIRST NATION
FINANCIAL MANAGEMENT ACT

Approved In Principle

DRAFT

TABLE OF CONTENTS

	<u>Page No.</u>
SECTION 1.0 Jurisdictional Authority	3
SECTION 2.0 Purpose	3
SECTION 3.0 Application	3
SECTION 4.0 Definitions	4
SECTION 5.0 Authority & Responsibilities	6
SECTION 6.0 Conflict of Interest	8
SECTION 7.0 Treasury Board (Finance Committee)	8
SECTION 8.0 Comptroller	11
SECTION 9.0 Executive Director/Band Manager	12
SECTION 10.0 Budget Procedures	14
SECTION 11.0 Appeal Procedure	15
SECTION 12.0 Financial Regulations & Procedures	16
SECTION 13.0 Disclosure of Information	26
SECTION 14.0 General Meetings	27
SECTION 15.0 First Nation's Corporations	27
SECTION 16.0 Review of this Act	27
SECTION 17.0 Amendment of this Act	27
SECTION 18.0 Ratification & Enactment	28
SECTION 19.0 Proclamation	28

TITLE AND CITATION

This Law is legally entitled the "*Key First Nation Financial Management Act*". and may be cited as The Financial Management Act.

SECTION 1.0 - JURISDICTIONAL AUTHORITY

1.1 This Act flows from our Inherent and Treaty rights to govern and manage our financial affairs and is authorized by the *Key First Nation Constitution*.

SECTION 2.0 - PURPOSE

2.1 The purpose of this Act is to:

- a#) assemble and identify the policies, regulations and procedures respecting the financial affairs of the Key First Nation;
- b) authorize and enable Key First Nation authorities/officers to make decisions pertaining to Key First Nation's public funds;
- c) provide for effective financial planning, sound financial management and open accountability to the membership of the Key First Nation.

SECTION 3.0 - APPLICATION

3.1 This Act governs the receipt, management, expenditure and accountability of our First Nation's funds and shall apply to:

- a) the Council and citizens of the Key First Nation;
- b) all elected officers and employed or contracted personnel that are under the jurisdiction of the Key First Nation;
- c) all programs, program committees, program managers (coordinators) and staff;
- d) all administrative and operational affairs of the Key First Nation.

3.2 This Act shall remain in force until such time as formal amendments are made in accordance with Key First Nation governance procedures as set out in the Key First Nation Constitution.

3.3 This Act shall apply to either the "*Key First Nation Land Trust*" or the Key First Nation Corporations or businesses, keeping in mind that there may be differences in the application of the Act. The Land Trust terms of reference and the corporate by-laws of Key-owned corporations will reflect the principles and guidelines of this Act.

SECTION 4.0 - DEFINITIONS

In this Act:

- a) **“Council”** means the Chief and Council of Key First Nation as elected by the membership according to the Key First Nation Election Act;
- b) **“Employee”** means any permanent, term or casual employee of the Key First Nation, its corporations and programs.
- c) **“Contractor”** means a person/persons contracted by the First Nation to perform a specific function or service for the First Nation and is paid specifically for that;
- d) **“Key First Nation Office”** refers to the Council and head office staff;
- e) **“Immediate Family”** means spouse (including common-law), child, parents and siblings;
- f) **“Bank”** refers to the financial institution with which the First Nation deals;
- g) **“Honoraria”** refers to the sum of money provided to a person for duties performed on behalf of the First Nation, generally outside the First Nation office;
- h) **“Per Diem”** refers to the amount of daily expenses paid to Council members, staff or others who work on behalf of the First Nation;
- i) **“Auditor”** refers to the accounting firm hired by the First Nation Council to do an annual audit of the First Nation’s financial records;
- j) **“Committees”** or **“Boards”** means the members of program committees who are duly elected or appointed by the Council;
- k) **“Delegated Authority”** means the delegated financial authority granted to officials of the government by the Council through this Act;
- l) **“Finance Appeal Board”** means a board appointed by the Council to manage grievances or appeals as covered by this Act;
- m) **“Program”** means an authorized activity under the jurisdiction of the Key First Nation;
- n) **“Program Director”** means the head or supervisor of a program under the jurisdiction of the Key First Nation;
- o) **“Statutory”** means a non-discretionary, binding financial obligation of the Key First Nation as stipulated by the government or in financial transfer agreements with other orders of government (i.e. Canada, Saskatchewan, local municipal governing bodies, etc.);
- p) **“Transfer Agreements”** means formal funding agreements between the Key First Nation and other orders of government;
- q) **“Band Membership Meeting”** means the electors of the Key First Nation who meet in

assembly as duly provided for in this Act and/or in the Constitution of the Key First Nation;

- r) **“Agreement”** means any written contract between the Key First Nation and another party or parties, including the federal government, a provincial government, or a third party, pursuant to which money is to be paid to the First Nation;
- s) **“First Nation Funds”** means all moneys belonging to the Key First Nation including:
 - 1) all revenues of the Key First Nation, such as gaming, lease revenues and corporate profits transferred to the Key First Nation government,
 - 2) money borrowed by the Key First Nation,
 - 3) money received or collected on behalf of the Key First Nation, such as fines or licenses and
 - 4) all moneys that are received or collected by the Key First Nation pursuant to any agreement or funding arrangement to be disbursed for a purpose specified by Council or pursuant to that agreement or funding arrangement, but does not include:
 - i) money received as revenues payable into the Key First Nation capital trust accounts held by the Government of Canada;
 - ii) money received by the Key First Nation on behalf of an individual;
- t) **“Annual Budget”** means the forecast of planned expenditures for each fiscal year by the First Nation;
- u) **“Department”** means an administrative division of the First Nation Government as established by the Chief and Council and includes service centers, agencies, administrative units, programs, and other internal organizational units of the First Nation administration or any corporate body controlled by the First Nation including a society or a non-profit corporation but does not include a business corporation operated for a profit-making purpose;
- v) **“Purchase”** includes any purchase of goods or services for a capital or operating purpose;
- w) **“Motion”** means a decision of the Chief and Council, which has been approved by a quorum of the Chief, and Council present at a duly convened meeting.
- x) **“Natural Justice”** means every individual is entitled to a fair, unbiased judgment and must have ample opportunity to present their side for a fair trial or representation.

SECTION 5.0 - AUTHORITY AND RESPONSIBILITIES

5.1 General Powers & Responsibilities:

- a) This Act is authorized by the Constitution of the Key First Nation and may be amended by the electors in accordance with the law-making processes of the Key First Nation as set out in the Constitution,
- b) The Council, boards, committees, managers and employees of the Key First Nation

will uphold, abide by and comply with this Act and related regulations. No one may unilaterally nor arbitrarily amend, abridge or negate this Act or any item therein;

- c) The Council will oversee the coordination and management of this Act, including any amendment processes;
- d) Boards, committees and departments have the responsibility to carry out this Act, related financial decisions of Council, and the stipulations contained within financial transfer agreements;
- e) The citizens of the Key First Nation are bound by this Act and shall inform themselves of the contents of this Act.

5.2 Council Authority & Responsibilities:

- a) Oversee the planning, estimating and budgeting for all community programs and services under its control;
- b) Negotiate and sign funding agreements on behalf of the First Nation;
- c) Direct the officials in the planning and budgeting for the funds and resources required for the operation of the Key First Nation;
- d) Approve the annual budget of the Key First Nation;
- e) Ensure sound financial management of all First Nation programs and services, including accountability to First Nation citizens and funding agencies;
- f) Make best efforts to ensure that deficits do not occur in any of the Key First Nation budgets. If deficits do occur, take corrective action to ensure that the deficit remains below 8%. If the deficit exceeds 8%, and there is application of a remedial management plan or reference to third part management, the Council shall work diligently to erase the deficit and regain control of the finances;
- g) Oversee senior management of the Key First Nation in their application of this Act including the development of financial regulations, policies and procedures to ensure sound management and accountability in all financial affairs;
- h) The Council may establish such departments, boards, authorities or committees as may be necessary for the good administration of First Nation funds and will ensure that such bodies have a specified mandate, a clearly defined role, a defined relationship to the Council and appropriate policies and procedures approved by the Council;
- i) The Council, as prescribed by the Key First Nation Constitution, will establish an appeal mechanism in relation to financial administration in the delivery of services and programs;
- j) The Council will authorize the senior official of the Key First Nation Government to direct the managers of departments or programs to commit expenditures of First Nation funds where the expenditures are within the annual budget of the First Nation;

5.3 Authority to Delegate Financial Management Services:

- a) The Council shall have the discretion to assign or delegate authority to carry out certain financial services to an Agency, Tribal Council, Treaty Area, the Federation of Saskatchewan Indians, the Assembly of First Nations or any other government or organization. This may occur when services are required and our First Nation cannot afford a full-time position to fulfill such services.
- b) The delegation of governmental or management responsibilities will be done in accordance with the Key First Nation laws and policies;
- c) The delegation of government or management responsibilities should reflect shared values and goals such as:
 - a stable and effective governance relationship across a wider area;
 - standardization of governance systems and procedures;
 - efficiency and effectiveness of management and operations;
 - availability of, and access to, an appropriate range and quality of funding, programs and services.
- d) The specific authorities and responsibilities being delegated to an outside governance entity will be formalized through a “delegation agreement” signed by Key First Nation which sets out the purpose for and conditions upon which certain roles or services will be delegated and exercised;

SECTION 6.0 - CONFLICT OF INTEREST

The Council shall ensure that “conflict of interest” is avoided. The Council shall designate the senior official to monitor and report on potential or actual conflict of interest situations concerning this Act or the financial affairs of the Key First Nation. All elected, appointed or contracted officials shall declare their potential or actual conflict of interest as it may arise in the consideration of, or decision on, the financial transactions of the Key First Nation. More specifically, the senior official shall request that elected, appointed or contracted officials provide a written disclosure of their personal interests in Key First Nation companies, or enterprises doing business with or on behalf of the Key First Nation. For purposes of further clarity:

- a) Any person who holds an elected or employed position shall not use that office or employment for personal financial gain or to take actions that are a detriment to the interests of the Key First Nation;
- b) A person may avoid a conflict of interest by disclosing his interest prior to the making of a decision and by not participating in the decision by removing himself from the room;
- e) If a person (including elected officials) knowingly violates the above conflict of interest provisions, the individual may be suspended, subject to disciplinary action, or terminated

(removed from office) depending on the gravity of the situation and in accordance with the Election Act and/or the personnel policy. An individual who is the subject of these actions may appeal to the "Financial Appeal Board". (See Election Act)

- f) Any contract involving the receipt or expenditure of First Nation funds is null and void where the person approving the contract (or a member of his/her immediate family) has a financial interest in the contract in terms of financial benefits or employment.

SECTION 7.0 - EMERGENCY PROVISIONS

The Council is empowered to implement special emergency measures pursuant to the following circumstances and related provisions.

The emergency provisions of the Key First Nation Financial Management Act will be invoked only in the event that the Remedial Management Plan contained in **5.2(f)** are not met or if the deficit within the fiscal year exceeds \$100,000 over the 8%. The following provisions will apply:

- a) **Deficit Regulations** - Key First Nation is to remain within its allocated funding dollars. The Council and officials must manage and expend administrative and program monies in a manner which results in no deficit at fiscal year end.

If the Key First Nation activities result in a deficit at the end of any fiscal year the Council shall present a deficit reduction plan to its electorate. If the deficit is not reduced to 8% in the following fiscal year the following actions shall be taken.

- i) In consultation with Council, the Management and Staff will prepare a detailed budget, which will meet the essential needs of Key First Nation and its member boards/committees, and eliminate the deficit.
- ii) All expenditures will be requested through a cheque requisition form, which must be completed by program directors and approved by the Executive Director. No other form of payment, including credit cards or debit cards, will be allowed or reimbursed.
- iii) Cheque Signing - The bank accounts of the Key First Nation will have three approved cheque signers and each cheque will require two signatures. The Chief will be the principal signer and there will be two Councillors with signing authority, any one of which can sign.
- iv) All expenditure decisions by Council will be recorded, and reported to the electorate monthly.
- v) The Council will ensure that a full financial report on any emergency measures is provided to the electorate during the fiscal year in which the emergency provisions were invoked.

SECTION 8.0 - EXECUTIVE DIRECTOR

- 8.1 The Executive Director is hired by the Council according to the Key First Nation Personnel

Regulations and reports to Council;

- 8.2 The Executive Director, as the most senior manager of the First Nation, shall be accountable to Council for the management of the overall fiscal relations and financial affairs of the Key First Nation;
- 8.3 The Executive Director receives his authority by virtue of this Act, by other laws and policies of the Key First Nation, and by delegations of authority and responsibility from the Council;
- 8.4 The Executive Director has authority over all other program, operational and administrative managers in respect of fiscal relations and financial affairs. This line management relationship will complement the functional relationship between Council and program committees or boards.
- 8.5 The Executive Director shall fulfill the following roles and responsibilities:
- a) Ensure that this Act is applied and enforced;
 - b) Serve as the liaison between Council and program managers;
 - c) Assume interim control and responsibility over those financial affairs previously delegated to a program manager in cases where said program manager is absent, is deemed incompetent, or is the subject of disciplinary action resulting in his being relieved of his duties;
 - d) Monitor and report to Council on potential or actual conflict of interest situations as outlined herein;
 - e) Apply the decisions of Council respecting budgets or financial affairs;
 - f) Where required in accordance with this Act or upon Council direction, assume the role, in whole or in part, of program managers;
 - g) Arrange for the completion of a comprehensive budget plan for the Key First Nation with the management and staff for presentation to Council;
 - h) Coordinate budget planning and management processes;
 - i) Generally manage the administration of financial regulations and procedures as outlined herein;
 - j) Manage and supervise the "Appeal Procedure" as defined herein;
 - k) Manage funding negotiations with other orders of government as so delegated by Council;
 - l) Ensure that financial statements and annual audit reports are completed in accordance with this Act; and ensure that the recommendations of the auditor, as approved by Council, are implemented;
 - m) Ensure that arrangements are made for the presentation and review of the annual

audit report at a duly convened meeting of the electorate to be held in each and every year, within 60 days of fiscal year-end.

- n) Coordinate, in consultation with Council, the processes and procedures for amendments to this Act as outlined in the Constitution.

SECTION 9.0 - BUDGET PROCEDURES

- 9.1 An annual budget procedure shall be maintained to provide for effective financial planning, management and accountability;
- 9.2 General coordination and control of the budget process shall be provided by Council with overall management responsibility being vested in the Executive Director;
- 9.3 Managers of each department or program shall prepare this annual budget and shall submit it to the Executive Director by December 1st of each year;
- 9.4 The Executive Director shall compile a comprehensive annual budget plan for presentation to the Council by January 15th of each year. The Executive Director will ensure that estimates are also provided covering the forecasted revenues and receipts of the First Nation.
- 9.5 Council resolution is required in order to officially approve budgets;
- 9.6 The Council of the Key First Nation, or its designates, shall negotiate with the Department of Indian Affairs and other funding agencies, as the case may be, for monies to adequately fund the budget requirements as approved by Council;
- 9.7 The negotiated funding agreements will substantially influence the program budgets for the ensuing year. The statutory (non-discretionary) elements of the funding agreements shall be complied with by program managers, Boards and Committees. Amendments to funding agreements will require the mutual consent of the Council and the funding agency;
- 9.8 The Council will present the negotiated budgets to the electorate at a special meeting called for that purpose no later than April 30 of the fiscal year.
- 9.9 Council has the discretion to revise program budget plans previously approved, or to implement special measures in accordance with the financial requirements of the Key First Nation, as long as decisions are consistent with this Act.

SECTION 10.0 - APPEAL PROCEDURE

- 10.1 Open communication and accountability is a fundamental feature of this Act. This being noted, it is recognized that citizens of the Key First Nation may have reason to grieve or appeal a financial decision made by the Council or a Manager. In such an event, the following provisions shall guide grievances or appeals launched by citizens:

- a) The grievance or appeal shall be submitted in written form to the Executive Director.
- b) The appeal or grievance, to be valid, shall be based on solid grounds within the following context:
 - i) It must relate to an alleged contravention of this Act;
 - ii) It may involve charges of financial mismanagement or fraud;
 - iii) It shall not deal with approved program policy matters, program eligibility matters, or approved budget allocations.
- c) Upon reviewing the submission, the Executive Director will certify that the grievance or appeal relates to this Act, a Council motion on financial affairs, a financial practice or a budget decision. Once verified, the Executive Director will provide a written response within fifteen (15) working days outlining the ensuing steps available to the person or group, which has launched the grievance or appeal. (Note: Program management or service delivery decisions of a program policy nature shall not be covered by this process).

10.2 The Grievance or Appeal Process shall be as follows:

- a) The Executive Director undertakes to provide information to constructively address the grievance or appeal;
- b) Within fifteen (15) days of notice by the Executive Director, the Council or a sub-group thereof, will hear the grievance or appeal in the presence of the individual or group so grieving or appealing. (Note: Those grieving or appealing may utilize a spokesperson but legal counsel will not be involved in representing those grieving or appealing).
- c) In the event that step “b” (above) has not satisfied those grieving or appealing, they may submit a request for a special hearing by a Tribunal.
- d) A Tribunal will be appointed by The Treaty 4 Governance Center where required and shall be comprised of at least one independent First Nation member (a person who is not elected or employed by the First Nation), and a representative in the area of finance. This Board shall be empowered to hear the grievance or appeal by those invoking this process. The Tribunal will be empowered to secure relevant documents and reports from the Executive Director and/or program managers;
- e) The decision of the Tribunal will be final and binding on all parties.
- f) The Tribunal may, as required, utilize administrative or secretarial assistance from the Key First Nation office;
- g) The Tribunal will hear all appeals on Treaty 4 Reserve #77 lands;
- h) Reporting and accountability by the Tribunal will be ensured through a written “decision report” which shall be tabled with the Council and those grieving or appealing within five (5) working days of the hearing. The “decision report” shall be

deemed to be a public document and will be available to the membership upon request.

- i) The decision of the Tribunal will be consistent with the intent and provisions of this Act.
- j) Those launching the grievance or appeal will have the right to utilize a spokesperson but legal counsel will not be involved.
- k) The Key First Nation shall be responsible for the costs, to a maximum of \$4,000, of the Treaty 4 Tribunal, including remuneration of Tribunal members, material, communication, travel and expenses.

SECTION 11.0 - FINANCIAL REGULATIONS & PROCEDURES

11.1 Pursuant to Section 5.2(7), the Council shall develop and implement regulations, policies and procedures in the following areas:

- a) Banking and deposits
- b) Management of expenditures
- c) disbursement of Funds/Cheque Issuing Procedures
- d) Loan and interim Financing
- e) Loans/Advances to Individuals
- f) Audit Procedures
- g) Surplus Fund
- h) Compensation for Council and Staff
- i) Travel Expenses
- j) Lodging Expenses
- k) Meal Expenses
- l) Other Expenses
- m) Air Travel
- n) Tax Exemption
- o) Gratuity Allowances
- p) Severance Allowances

- q) Forms
 - r) Tenders and Contracts
- 11.2 These regulations shall be attached to this law as an Appendix and posted at the Key Government Offices.
- 11.3 Amendments to these regulations, policies and procedures can be made at a duly convened Council meeting. The amendments must be recorded in the minutes, posted for the information of Key citizens and are in force at the time of the Council decision.

SECTION 12.0 - MOTION AND MINUTES OF THE COUNCIL, BOARDS AND COMMITTEES

- 12.1 Council, board and committee meeting minutes are formal, legally binding decisions on policies, administrative guidelines, financial decisions and all other First Nation matters. All decisions must be accurately documented in the minutes, through recorded motions and votes.
- 12.2 For financial decisions, the minutes shall contain the approval of such items as:
- a) Monthly financial statements signed by the Chief and Executive Director
 - b) Interim and annual budgets
 - c) Annual salary schedules and any subsequent revisions
 - d) Individual accounts paid
 - e) Approval of annual audited financial statements
 - f) Allowance and travel rates
 - g) All contracts and financial agreements
 - h) The write-off or sale of First Nation assets
 - i) Money by-laws
 - j) Any other financial decisions
 - k) Council minutes shall be signed as being true by the Chief and Executive Director on the last page of the minutes. All pages will be initialed by the Chief and the Executive Director. Board or Committee minutes shall be signed by the Chairperson and the program manager.
 - l) The original of Council, Board or Committee minutes shall be kept in a binder designated for that purpose and should be stored in the First Nation's safe or other secure location in the First Nation Office.
 - m) Copies of the Council, Board or Committee minutes should be posted in a public place and accessible by First Nation members.

SECTION 13.0 - DISCLOSURE OF INFORMATION

- 13.1 The following documents shall be made available during regular working hours to any

member of the Key First Nation and copies are to be provided to First Nation members on request to the Executive Director/Band Manager and execution of a confidentiality form:

- a) the annual budget,
- b) quarterly financial statements,
- c) the annual audit,
- d) any agreements or funding arrangements with the federal or provincial governments or with any other party for the provision of funding for the First Nation, the Multi-Year Financial Plan including the planned level of debt financing,
- e) the Annual Return prepared in accordance with the *Year-end Reporting Handbook for DIAND Funding Arrangements* including the annual audited financial statements and auditor's report and opinion,
- f) any program evaluations prepared with respect to community services, and
- g) any criteria, policies procedures or guidelines developed in accordance with section 9.

13.2 Annual program reports for the preceding fiscal year shall be provided to members of the First Nation.

SECTION 14.0 - GENERAL MEETINGS

14.1 The Council shall hold an annual Legislative Assembly or general meeting of the membership of the First Nation to present:

- a) the annual budget within a reasonable time after it has been approved by the Chief and Council, and
- b) the annual audit within a reasonable time after it has been approved by the Chief and Council.

SECTION 15.0 - KEY FIRST NATION CORPORATIONS

15.1 Key First Nation Corporations are accountable to the First Nation through the Council;

15.2 Key First Nation Corporations shall present a corporate plan and an annual budget to the Council prior to the commencement of the fiscal year of the Corporation;

15.3 All capital budgets and any proposed borrowing by a Key First Nation Corporation must be presented to and approved by the Council prior to any capital expenditures being committed or any borrowing being transacted;

15.4 All major transactions or changes in the nature of the business of a Key First Nation Corporation must be approved by the Council prior to the transaction being made or the nature of the business being changed;

15.5 Key First Nation Corporations shall provide an annual audit to the Key Council for approval unless they are included in the audit conducted for the Key First Nation pursuant to sections 67 to 76 of this code.

SECTION 16 - REVIEW OF THIS ACT

16.1 A yearly review of this Financial Management Act shall be conducted by the Key electorate in accordance with the Key First Nation Constitution;

SECTION 17- AMENDMENT OF THIS ACT

17.1 This Act may be amended by the Legislative Assembly, or a meeting of electors, duly called for the purpose of amending this Act;

17.2 Amendments shall be tabled, presented and ratified in accordance with the Key First Nation Constitution.

SECTION 18 - RATIFICATION AND ENACTMENT

18.1 This Act shall be ratified by a majority of Key First Nation electors at a meeting of the Legislative Assembly or a meeting of electors duly called for the purpose of ratifying this Act;

18.2 Upon ratification by the electors, this Act shall be considered officially enacted and the Council shall proclaim and communicate this Act.

18.3 Upon ratification of this Act, any pre-existing law, by-law, code or financial policy shall be repealed in its entirety

SECTION 19 - PROCLAMATION

This Act has been ratified and enacted at a duly convened Legislative Assembly (meeting of electors) of the Key First Nation this _____ day of _____, 2003.

The Council of the Key First Nation hereby proclaim this Act.

Chief

Councillor

Councillor

Councillor

Councillor

Councillor

Councillor

APPENDIX A - REGULATIONS, POLICIES AND PROCEDURES PURSUANT TO THE KEY FINANCIAL MANAGEMENT ACT

1 Banking and Deposits:

- a) The Executive Director will, on behalf of the Key First Nation, bank all monies received, at a chartered bank or credit union approved by the Council of the Key First Nation;
- b) Upon receipt, all monies whether in cash or in cheque, shall be deposited as soon as possible into the appropriate designated account;
- c) All funds shall be consolidated in a single general account. However, Council may, by Resolution, direct the Executive Director or his designate to open such other accounts as may be required by the Department of Indian Affairs or other funding agencies;

- d) The Executive Director may reallocate funds from the consolidated account to other accounts for program and service delivery according to the approved annual budget;
- e) The Executive Director shall maintain a current and accurate account of all banking transactions and shall report regularly to Council on the implications which such transactions have on programs or operations of the Key First Nation;
- f) The Council may by Resolution, upon the recommendation of the Executive Director, invest Key First Nation funds in short or long term deposits or bonds;
- g) Respecting First Nation funds dedicated for general operations, program or administration of the First Nation; any interest, dividend or similar gain from an investment of these funds shall remain the property of the Key First Nation and shall be used at the discretion of the Council;
- h) A regular monthly bank reconciliation statement will be prepared by the Executive Director and/or his designate and presented to Council for review.

11.2 Financial Management of Expenditures:

- a) All payments and financial commitments shall be in accordance with the annual budget or in accordance with a motion of the Council including any disbursements or financial commitments made directly by the Council;
- b) the Council will, by motion, delegate cheque-signing authority for cheques to be drawn on the consolidated account to specific persons or positions;
- c) The Council will, by motion, approve any loans or investments to be made on behalf of the Key First Nation including investments in or loans to corporations owned by the Key First Nation up to an amount of \$50,000;
- d) The Executive Director may make accountable advances from the consolidated account to an account administered by the manager of a department on a monthly basis according to the approved annual budget or a motion of the Chief and Council;
- e) The monthly financial statements shall be reviewed and approved by the Council;
- f) The Executive Director may deduct from the current month's advance any amounts advanced in prior months, which exceed the amount of the expenditures recorded in the statement;
- g) The Executive Director will recommend remedial action to the Council in respect of any department whose actual expenditures at any time exceed their budgeted expenditures. The failure of a manager or employee to comply with the recommended remedial action plan may be cause for disciplinary action or dismissal.

11.3 Disbursement of Funds/Cheque Issuing Procedures:

- a) All disbursements or payments shall be made by cheque;
- b) Cheques issued against Key First Nation accounts shall be numbered consecutively;
- c) All expenditures will be documented by a cheque requisition form explaining what the expenditure is for and which program is charged the expense. Purchase orders may be used to control the purchasing process, if appropriate;
- d) The cheque requisition form will have attached to it documentation supporting the reason for the expenditure. This will include but not be limited to the following:
 - i. Invoice from suppliers
 - ii. Approved contract
 - iii. Approved motion of the First Nation Council
- e) All unforeseen expenditures over five hundred dollars (\$500.00) must be authorized by the Council.
- f) All cheques shall have two signers, one of which will be the Executive Director and the other of which will be one of two persons formally designated by the Council.
- g) Cheque signing privileges will be established at the Bank on the first day following changes in the authorized cheque signers;
- h) All cheques not presented for payment within six months of the date of issue shall be cancelled, payment stopped and another cheque re-issued upon request of the payee;
- i) Accounts payables should be paid by their due date or earlier if a discount is offered by the supplier;
- j) All paid invoices, travel claims and related information and documentation will be retained on file for audit purposes;
- k) All cheques drawn on Key First Nation's accounts are to be in the consecutively numbered format and there is to be an account of all numbers;
- l) Spoiled cheques shall be made as VOID and retained on file for audit purposes.

11.4 Loans and Interim Financing:

- ii) The Council shall, by motion, authorize borrowing from a chartered bank or Credit Union, as it deems necessary to cover operational program requirements of the Key First Nation in the amount not to exceed \$50,000.
- iii) The Council may authorize borrowing for short term financing for anticipated late funding from INAC or other funding agencies;
- iv) The Council may authorize borrowing for minor or major capital projects relating to public works of the Key First Nation in the amount not to exceed \$50,000;

- v) The Council may authorize borrowing for participation in economic development projects provided that a feasibility study conducted by Council justifies such action, in the amount of \$50,000 and is approved by the electorate at a special meeting called for that purpose.

11.5 Loans/Advances to Individuals:

- a) There shall be no loans from program funds to First Nation members.
- b) There may be staff salary advances from program funds so long as the amount does not exceed \$300.00 in total with repayment to be made by the individual over the next two pay periods.

11.6 Audit:

- a) Detailed financial statements shall be prepared annually;
- b) The Council shall appoint an auditor to audit financial records and inventories of the Key First Nation at least once a year. This audit shall be completed and presented by the auditor to the Council and the funding agencies before June 30th for the preceding fiscal year ending March 31st;
- c) Audit Fees are to be provided for in the budget submission;
- d) Any official appointed by the Department of Indian Affairs or Medical Services Branch to perform an audit or program review function is to be given full access, at reasonable times, to the financial and other program records of the Key First Nation relating to federal contribution funds;
- e) The following terms of reference apply to the auditor as so appointed:
 - i) The financial statements are to report on all Key First Nation financial activities within the scope of this Act;
 - ii) There are to be no limits placed on the scope of the auditor's investigation, and he is to be supplied with any and all information requested;
 - iii) The auditor is to have the right of access at all reasonable hours to the accounting records, supporting vouchers and documents, including minutes of Council Meetings;
 - iv) The examination must be in accordance with Generally Acceptable Auditing Principles and is to include a general review of accounting procedures and such tests of accounting records as the auditor considers necessary in the circumstances;
 - v) The financial statements are to be prepared on an accrual basis and consist of:

1. A Consolidated Balance Sheet.
 2. A Consolidated Statement of Revenue and Expenditures.
 3. Details of surpluses or deficits;
 4. For major projects, or at the discretion of the Council, separate statements of revenue and expense, and a balance sheet.
 5. Relevant financial notes and opinions.
- vi. The auditor is to express an opinion as to the fairness of the financial statements as a reflection of the financial position of the Key First Nation as at March 31st and the results of its operations for the year ended, in accordance with generally accepted accounting principles applied on a consistent basis. If unable to provide a positive opinion, the audit will state the reasons and make recommendations for improvements in a management letter.
- vii. The audited financial statement is to be signed by the Council and its acceptance recorded in the minutes. The statements are to be available to the electorate as of June 30 and shall be formally presented by the Council to the electorate by July 15 of that fiscal year.

11.7 Surplus Funds:

When a surplus of funds occurs, the Council may choose to designate this surplus for various First Nation purposes, providing that this does not contravene Key First Nation laws, contribution agreements or contracts.

11.8 Compensation for Council and Staff

The Chief and Councillors and staff shall receive remuneration, which is in addition to claimable expenses, according to the following criteria:

- a) Consistent with the spirit and intent of Treaty #4, the Chief shall be paid a salary from the core administration budget at a set rate of \$39,000 per year with provision for yearly reviews. This salary covers remuneration for all time spent on First Nation business. The travel budget of the Chief shall be set at \$6,000 per annum.
- b) Consistent with the spirit and intent of Treaty #4, Councillors shall be paid an annual salary at the rate of \$26,000 per year with provision for yearly reviews.
- c) Each Councillor shall, if possible, have available a specified budget of \$6,000 for meeting and travel expenses bearing in mind that said budget is to be used for First

Nation business.

- d) If in the event that other travel funds come into the First Nation for Chief and Council meetings, they will be added to the Council meeting/travel budget.
- e) From time to time, honoraria may be paid to First Nation Elders or other First Nation members when representing the First Nation at official functions or when on First Nation business.
- f) Staff shall not be entitled to honoraria from their program but may accept them from other programs or outside organizations under the same arrangements as the Council, so long as there is no duplication with First Nation travel allowances.
- g) Staff salary levels are to be approved by Council with due consideration to the First Nation's personnel policy and to the availability of budgeted funds.

12.9 Travel Expenses:

- a) First Nation Council and employees shall be reimbursed at a rate of 39 cents per kilometer.
- b) All claims must be submitted on a travel claim form, complete with back-up documentation showing the reason for the expense.
- c) Travel claims must be approved by the program manager or the Executive Director. Councillor travel claims must be approved by the Chief.
- c) All out-of-province travel must be approved by the Council, or a Board or Committee, as the case may be.
- d) Accountable travel advances will only be given when the trip will involve large expenses or where the employee is unable to pay for the expenses. Advances must be approved by the Council and must be fully accounted for by submission of a travel claim upon return.
- e) Travel advances, which are to be reimbursed, by an outside agency or individual are to be handled in the following manner:
 - i. Must have prior confirmation from the outside agency or individual that they will reimburse the First Nation for this expenditure.
 - ii. There will be no duplication with First Nation travel allowances.

11.10 Lodging Expense:

- a) A maximum of \$80.00 per night may be claimed, with receipts for in-province accommodations.

- b) Out-of-province commercial accommodations will be covered based on actual receipts to a maximum of \$100.00 plus meals.

12.11 Meal Expense:

Meal expense rates shall be:

Breakfast	:	\$ 8.00
Dinner	:	\$ 10.00
Supper	:	\$ 16.00

11.11 Other Expenses:

Employees shall be reimbursed for work-related expenses based on actual receipts provided they are pre-approved and if such expenses are, in the opinion of the program manager or Executive Director, reasonably and necessarily incurred.

11.13 Air Travel:

All air travel shall have prior authorization of the Council, Board or Committee.

11.14 Tax Exemption:

All Treaty Indians employed by the First Nation shall not be subject to employee income tax deductions.

11.15 Gratuity Allowance:

Council members who leave office and employees who leave voluntarily may be provided with a gratuity in appreciation for years of service equal to one week's salary for each year of employment and capped at four years. A fund shall be set up called the Employee Appreciation Fund and amounts will be deducted from each employee and Council member at a rate of 2% of gross monthly salary.

11.16 Severance Allowance:

In cases where an employee is terminated without just cause, the provisions of the Key First Nation's personnel policy shall apply.

11.17 Forms:

All forms used by the First Nation shall be approved by the First Nation Council and will make up Appendix "B".

11.19 Tenders and Contracts:

- a) For contracts of less than \$25,000.00, the Council reserves the right to authorize the

Executive Director, Comptroller or a delegate to negotiate and recommend a specific contract on a sole source basis. All such contracts shall be approved by the Chief and Council.

- b) In case of emergency, where a program or a department of the First Nation is required to make an immediate purchase to relieve the emergency, bids of up to \$10,000.00 may be accepted by telephone provided that a record of such bids is documented and that written confirmation of the bid follows in a timely manner;
- c) Capital purchases up to \$50,000.00 may be made without a tender process by a department if the purchase has already been approved as part of the annual budget;
- d) Capital purchases exceeding \$50,000.00, but less than \$500,000.00, must be completed by invitations to tender to at least three qualified firms or by public tender;
- e) Capital purchases in excess of \$500,000.00 must be completed by public tender;
- f) Housing projects are excluded from the requirements for invitations to tender or public tender contained in sections (d) and (e) above;
- g) Where a contract for services rendered to the First Nation is expected to exceed \$50,000.00, tenders or quotes should be invited from at least three (3) firms, or publicly advertised in local and regional newspapers;
- h) For non-construction (professional) contract services exceeding \$50,000.00, proposals for services should be invited from at least three (3) individuals or firms, or have a Request for Proposals publicly advertised in local and regional newspapers;
- i) A Request for Proposals (RFP), once advertised, should have the following documentation available for interested contractors:
 - A letter of invitation;
 - A statement of work required;
 - Proposal evaluation criteria;
 - Contract Agreement (includes general conditions and terms of payment)
- j) For construction projects exceeding \$100,000.00 but less than \$500,000.00, an invitation to tender should contain the following documents:
 - Tender instructions;
 - Tender and Contract form;
 - General Conditions;
 - Insurance Schedule;
 - Contractor Statement of Qualifications;
 - Proof of Workers Compensation Board (WCB) coverage;
 - Statement of Work Plan and Specifications.
- k) Tenders and proposals received are to be date stamped, kept safe, and opened by a minimum of two persons designated by the Chief and Council after the deadline date set for the submission of tenders or proposals;

- l) All tenders/proposals received shall be reviewed against an evaluation criteria list. The contract bidder or proposal proponent who best meets the evaluation criteria shall be recommended to receive the contract, subject to Chief and Council approval;
- m) The lowest tender proposal received shall normally be accepted unless the Chief and Council deem it to be in the best interest of the Key First Nation to accept a higher tender proposal in the event that the higher tender proposal:
 - i) provides a better quality product or services;
 - ii) provides economic benefits to the Key First Nation or its members; and
 - iii) provided the Council approves the higher tender proposal by a motion of the Council, which shall contain the reasons for the decision to accept the higher tender proposal.
- n) Any contracts drawn and signed between the First Nation and a contractor must clearly state all requirements of the contract in detail. The contract should contain a provision for the First Nation to hold back a minimum of ten percent (10%) of the contract amount subject to the contractor complying with all contract deliverables;
- o) For construction projects exceeding \$100,000.00, the successful bidder must submit proper bid security within fourteen (14) days of being awarded the contract;
- p) Should the First Nation not have the resources or expertise to execute any part of the procedures stated in this policy section, the First Nation reserves the right to hire outside experts, such as consultants or engineers to execute these procedures on their behalf;
- q) Subject to the Financial Management Act, tenders and proposals shall comply with the policies and procedures approved by the Chief and Council.