

Chippewas of the Thames First Nation

GOVERNANCE POLICY as it relates to the  
Financial Administration of COTTFN



Approved by Chief & Council: June 19, 2019

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## 1. Definitions

<b>“COTTFN”</b>	means Chippewas of the Thames First Nation.
<b>“Authorization and Delegation Table”</b>	means a table approved by Chief & Council specifying the delegation and assignment authorities over decisions or activities in connection with the financial administration of COTTFN.
<b>“Code of Conduct”</b>	is the Schedule ‘Avoiding and Mitigating Conflicts of Interest’ attached to and forming part of COTTFN’s Financial Administration Law.
<b>“Code of Conduct Declaration”</b>	is the declaration attached to Leadership Manual.
<b>“Committee”</b>	refers to a group of people appointed by Chief & Council for the purpose of advising the Chief & Council or conducting decision-making activities assigned by Chief & Council which are convened on a regular long-term basis until or unless they are suspended or disbanded by the Chief & Council.
<b>“Eligibility Criteria”</b>	are the Chief & Council specified requirements which must be met by an individual in order to be considered independent and eligible to be appointed as a member of the Finance and Audit Committee.
<b>“Engagement Letter”</b>	is a written communication from the independent auditor outlining the terms and conditions of appointment.
<b>“entity”</b>	means a corporation or a partnership, a joint venture or any other unincorporated association or organization, the financial transactions of which are consolidated in the financial statements of COTTFN in accordance with Public Sector Accounting Standards.
<b>“expenses”</b>	includes the costs of transportation, accommodation, meals, hospitality and incidental expenses.
<b>“Financial Competency”</b>	is the ability to read and understand general purpose financial statements that present accounting issues and disclosures reasonably expected to be raised by COTTFN’s financial statements.
<b>“Financial Reporting Risk”</b>	is the possibility of an undetected material misstatement in financial information due to the existence of ineffective Internal Control or fraud resulting from manipulation or alteration of accounting records, misrepresentation or intentional omissions of transactions, or intentional misapplication of accounting principles.
<b>“Fraud Risk”</b>	is the potential for an employee, agent or other person connected to the financial administration of COTTFN to use deception to dishonestly make a personal gain for oneself or a loss for another. This commonly includes activities such as theft, corruption, embezzlement, or bribery etc.

<b>“Independence”</b>	exists between COTTFN and an individual when the individual does not have a direct or indirect relationship with COTTFN government that could, in the opinion of Chief & Council, reasonably interfere with the individual’s exercise of independent judgment as a member of the finance and audit committee.
<b>“Internal Control”</b>	is a process, effected by COTTFN’s Chief & Council, Finance and Audit Committee, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: <ul style="list-style-type: none"> <li>• effectiveness and efficiency of operations;</li> <li>• reliability of reporting; and</li> <li>• compliance with applicable laws and regulations.</li> </ul>
<b>“Officer”</b>	means an individual appointed by Council as the Executive Administrator, Comptroller, Tax Administrator or any other employee appointed by Council as an Officer with the delegated authority to bind the First Nation.
<b>“Tax Administrator”</b>	means the person who collects COTTFN’s own source revenue (lease payments, trust revenue, etc.)
<b>“PSAS”</b>	means Public Sector Accounting Standards established and issued by the Public Sector Accounting Board, as amended or replaced from time to time.
<b>“remuneration”</b>	means any salaries, wages, commissions, bonuses, fees, honoraria and dividends and any other monetary and non-monetary benefits.
<b>“Executive Administrator”</b>	means the person who is responsible for leading the day to day administration or management of COTTFN and who reports directly to Chief & Council.
<b>“Special Purpose Report”</b>	means the report described in subsection [10(2)] of the Financial Administration Law. For the purpose of this policy it refers to the annual report on remuneration, and expenses.
<b>“Standing Committee”</b>	refers to Committees which are meant to have a continued existence.
<b>“Special Committee”</b>	refers to a Committee which is formed for a specific purpose whose organization is dissolved when that purpose has been accomplished.
<b>“Terms of Reference”</b>	is a documented statement of the mandate, objectives, purpose, scope, functions and rules under which a Committee is expected to operate.

**“to assign”**

means the 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.

**“to delegate”**

means the transfer of the authority to carry out decisions or activities from Chief & Council to an officer where the officer receiving the delegation authority assumes full responsibility for carrying out the activities.

## **2. Policies Procedures and Practices**

## **A. Policy**

It is Chief & Council's policy to create, revise, and issue policies and procedures that reflect COTTFN's accepted practices as well as meet law and regulatory requirements that affect COTTFN's financial administration processes.

No motion or vote to amend policies may be made by any member of Chief and Council until that member has served a minimum of three (3) months in office in the current term.

## **B. Purpose**

The purpose of this policy is to ensure that there is a standardized method of preparation, review, issuance, maintenance and revision of all policies and procedures in relation to COTTFN's financial management system.

## **C. Scope**

This policy and procedure applies to the Chief & Council, Committees of Chief & Council and all employees and any other persons with authority to conduct activities in connection with the financial administration of COTTFN.

## **D. Responsibilities**

- (1) All persons affected by this policy are required to understand and comply with the policies and procedures appropriate to their responsibility and interaction.
- (2) Any senior level manager (document initiator) can recommend a policy and procedure.
- (3) Chief & Council is responsible for the final approval of new, revised or rescinded policies and procedures.
- (4) Finance and Audit Committee is responsible for:
  - a. making recommendations to Chief & Council for the issuance, revision or rescission of any policy and procedure document;
  - b. ensuring policy and procedure documents being reviewed are neither contradictory to COTTFN's Financial Administration Law nor inconsistent with PSAS;
  - c. 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 (e.g. policies and procedures that ensure the control and safeguarding of all the assets of the Nation);
  - d. conducting an assessment of COTTFN's Financial Administration Law to determine the policies or procedures required by the Law.
- (5) The Executive Administrator is responsible for:
  - a. reviewing all policy and procedure document requests that relate to the financial administration of COTTFN and submitting the document to the Finance and Audit Committee for review and a recommendation to Chief & Council for approval where the Executive Administrator supports the request;

- b. determining if the policy and procedure document request needs to be referred to a subject matter expert for additional review;
- c. determining if the policy and procedure document needs cross functional review from other departments within the Nation;
- d. ensuring proposed or revised policy and procedure documents are in the standardized format;
- e. monitoring all non-finance policy and procedure document through the draft, approval, and issuance process;
- f. ensuring that the current list of policy and procedures are made available to all affected persons;
- g. maintaining a comprehensive list and repository of all existing policies and procedure documents;
- h. serving as the policy and procedure document sponsor and providing the initial approval to the document initiator to proceed with creating a proposed document, revising an existing document or rescinding an existing policy; and
- i. ensuring that existing policy and procedures are kept current by reviewing periodically.

(6) The Comptroller is responsible for:

- a. maintaining a comprehensive list and repository of all finance existing policies and procedure documents;
- b. ensuring proposed or revised policy and procedure documents incorporate the requirements of the Nation's laws and regulatory requirements;
- c. ensuring proposed or revised finance policy and procedure documents are in the standardized format;
- d. monitoring any finance policy and procedure document through the draft, approval, and issuance process;
- e. ensuring that existing finance policy and procedures are kept current by reviewing periodically.

(7) The document initiator is responsible for:

- a. preparing a draft policy and procedure document (for new policies) in accordance with the standardized format established by this policy;
- b. revising an issued policy and procedure document in accordance with the standardized format;
- c. preparing a written request to rescind an outdated or inaccurate policy and procedure document;
- d. submitting all policy and procedure document requests to the Comptroller or Executive Administrator for review and recommendation of approval.

## **E. Procedures**

### **(1) Policy Creation**

- a. The document initiator creating the policy and procedure should be the process owner or a subject area expert.
- b. Any senior level manager may recommend a policy but in the first instance, the Comptroller will create a list of all policies and procedures required by the Nation's financial administration law or required to adequately and effectively manage and control the financial management system and to safeguard the Nation's assets. The Comptroller will then assign the responsibility of document initiator to a process owner or subject area expert for policies and procedures that do not exist or require revision.
- c. The Comptroller and the document initiator will agree on appropriate content for policies that relate to the financial administration of COTTFN keeping within the following format for the policy;
  - i. Policy – clear statement that indicates the protocol or rule affecting the specific area
  - ii. Purpose – The reason or rationale underlying the policy and procedure
  - iii. Scope – The areas, functions, individuals, or departments affected by the policy
  - iv. Definitions – Any specialized terms that are not otherwise defined
  - v. Responsibilities – Describes who, using generic titles or positions, is responsible for implementing or maintaining the policy and procedure
  - vi. Procedures – Describes the steps, details, or methods to be used to implement and maintain the policy and procedures
  - vii. References (optional) – List of applicable documents, policies, laws and regulations
  - viii. Attachments (optional) - forms, reports, or records that are generated from the policy
- d. The Comptroller will submit final draft policy and procedure documents to the Executive Administrator for review and recommendation for submission to the Finance and Audit Committee.
- e. The Finance and Audit Committee will review the draft policy and procedure documents and may recommend them, with or without amendments, to Chief & Council for the final approval.
- f. Each policy and procedure document presented to Chief & Council for approval will include a list of the persons affected by the policy and a documented record of the Finance and Audit Committee's review and recommendation.

### **(2) Policy Revision**

- a. The document initiator may recommend the revision of an issued policy and procedure following steps under "Policy Creation".

- b. Periodically, but at least every two years the Comptroller will review issued policies and procedures that relate to the financial administration of COTTEN or will request process owners to validate existing policy and procedures for accuracy.

**(3) Policy Rescission**

- a. A process owner may request the rescission of an issued policy and procedure, if the policy is outdated or inaccurate and approval is obtained from the Executive Administrator and Comptroller.
- b. The request to formally rescind an issued policy should be documented and provide the details of why the policy should be rescinded.

**(4) Policy Approval**

- a. Once approved by Chief & Council, a new or revised policy must be communicated and accessible to the all affected departments and persons.

**(5) Policy Maintenance**

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

**F. References and Related Authorities**

- (1) FMB's Financial Management System Standards
  - a. Standard 9.0 - Policies, procedures and directions
- (2) FMB's Financial Administration Law Standards
  - a. Standard 8.3 - Policies, procedures and directions

**G. Attachments**

None

### **3. Delegated & Assigned Responsibilities**

#### **A. Policy**

While the overall responsibility for financial management of COTTFN remains with the Chief & Council, it is Chief & Council's policy to give specific financial administration authority to identified departments, Committees and individuals for the purpose of performing duties, making commitments, and authorizing the collection and disbursement of funds on behalf of COTTFN.

#### **B. 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 COTTFN to legal obligations.

#### **C. Scope**

This policy and procedure applies to the Chief & Council, Committees of Chief & Council, Officers, employees of COTTFN and any other persons with authority to conduct activities in connection with the Financial Administration of COTTFN.

In addition to the authorities and responsibilities identified within this policy and procedure document, the following transactions or decisions will comply with their related policies and procedures:

- (1) Expenditures
- (2) Procurement
- (3) Debt
- (4) Investments
- (5) Capital assets
- (6) Loans, Guarantees and Indemnities
- (7) Local Revenue
- (8) Insurance
- (9) Human Resources
- (10) Records Management
- (11) Financial Reporting
- (12) Integrated Planning and Budget

#### **D. Responsibilities**

- (1) Chief & Council may authorize the Executive Administrator to delegate any Chief & Council duties or functions related to COTTFN's financial administrative system to an Officer, employee, Committee, contractor or agent except:

- a. the approval of policies and procedures or the giving of directions respecting any financial administration matter which are the responsibility of the Chief & Council under a Financial Administration Law;
  - b. the appointment and removal of the Finance and Audit Committee members, including the Chairperson and Vice-Chairperson;
  - c. the approval of budgets, budget amendments, borrowings and financial statements;
  - d. the approval of the Authorization and Delegation Table; and
  - e. any matter relating to the employment or authorities of the Executive Administrator, the Comptroller or the Tax Administrator.
- (2) The Executive Administrator can assign any or all of his or her financial management activities or functions except:
- a. maintaining and revising the Authorization and Delegation Table;
  - b. ensuring those with delegated authority understand their responsibilities and have the skill and knowledge necessary for the effective exercise of the authority;
  - c. establish protocols for delegation and temporary assignments to deal with absences due to illness, vacation, or other extended leaves;
  - d. on a regular and periodic basis, monitoring performance of individuals' delegated authorities to ensure that the delegated authority is being exercised in the manner intended and that there is no delegation of authority when specifically precluded under this policy.
- (3) All Officers, employees, Committees, contractors or agents of COTTFN are responsible when acting under delegated authority to ensure the activity or function is within the authority and limitation of their delegation and that they have followed other relevant policies and procedures.
- (4) Officers, employees, Committees, contractors or agents of COTTFN may reassign functional authorities and responsibilities as long as it is made in accordance with the Authorization and Delegation Table.
- (5) Officers, employees, Committees, contractors or agents will ensure that decisions or transaction approval falling outside of their scope of authority are referred to the Executive Administrator or otherwise as appropriate.
- (6) Regardless of the delegation of any financial administration authority by the Chief & Council, the Chief & Council remains responsible for the financial management of COTTFN.

## **E. Procedures**

### **(1) Procedures for delegation**

- a. The Executive Administrator is responsible for preparing and updating the Authorization and Delegation Table in accordance with this policy for COTTFN.

- b. The Executive Administrator will ensure an appropriate level of documentation including a signed delegation of authority statement or agreement accompanies and is maintained with the Authorization and Delegation Table.
- c. The Executive Administrator will submit the Authorization and Delegation Table to Chief & Council for approval and Chief & Council approve the Authorization and Delegation Table.
- d. The Executive Administrator will ensure that the delegation of authorities is communicated to each department head and other persons as appropriate to ensure the delegated responsibilities can be carried out effectively.
- e. Chief & Council, Committees, Executive Administrator, Officers, employees, contractors, or agents delegate authority only when there is assurance that the control objectives of authorization of the decision or transaction will be effectively served.

**(2) Procedures for the Authorization and Delegation Table**

- a. The Authorization and Delegation Table will include components of the financial management system that require decisional and approval authority to carry out activities, make commitments, collect and disburse funds on behalf of COTTFN.
- b. Any delegation of authority granted will be aligned with the hierarchical organizational chart structure.
- c. Updates made to the Authorization and Delegation Table by the Executive Administrator will be approved by Chief & Council. The Executive Administrator will submit an updated Authorization and Delegation Table to Chief & Council for approval as soon as practicable.

**(3) Temporary delegation of responsibility**

- a. Short-term – Each functional area or department with authority under the Table will establish a protocol for delegation of responsibility to deal with absences due to illness, vacations, and other forms of temporary leave. Delegations of assignment are to be documented and distributed to the Executive Administrator.
- b. Long-term – Any delegation of responsibility of a long-term nature will be approved by the Executive Administrator and appropriately documented.

**(4) Procedures for monitoring and evaluation**

- a. The Executive Administrator will at least annually, monitor and evaluate the performance of the delegated duties and functions and if necessary make recommendations to Chief & Council for amendments to the Authorization and Delegation Table.

**F. References and Related Authorities**

- (1) FMB’s Financial Management System Standards
  - a. Standard 8.1 - DELEGATED/ASSIGNED RESPONSIBILITIES – Chief & Council delegation procedures
- (2) FMB’s Financial Administration Law Standards

- a. Standard 8.1 - FIRST NATION CHIEF & COUNCIL – Responsibility
- b. Standard 8.2 - FIRST NATION CHIEF & COUNCIL – Delegation
- c. Standard 11.1.6 - EXECUTIVE ADMINISTRATOR – Permitted assignment
- d. Standard 11.2.5 - COMPTROLLER – Permitted assignment

**G. Attachments**

- (1) **Appendix A** – Authorization and Delegation Table
- (2) **Appendix B** – Chief & Council Delegation of Duty/Function Agreement
- (3) **Appendix C** – Implementation notes

## **4. Committee Establishment and Dissolution**

### **A. Policy**

It is Chief & Council's policy to establish any Standing Committees and any Special Committees it deems necessary to fulfill its mandate or to assist in meeting statutory obligations.

### **B. Purpose**

The purpose of this policy and procedure is to establish an effective governance system that ensures that Committees are consistently and purposefully structured to carry out its specified functions assigned by Chief & Council or in First Nation laws.

### **C. Scope**

This policy and procedure applies to Chief & Council, its Committees and the Executive Administrator.

### **D. Responsibilities**

- (1) Subject to First Nation laws, Chief & Council is responsible for:
  - a. the establishment of any Chief & Council Committee and its mandate;
  - b. approval of the Terms of Reference for each Committee;
  - c. determining the minimum qualifications and eligibility requirements of Committee members and chairpersons;
  - d. the appointment of a Chairperson or the filling of a Chairperson vacancy on any Chief & Council Committee;
  - e. evaluating the effectiveness of each Committee.
- (2) The Executive Administrator is responsible for:
  - a. maintaining detailed descriptions and current membership lists for each Committee;
  - b. ensuring that the agendas and minutes of all Committee meetings are retained for a period of at least seven years (or period specified as per Information Management Policy of COTTFN).
- (3) The Chairperson is responsible for:
  - a. chairing Committee meetings and ensure they are conducted in an efficient and effective manner;
  - b. scheduling Committee meetings as necessary and planning Committee activities to ensure that the Committee is successful in fulfilling its mandate and addressing its functions, duties and responsibilities, including working within its approved budgetary resources;
  - c. approving Committee agendas;

- d. ensuring that minutes are prepared and that they accurately reflect meeting outcomes;
  - e. identifying the necessary qualifications and eligibility criteria for Committee members, subject to First Nation laws;
  - f. recruiting qualified Committee member candidates and recommending them to Chief & Council;
  - g. evaluating Committee members and their contributions based on what is stated in the Terms of Reference;
  - h. recommending member appointments and removals to Chief & Council; and
  - i. reporting to Chief & Council on behalf of the Committee.
- (4) The Committee members are responsible for:
- a. preparing for meetings for those Committees of which he or she is a member by reading reports and background materials prepared for each meeting and acquiring adequate information necessary for decision making;
  - b. becoming knowledgeable of the Committee functions;
  - c. participating fully and frankly in the discussions of the Committee;
  - d. attending all Committee meetings;
  - e. avoiding conflicts of interests and complying with conflicts of interest policies and procedures established by Chief & Council or under First Nation laws.

## **E. Procedures**

### **(1) Establishing / Dissolving of a Committee**

- a. Subject to First Nation laws, Chief & Council may establish or dissolve a Committee, other than the Finance and Audit Committee, by passing a motion. Chief & Council will also establish Terms of Reference regarding the Committee's mandate, objectives and expected outcomes.
- b. Subject to First Nation laws, for each new Committee, the Executive Administrator and the Chairperson or designate will develop and recommend to Chief & Council for approval the Terms of Reference which will include, at a minimum, the following:
  - i. composition of members, including minimum number of Chief & Councillors and any requirements for specific experience, skills, knowledge or expertise;
  - ii. quorum;
  - iii. term of the Committee members;
  - iv. detailed role and functions;
  - v. voting rules;
  - vi. meeting and reporting obligations; and
  - vii. expectations of committee members.

## **(2) Appointment of Committee Member**

- a. Subject to First Nation laws, Chief & Council will appoint a Committee chairperson;
- b. Subject to First Nation laws, the Executive Administrator and the respective Committee Chairperson or designate will develop and recommend to Chief & Council for approval membership qualification and eligibility criteria for each Committee, including potential conflicts of interest avoidance;
- c. The Executive Administrator or a designate will develop and implement a recruitment strategy to fill Committee vacancies;
- d. The Chairperson, based on consultations with the Committee, will recommend to Chief & Council the appointment of new individuals to the Committee.

## **(3) Monitoring and evaluating Committee performance**

- a. 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 Chief & Council and used as the basis for the following year plan for the Committee;
- b. The Chairperson will continually monitor the performance of Committee members against their terms of appointment.

## **(4) Removal of Committee Members**

- a. Subject to First Nation laws, 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, breach of confidentiality, or otherwise had breached a First Nation policy, fails to perform expected duties of a Committee member, or is no longer qualified or eligible to be a Committee member.

## **F. References and Related Authorities**

- (1) FMB's Financial Management System Standards
  - a. Standard 11.1 – First Nation Committees – First Nation Committees generally

## **G. Attachments**

None

## **5. Finance and Audit Committee**

### **A. Policy**

It is Chief & Council's policy and a requirement of COTTFN's Financial Administration Law to establish and maintain a Finance and Audit Committee ("the Committee") to assist Chief & Council in carrying its oversight responsibilities for financial reporting, Internal Control, and risk management processes.

### **B. Purpose**

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

### **C. Scope**

This policy applies to Chief & Council, the Finance and Audit Committee, the Executive Administrator and the Comptroller.

### **D. Responsibilities**

- (1) Subject to COTTFN's Financial Administration Law, the Chief & Council is responsible for:
  - a. assigning to the Committee any responsibilities or functions in addition to those set out in the Law;
  - b. approval of the Terms of Reference for the Committee;
  - c. determining the Eligibility Criteria of the Committee members, chairpersons and vice-chairpersons;
  - d. confirming, before appointment, that each potential member of the Committee is eligible to be a member and is independent;
  - e. ensuring that each member of the Committee signs a statement annually, confirming that they continue to meet the Eligibility Criteria and remain independent;
  - f. determining the requirements of Financial Competency to be met by the majority of the Committee members;
  - g. the appointment of the Chairperson and the Vice-Chairperson of the Committee and the filling of any vacancies in those offices;
  - h. evaluating the effectiveness of the Committee;
  - i. providing the Committee with the resources it might need to carry out its functions;
  - j. requiring the Chief & Council to consider any recommendations or advice provided by the Committee; and

- k. If the chairperson is not a Chief & Councillor sending notices and agendas of all Chief & Council meetings to the chairperson.
- (2) The Finance and Audit Committee Chairperson is responsible for:
- a. facilitating the Committee's interaction with Senior Management;
  - b. chairing the Committee meetings and ensuring they are conducted in an efficient and effective manner;
  - c. planning the Committee's activities to ensure that the Committee is successful in fulfilling its mandate and addressing its functions, duties and responsibilities;
  - d. preparing the Committee's agendas;
  - e. ensuring that minutes are recorded at each duly called meeting;
  - f. recruiting qualified Committee member candidates and recommending them to Chief & Council;
  - g. evaluating committee members and their contributions;
  - h. Following up on the status of Auditor recommendations and when each recommendation will be implemented and reporting this to Chief and Council;
  - i. maintaining the current Committee member list;
  - j. tracking the Financial Competency of each Committee member;
  - k. reporting to Chief & Council on behalf of the Committee; and
  - l. calling a meeting of the Finance and Audit Committee.
- (3) Committee Members are responsible for:
- a. preparing for meetings by reading reports and background materials prepared for each meeting and acquiring adequate information necessary for decision making;
  - b. actively participating in the Committee's deliberations;
  - c. attending all scheduled Committee meetings subject to reasonable exceptions acceptable to the Chairperson;
  - d. becoming knowledgeable of the Committee functions and statutory responsibilities under COTTFN's Financial Administration Law;
  - e. maintaining direct, open and frank communications with management, the Committee, the Auditor and other advisors as appropriate;
  - f. ensuring that they have the minimum level of Financial Competency necessary to fulfill their responsibilities;
  - g. ensuring that they maintain their Independence as required in COTTFN's Financial Administration Law;

- h. avoiding conflicts of interests and complying with conflict of interest policies and procedures established by Chief & Council and described in the Financial Administration Law;
  - i. reviewing and making recommendations to the Chief & Council on the Terms of Reference of the Committee.
- (4) The Executive Administrator is responsible for:
- a. keeping the Chair of the Committee current in a timely fashion on major developments and provide the Committee with sufficient information on a timely basis to enable the Committee to discuss potential issues, make decisions, and fulfill its mandate;
  - b. maintaining the current Committee member list;
  - c. attending each Committee meeting, unless excused by the chair for a reasonable reason or excluded from attendance by vote of the Committee as provided in COTTFN's Financial Administration Law.
- (5) The Comptroller is responsible for:
- a. attending each Committee meeting, unless excused by the chair for a reasonable reason or excluded from attendance by vote of the Committee as provided in COTTFN's Financial Administration Law;
  - b. assisting the chair of the Committee in planning and making necessary arrangements for setting agendas, giving required meeting notices and holding meetings;
  - c. providing technical and professional support to the Committee as requested or as required in COTTFN's Financial Administration Law.

## **E. Procedures**

### **(1) Appointment and Removal of Members**

- a. Subject to COTTFN's Financial Administration Law, the Chief & Council will appoint the Chairperson and Vice-Chairperson of the Finance and Audit Committee by a majority vote.
- b. The Chief & Council must establish its finance and audit committee consisting of the number of members specified in the FAL.
- c. The Chief & Council, upon recommendation of the Chairperson, will appoint the members of the Committee, a majority of whom must have Financial Competency and all of whom must have Independence and meet Eligibility Criteria established by Chief & Council.
- d. A Committee member may be removed from office by majority vote of Chief & Council in the circumstances permitted in COTTFN's Financial Administration Law.

## **(2) Term Requirements**

- a. Subject to COTTFN's Financial Administration Law, when making appointments to the Committee, Chief & Council will endeavor to ensure that no more than half of the members' terms will expire in any one fiscal year.
- b. The Finance and Audit Committee Chairperson will maintain a register of Finance and Audit Committee 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.
- c. Upon any changes in the Committee membership, the Finance and Audit Committee Chairperson will report to Chief & Council on the term end dates for each member of the Committee.
- d. The term of a Committee member will be as established in COTTFN's Financial Administration Law.
- e. The terms of office of members of the Finance and Audit Committee are staggered to ensure the continuing effectiveness of the committee and to provide for succession planning.
- f. If a Finance and Audit Committee member is removed from office, dies, or resigns before their term expires, the Chief & Council must as soon as practicable appoint a new Finance and Audit Committee member to hold office for the remainder of the term.

## **(3) Eligibility Criteria**

- a. The Chief & Council will establish Eligibility Criteria of a Finance and Audit Committee member by specifying that an individual must not have a role in the financial management of COTTFN involving the planning organizing, directing, or controlling of its financial activities, including budgeting, financial accounting, financial reporting, procurement and utilization of funds.
- b. The Chief & Council will document the criteria for Independence of a Finance and Audit Committee member by specifying that the individual does not have a direct or indirect financial relationship with COTTFN government that could, in the opinion of Chief & Council, reasonably interfere with the individual's exercise of independent judgment as a member of the Finance and Audit Committee.
- c. The Chief & Council will establish the criteria for Financial Competency of a Finance and Audit Committee member that, in the opinion of Chief & Council, reasonably fulfill the role and responsibilities of the Committee member and the effectiveness of the Committee.

#### **(4) Committee Administration and Reporting**

- a. Subject to COTTFN's Financial Administration Law, the quorum necessary for the transaction of business at Committee meetings will be a majority of the members of the Committee.
- b. Subject to COTTFN's Financial Administration Law, the Finance and Audit Committee will meet at least quarterly and otherwise as necessary but in any event as soon as practical following receipt of the audited annual financial statements and report of the auditor.
- c. All Chief & Councillors of the Nation may attend meetings of the Committee provided, however, that no Chief & Councillor is entitled to vote at such meeting and is not counted as part of quorum for the Committee if he or she is not a member of the Committee.
- d. The external auditor may attend and be heard at meetings of the Committee.
- e. The Committee will maintain written records of attendance at its meetings of Committee members and of any ex-officio member such as the Executive Administrator, and the Comptroller.
- f. The Committee will provide minutes of its meetings to the Chief & Council and the Chairperson will provide reports to Chief & Council as appropriate on the substance of meetings as soon as possible.

#### **F. References and Related Authorities**

- (1) FMB's Financial Management System Standards
  - a. Standard 11.2 – First Nation Committees – Finance and Audit Committee
- (2) FMB's Financial Administration Law Standards
  - a. Standard 10.1 – Finance and Audit Committee – Constitution
  - b. Standard 10.2 – Finance and Audit Committee – Terms of Office
  - c. Standard 10.3 – Finance and Audit Committee – Committee Officers
  - d. Standard 10.4 – Finance and Audit Committee – Committee Procedures
  - e. Standard 10.5 – Finance and Audit Committee – Committee Functions
  - f. Standard 19.2.5 - Auditor Authority

#### **G. Attachments**

- (1) **Appendix D** – Finance and Audit Committee Terms of Reference
- (2) **Appendix E** – Finance Competency Guidelines

## **6. Appointment of First Nations Officers**

### **A. Policy**

It is Chief & Council's policy to make the appointment or removal of the Executive Administrator, Comptroller and Tax Administrator of COTTFN.

### **B. Purpose**

The purpose of this policy is to provide guidance on the appointment process and responsibilities of the Executive Administrator, Comptroller and the Tax Administrator.

### **C. Scope**

This policy and procedure applies to Chief & Council, the Executive Administrator, the Comptroller and the Tax Administrator of COTTFN.

### **D. Responsibilities**

- (1) Chief & Council is responsible for appointing the Executive Administrator, Comptroller, and Tax Administrator connected with the financial administration of COTTFN.
- (2) The Executive Administrator is responsible for:
  - a. developing and recommending to the Chief & Council for approval, human resources policies and procedures for the hiring, management and dismissal of Officers and employees of COTTFN;
  - b. preparing and recommending to the Chief & Council for approval, descriptions of the powers, duties and functions of all Officers of COTTFN;
  - c. hiring the employees of COTTFN, as the Executive Administrator considers necessary, and to set the terms and conditions of their employment;
  - d. overseeing, supervising and directing the activities of all Officers and employees of COTTFN;
  - e. overseeing and administering the contracts of COTTFN;
  - f. identifying, assessing, monitoring and reporting on financial risks and fraud risks;
  - g. monitoring and reporting on the effectiveness of mitigating controls for the financial and fraud risks;
  - h. other duties as required by Chief & Council that are not contrary to *First Nations Fiscal Management Act* ("the *FNFMA*") or inconsistent with the Executive Administrator's duties under COTTFN's Financial Administration Law;
  - i. reporting directly to Chief & Council.

- (3) The Comptroller is responsible for:
  - a. the day to day management of COTTFN's financial administration system;
  - b. other duties as required by the Executive Administrator that are not contrary to the *FNFMA* or inconsistent with the Comptroller's duties under COTTFN's Financial Administration Law;
  - c. reporting directly to the Executive Administrator; and
  - d. any other duties as set out in section [19.2] of the Financial Administration Law.
- (4) The Tax Administrator is responsible for:
  - a. the day to day management of COTTFNs local revenues system;
  - b. other duties as required by the Executive Administrator that are not contrary to the *FNFMA* or COTTFN's local revenue laws or inconsistent with the tax administrator's duties under COTTFN's Financial Administration Law;
  - c. reporting directly to the Executive Administrator.

## **E. Procedures**

### **(1) Appointment**

- a. Chief & Council will approve, prior to posting a job, the specific qualifications required for each Officer position.
- b. Chief & Council will determine the selection process for all Officer positions identified by this Policy. At minimum the Chief & Council will create an Officer selection committee consisting of at least 3 competent persons, one of whom must be a Chief or Councillor. 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.
- c. 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.
- d. The Officer selection committee will then evaluate each candidate against the established criteria and recommend a candidate for the position to Chief & Council.

## **F. References and Related Authorities**

- (1) FMB's Financial Management System Standards
  - a. Standard 12.1 – Executive Administrator

- b. Standard 12.2 – Comptroller
  - c. Standard 12.3 – Tax Administrator
  - d. Standard 12.4 – Functions Documented
- (2) FMB’s Financial Administration Law Standards
- a. Standard 11.1 – Executive Administrator
  - b. Standard 11.2 – Comptroller
  - c. Standard 11.3 – Tax Administrator
  - d. Standard 11.4 – Employees

**G. Attachments**

None

## **7. External Audit**

### **A. Policy**

A qualified and licensed external auditor will be appointed to render an audit opinion on the annual financial statements (and Special Purpose Reports, as applicable) of COTTFN in accordance with Public Sector Accounting Standards as established by the Canadian Public Sector Accounting Board. COTTFN will appropriately prepare for the audit and ensure that the external auditor has the necessary access and authorities to complete their work.

### **B. 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 COTTFN.

### **C. Scope**

This policy applies to Chief & Council, the Finance and Audit Committee, the Executive Administrator and the Comptroller and those personnel providing service within the financial administrative system.

### **D. Responsibilities**

- (1) Chief & Council is responsible for:
  - a. Appointing (re-appointing) an auditor meeting eligibility requirements and documenting the appointment with a Chief & Council resolution or motion;
  - b. Ensuring the Engagement Letter requires the auditor to confirm that the financial statements and the audit comply with First Nations Financial Management Board's standards, any relevant funding agreement requirements and all applicable laws;
  - c. Approving and reviewing periodically the policies and procedures related to the external auditor's authority to receive the information and documents required to perform the audit function;
  - d. Reviewing and approving the audited annual financial statement within 120 days after fiscal year end, and ensuring they are signed by those required in the Financial Administration Law – Comptroller, Chief or Chief & Council Chairperson, and Chair of the Finance and Audit Committee;
  - e. Acting on recommendations from the Finance and Audit Committee related to the audit; and

- f. Ensuring First Nation citizens' access to the audited financial statements and Special Purpose Reports after they have been approved and signed as required in the Financial Administration Law.

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

- a. Providing oversight on the external audit and advising the Chief & Council as required;
- b. Making recommendations to Chief & Council on the selection, engagement and performance of an auditor;
- c. Receiving assurances on the Independence of a proposed or appointed auditor;
- d. Ensuring that the appropriate action is taken with respect to any communication from the external auditors;
- e. Approving the terms and conditions of the appointment of the auditor as set out in the Engagement Letter and ensuring that it includes the auditor's obligation to confirm that the annual financial statements and the audit of them comply with the Financial Administration Law, First Nations *Fiscal Management Act* and First Nations Financial Management Board's Standards and any relevant funding agreements;
- f. Reviewing the draft annual financial statement from the Comptroller and presenting the statements to Chief & Council within one hundred and ten days (110) following the end of the fiscal year for which they were prepared;
- g. Reviewing and making recommendations to Chief & Council on the planning, conduct and results of audit activities; and
- h. Reviewing and making recommendations to the Chief & Council on the audited annual financial statements, including [the audited local revenue account financial statements and] any Special Purpose Reports.

(3) The Executive Administrator is responsible for:

- a. directing and facilitating any notices regarding meetings concerning the annual audit or audited financial statements; and
- b. preparing the auditor's performance evaluation report with the input of the Comptroller.
- c. Tendering audit services every three (3) to five (5) years.

(4) The Comptroller is responsible for:

- a. Overseeing, supervising, directing and facilitating requests for any information required by the auditor to carry out its audit responsibilities;
- b. Preparing and providing to the Finance and Audit Committee within one hundred and ten (110) days of the fiscal year end the annual financial statements and Special

Purpose Reports for the fiscal year in accordance with PSAS and any funding agreements;

- c. Facilitating the flow of account and other information and acting on auditor's requests during the audit;
- d. Ensuring 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; and
- e. Providing feedback on the auditor's performance to the Executive Administrator.

5) The Director of Finance is responsible for:

- a. Participating in providing oversight on the external audit.

## **E. Procedures**

### **(1) Auditor selection, engagement and performance**

- a. The Executive Administrator and the Comptroller will establish evaluation criteria to be included in a Request for Proposal ("RFP") for the external audit which will be approved by the Finance and Audit Committee and include, at a minimum:
  - i. Independence from COTTFN, its related bodies, Chief & Councillors and officers and citizens;
  - ii. 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 practising;
  - iii. License to practice public accounting;
  - iv. Depth of experience serving First Nations and other public sector entities;
  - v. Other considerations as appropriate (i.e. funding agreement requirements).
- b. The Finance and Audit Committee will review and approve the RFP before it is made public.
- c. The Finance and Audit Committee will review Management's evaluation of the proposals and their recommendation. The Finance and Audit Committee may approve the recommendation or may ask for additional information, including an in-camera (i.e. without management) interview with the recommended auditor.
- d. Upon approval, the Finance and Audit Committee will recommend the engagement of the selected auditor and the Engagement Letter to Chief & Council.
- e. Chief & Council will review the Engagement Letter with the auditor selected to ensure it contains the content required by the Financial Administration Law and any

other applicable requirements, and will proceed to sign the Engagement Letter in accordance with COTTFN's approved signing authorities and ensure that it is delivered to the auditor.

- f. Annually at the conclusion of the audit, the Executive Administrator and Comptroller will prepare a performance evaluation report of the auditor's activities, along with any management recommendations, and present the report to the Finance and Audit Committee.
- g. The Finance and Audit Committee will review the auditor's performance evaluation and recommendations and take necessary steps as appropriate.
- h. It is recommended that the Chief and Council tender auditing services every three (3) to five (5) years in order to evaluate the market and ensure the First Nation continues to receive good auditing services at a fair market price.

#### **(2) Auditor Independence**

- a. The Finance and Audit Committee will ensure that COTTFN has received a letter from the auditor, before the audit is finalized, in which the auditor confirms their continued Independence.

#### **(3) Audit planning**

- a. The Finance and Audit Committee 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.
- b. The Finance and Audit Committee will submit the finalized audit plan along with any recommendations, to Chief & Council for approval.

#### **(4) Preparations for the audit**

- a. The Comptroller will keep the auditor apprised and discuss in advance of the audit of any significant accounting issues, developments or changes for COTTFN that could have an impact on the audit and the audit report.
- b. Prior to fiscal year end, the Comptroller will issue instructions to the finance and accounting staff concerning fiscal year end procedures to help ensure the accuracy and completeness of COTTFN's financial statements and disclosures.
- c. Additionally, finance staff, under the direction of the Comptroller, will commence preparation before fiscal year end of necessary schedules and working papers for audit according to the audit work plan. This will also include preparation of third party accounts receivable or accounts payable confirmation letters, financial institution account confirmations, and account balance reconciliations.
- d. Issues arising or communicated in a mid-year review by the auditor will be discussed with the Finance and Audit Committee for recommended resolution. The instructions

for preparation of COTTFN's financial statements will take into account any such resolutions.

- e. 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 warranted).

**(5) Audited annual financial statements**

- a. 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].
- b. The Committee will satisfy itself that:
  - i. The audit has been completed according to the plan;
  - ii. The financial statements are fairly presented according to PSAS;
  - iii. The auditors have provided an opinion on the financial statements and an opinion over any Special Purpose Reports as required by COTTFN's Financial Administration Law; and
  - iv. The auditor has provided a Management Letter that comments on and lists recommendations relating to the First Nation's financial management practices and its systems of internal controls, and, where appropriate, that the recommendations of the Auditor are implemented;
  - v. There are no significant unresolved issues.
- c. The Committee will meet with the Auditor to review the draft audited financial statements. To ensure sound governance, the committee will meet with the auditor 'in camera' (without COTTFN's management team) for a part of the meeting.
- d. 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 Chief & Council for approval.
- e. Before publishing the audited financial statements, the following approvals are required:
  - i. Approval of Chief & Council through a Chief & Council resolution or motion;
  - ii. Approval by signature from all of the following:
    - a) The Chief or the Chairperson of the Chief & Council of COTTFN;
    - b) The Chairperson of the Finance and Audit Committee;
    - c) The Comptroller.

## **F. References and Related Authorities**

- (1) FMB's Financial Management System Standards
  - a. Standard 21.0 Audits
- (2) FMB's Financial Administration Law Standards
  - a. Standard 10.5.2 Audit Functions
  - b. Standard 19.0 Audits

## **G. Attachments**

None

## **8. Reporting of Compensation, Benefits and Contracts**

### **A. Policy**

It is Chief & Council's policy and a requirement of COTTFN's Financial Administration Law to annually disclose for each Chief & Councillor the remuneration paid and expenses reimbursed by COTTFN, and by any entity that is consolidated by COTTFN, whether such amounts are paid to the Chief & Councillor while acting as Chief & Councillor or in any other capacity.

### **B. Purpose**

The purpose of this policy is to establish accountability, transparency and full disclosure for each Chief & Councillor's remuneration and expenses paid by COTTFN and by its consolidated entities. It is intended that this policy meets the disclosure and reporting requirements under both COTTFN's Financial Administration Law and *First Nations Financial Transparency Act*. It is expected that a single Special Purpose Report be prepared on an annual basis that meets the requirements under both laws.

### **C. Scope**

This policy and procedure applies to each member of Chief & Council.

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

- (1) in common by all First Nation citizens;
- (2) under a program or service universally accessible to First Nation citizens on published terms and conditions; or
- (3) from a trust agreement, according to the terms of the trust.

### **D. Responsibilities**

- (1) Chief & Council is responsible for:
  - a. ensuring that each Chief & Councillor annually report to the Comptroller all remuneration paid and all expenses reimbursed by COTTFN and by any entity.
- (2) The Comptroller is responsible for:
  - a. preparing an annual report separately listing the remuneration paid and expenses reimbursed by COTTFN, and by any entity, to each Chief & Councillor whether such amounts are paid to them while acting as Chief & Councillor, or in any other capacity;
  - b. including the annual report as a Special Purpose Report in COTTFN's annual report; and
  - c. making the Special Purpose Report available on COTTFN website or other repository for official documents to which citizens have access.

## **E. Procedures**

- (1) Based on the information in the general ledger, the Comptroller or a designate will extract amounts to complete the Special Purpose Report for the total remuneration paid and expense claims reimbursed by COTTFN for each Chief & Councillor.
- (2) The Special Purpose Report must include any Chief & Councillor that left prior to the end of the fiscal year.
- (3) If a Chief & Councillor worked in another capacity for COTTFN 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. For greater clarity a footnote will be included to explain which amounts relate to the respective roles.
- (4) The Comptroller will engage COTTFN's independent auditor to review the Special Purpose Report and to issue a report in accordance with the terms of the engagement.
- (5) The Comptroller will submit the Special Purpose Report along with the draft unsigned report from COTTFN's auditor to the Finance and Audit Committee for review and recommendation for approval to Chief & Council.
- (6) Once the Special Purpose Report is approved by Chief & Council the Comptroller 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 in a manner suitable for electronic publication.
- (7) The Comptroller or a designate will publish on COTTFN's website the Special Purpose Report together with the signed report from COTTFN's auditor.

## **F. References and Related Authorities**

- (1) FMB's Financial Management System Standards
  - a. Standard 10.0 – Reporting of remuneration and expenses
- (2) FMB's Financial Administration Law Standards
  - a. Standard 9.0 – Reporting of remuneration and expenses
  - b. Standard 18.6 – Special Purpose Reports

## **G. Attachments**

- (1) **Appendix F** – Special Purpose Report Template – Reporting of Remuneration and Expenses

## Appendix A – Authorization and Delegation Table

	Financial Administration Activity / Function	Who is Responsible	Authorization level	Authority Limit	Authority Standard
	<b>Annual Budget</b>	Chief & Council / Finance & Audit Committee	Finance & Audit Committee makes recommendation to Chief & Council	No delegation	Finance Policy
	<b>Financial Statements</b>	Chief & Council / Finance & Audit Committee	Finance & Audit Committee makes recommendation to Chief & Council	All	Finance Policy
	<b>Policies &amp; Procedures</b>	Chief & Council / Finance & Audit Committee	Finance & Audit Committee makes recommendation to Chief & Council	No delegation	Governance Policy
	<b>Hiring of Officers</b>	Chief & Council	Chief & Council responsible for hiring Executive Administrator and Comptroller.	No delegation	Governance Policy
		Executive Administrator	Executive Administrator hires employees other than Officers	No delegation	HR Policy
		Board of Education	Board of Education hires education employees	No delegation	Board Management Policy
	<b>Termination &amp; Severance - Officers</b>	Chief & Council	Chief & Council makes decisions affecting Executive Administrator, Comptroller and Tax Administrator	No delegation	Governance Policy
		Executive Administrator	Executive Administrator makes decisions affecting employees other than Officers	No delegation	HR Policy
		Board of Education	Board of Education makes decisions affecting education employees	No delegation	Board Management Policy
	<b>Salary Adjustments-Officers</b>	Chief & Council	Chief & Council makes decisions affecting Executive Administrator and Comptroller.	No delegation	Governance Policy
		Executive Administrator	Executive Administrator makes decisions affecting employees other than Officers	No delegation	HR Policy
		Board of Education	Board of Education makes decisions affecting education employees	No delegation	Board Management Policy
	<b>Expenditures</b>	Executive Administrator and Comptroller	Greater than \$25,000 (requires RFP)	No delegation	Finance Policy
		Executive Administrator and Comptroller	Must authorize purchases greater than \$5,000 up to \$25,000	No delegation	Finance Policy
		Department Directors	Must authorize purchases up to \$5,000	No delegation	Finance Policy
	<b>Professional Service Contracts</b>	Executive Administrator and Comptroller	Must authorize all contracts.	No delegation	Finance Policy
	<b>External Auditor</b>	Chief & Council / Finance & Audit Committee	Finance & Audit Committee makes recommendation to Chief & Council	No delegation	Governance Policy

	<b>Financial Administration Activity / Function</b>	<b>Who is Responsible</b>	<b>Authorization level</b>	<b>Authority Limit</b>	<b>Authority Standard</b>
	<b>Insurance</b>	Comptroller	Must approve all insurance coverage and premiums.	Can assign to subordinate	Finance Policy
	<b>Business Transactions</b>	Chief & Council / Finance & Audit Committee	All new business opportunities, business ventures, partnerships etc. Finance & Audit committee makes recommendation to Chief & Council.	All	Finance Policy
	<b>Divestitures</b>	Executive Administrator	Must approve all divestitures.	Can Delegate to Comptroller	Finance Policy
	<b>Capital Assets</b>	Executive Administrator and Comptroller	Must authorize capital assets greater than \$25,000 (requires RFP)	No delegation	Finance Policy
		Executive Administrator and Comptroller	Must authorize capital assets up to \$25,000	Can assign to Comptroller	Finance Policy
	<b>Capital/Operating Leases</b>	Executive Administrator	Must authorize all lease commitments	Can assign to Comptroller	Finance Policy
	<b>Cash Management – disbursements &amp; transfers</b>	Executive Administrator	Must authorize amounts greater than \$10,000	No delegation	Finance Policy
		Comptroller	Must authorize amounts up to \$10,000	No delegation	Finance Policy
	<b>Bank accounts – opening/closing</b>	Comptroller	Must approve all new or closed accounts	No Delegation	Finance Policy
	<b>Temporary Investments</b>	Comptroller	Must authorize all investments	Can assign to 3 <sup>rd</sup> party or subordinate	Finance Policy
	<b>Financing transactions – debt issuance and debt retirement and Guarantees</b>	Chief & Council / Finance & Audit	Must approve all debt transactions.	Can assign to Executive Administrator	Finance Policy
		Executive Administrator	Must approve all debt transactions.	Can assign to Comptroller	Finance Policy
	<b>Regulatory/Contractual filings and Reports</b>	Comptroller	Must approve all external Reporting	No delegation	Finance Policy
	<b>Payroll</b>	Comptroller	Must approve periodic payroll	Can assign to subordinate	Finance Policy
	<b>Expense Reports</b>	Finance & Audit Committee Chairperson	Approve Chief & Councillors expense report	No delegation	Finance Policy
		A member of Chief & Council	Approve Executive Administrator, Comptroller expense report	No delegation	Finance Policy
		Executive Administrator	Approve Comptroller reports	No delegation	Finance Policy
		Comptroller	Approve other Officers expense reports	No delegation	Finance Policy
	<b>Journal Entries</b>	Executive Administrator and Comptroller	Must approve entries not in ordinary course of business greater than \$100,000	No delegation	Finance Policy

This Authorization and Delegation Table is approved by Chief & Council on the \_\_\_\_ day of \_\_\_\_\_  
20xx

A quorum of Chief & Council consists of \_\_\_\_ members of Chief & Council.

\_\_\_\_\_  
Chief & Councillor [name]

## Appendix B – Chief & Council Delegation of Duty/Function Agreement

I have read and understood the nature and limits of the duty/function delegated to me, as documented in the Policy and Procedures \_\_\_\_\_ ([version and date]) and agree to comply with the performance standards established.

Agreed to on the \_\_\_ day of \_\_\_\_\_ 20\_\_

\_\_\_\_\_

Name:

Title:

## Appendix C – Implementation Notes

**First Nations that intend to adopt and implement FMB’s Financial Administration Law Standards (Core Document A2) must address these requirements:**

**Section 8.1 Responsibility** – a Financial Administration Law of COTTFN makes the Chief & Council responsible for the financial administration whether or not any part of that function is assigned or delegated.

**Section 8.2 Delegation** – A Financial Administration Law may permit the Chief & Council to delegate functions except for limited functions such as approval of budgets, Policies & Procedures, financial statements, and appointment of the Finance and Audit Committee.

**First Nations intending on having their Financial Management System certified by the FMB must address the following requirements:**

**Section 8.1 of the Financial Management System Standards** established by FMB requires the establishment and implementation of documented policies and procedures for the permitted delegation of any function or duties of Chief & Council respecting their financial management system.

**Section 8.2 of the Financial Management System Standards** established by FMB requires the establishment and implementation of documented procedures for assignment duties and responsibilities.

The Authorization and Delegation Table included in **Appendix – A** is for illustrative purposes. It includes a common list of Chief & Council functions that are necessary for the effective operation of the financial administration of a First Nation.

The primary responsibilities and accountabilities with respect to delegation of authority will typically rest with;

- the Chief & Council (includes Committees of Chief & Council)

- the Executive Administrator

- the Comptroller

- Key staff with delegations

Any function/activity delegated, that is, where responsibility has transferred, the person receiving the delegation must agree in writing (Appendix B). This process should be updated annually and approved by Chief & Council.

**Appendix D – Finance and Audit Committee Terms of Reference**  
**Chippewas of the Thames First Nation Finance & Audit Committee**  
**Terms of Reference**

1. Background	To provide Council with advice and recommendations to support Council’s decision-making process with respect to the financial administration of COTTFN.
2. Objectives	Committee objectives and responsibilities encompass three areas: <ul style="list-style-type: none"> <li>• Financial Planning</li> <li>• Audit</li> <li>• Council-Assigned Items</li> </ul>
3. Issues	<ul style="list-style-type: none"> <li>• COTTFN’s budgetary expenditure is currently more than \$20 million.</li> <li>• Most federal and provincial revenue sources are fixed.</li> <li>• Use of own-source revenue has been possible through trust formation and future growth in this revenue stream is possible.</li> <li>• Expenses continue to grow with inflation and as needs of COTTFN citizenship increase.</li> </ul>
4. Methodology	<ul style="list-style-type: none"> <li>• Council must appoint a chair of the Committee who must be a member of Council and a vice-chair who is not required to be a member of Council.</li> </ul>
5. Expertise	<ul style="list-style-type: none"> <li>• At least three (3) members will be appointed by Council – if there are three members, at least one must be a member of Council; if more than three members, at least two must be members of Council.</li> <li>• Majority of members must have financial competency.</li> <li>• All members must be independent from having a direct or indirect financial relationship with COTTFN government and be eligible to be members of the committee.</li> <li>• Each Committee member will perform their role in an objective, fair, and impartial manner.</li> </ul>
6. Criteria of Eligibility	<ul style="list-style-type: none"> <li>• The following individuals are not eligible to be members of the Committee: <ul style="list-style-type: none"> <li>(a) an individual who has the status of an undischarged bankrupt;</li> <li>(b) an individual who is an employee of the First Nation;</li> <li>(c) an individual who has an immediate family member who is an officer of the First Nation;</li> <li>(d) an individual who provides consulting, advisory or other services to the First Nation or its related bodies as a contractor;</li> <li>(e) an individual who has a dependent who provides consulting, advisory or other services to the first nation or its related bodies as a contractor; or</li> <li>(f) an individual who is a partner, owner or officer of an entity which provides accounting, consulting, legal or any financial services to the First Nation or to a related body of the First Nation.</li> </ul> </li> </ul>
7. Criteria of Independence	<ul style="list-style-type: none"> <li>• An individual is independent if the individual does not have a direct or indirect financial relationship with the First Nation government that could, in the opinion of Council, reasonably interfere with the exercise of independent judgment as a member of the Finance and Audit Committee, and</li> </ul>

	<ul style="list-style-type: none"> <li>An individual does not have a financial relationship with the First Nation government as a result of the individual's receipt of the following from the First Nation: <ul style="list-style-type: none"> <li>(i) remuneration for acting in his or her capacity as a councillor or as a member of any first nation committee;</li> <li>(ii) Fixed retirement compensation;</li> <li>(iii) payments or benefits paid in common to all First Nation citizens;</li> <li>(iv) payments or benefits paid under a program or service universally accessible to First Nation citizens on published terms and conditions; or</li> <li>(v) Payments or benefits paid from a trust arrangement according to the terms of the trust.</li> </ul> </li> </ul>
8. Criteria for Financial Competency	<ul style="list-style-type: none"> <li>Some experience with budgetary or financial matters and/or experience with operating a small business.</li> </ul>
9. Quorum	<ul style="list-style-type: none"> <li>The quorum of the Committee is fifty percent (50%) of the total number of Committee members, including at least one (1) councillor.</li> </ul>
10. Voting Rules	<ul style="list-style-type: none"> <li>Except where a Committee member is not permitted to participate in a decision because of a conflict of interest, every Committee member has one (1) vote in all Committee decisions.</li> <li>In the event of a tie vote in the Committee, the chair of the Committee may cast a second tiebreaking vote.</li> </ul>
11. Committee Term	<ul style="list-style-type: none"> <li>The Finance and Audit Committee is a standing committee established by the <i>Chippewas of the Thames First Nation Financial Administration Law</i>.</li> </ul>
12. Member Term	<ul style="list-style-type: none"> <li>The Committee members must be appointed to hold office for staggered terms of not less than three complete fiscal years.</li> </ul>
13. Meetings	<ul style="list-style-type: none"> <li>Committee meetings must be held at least once every three months in each fiscal year and as soon as practical after it receives the audited financial statements and report from the auditor and be attended by COTTFN's Executive Administrator and Comptroller (subject to reasonable exceptions).</li> <li>Meetings of the Committee must be chaired by the appointed chair or, in the absence of the appointed chair, the appointed vice-chair, or in the absence of the appointed chair and the appointed vice chair, one of the members of the Committee selected by members present to act as chair of the relevant meeting.</li> <li>The Executive Administrator or the Comptroller may be excluded from all or any part of a Committee meeting by a recorded vote as allowed in the COTTFN Financial Administration Law.</li> <li>The Committee must devote a portion of each of its meetings, when necessary, for the purpose of discussions without the attendance of the Executive Administrator or Comptroller to enable and facilitate discussion by the Committee of matters pertaining to management performance or issues.</li> </ul>

14. Reporting	<ul style="list-style-type: none"> <li>• The Committee must provide minutes of its meetings to Council and report to Council on the substance of each Committee meeting.</li> <li>• The Committee may make a report or recommendation to Council on any matter respecting the financial administration of COTTFN and not necessarily limited to financial planning, audit and council-assigned responsibilities.</li> </ul>
15. Work plan / Responsibilities	<p><u>Financial Planning Responsibilities</u></p> <ul style="list-style-type: none"> <li>• Annually develop and recommend to Council for approval strategic, operational, business and financial plans</li> <li>• Review draft annual departmental budgets and recommend them to Council for approval</li> <li>• Monitor the financial performance of COTTFN against the budget</li> <li>• Review the quarterly financial statements and recommend them to Council for approval</li> </ul> <p><u>Audit Responsibilities</u></p> <ul style="list-style-type: none"> <li>• Make recommendations to Council on the selection and engagement of an auditor and review auditor performance</li> <li>• Review and make recommendations to Council on the audited financial statements</li> <li>• Monitor financial reporting risks and fraud risks and the effectiveness of mitigating controls</li> <li>• Review and make recommendations to Council related to auditor observations and findings</li> </ul> <p><u>Council-Assigned Responsibilities</u></p> <ul style="list-style-type: none"> <li>• Develop, and recommend to Council for approval, performance measurements &amp; goals, cash management plans, risk management policies, financial controls, and financial information systems.</li> <li>• Review, and report to Council on, the appropriateness of COTTFN's accounting &amp; financial reporting systems, policies and practices; the compliance with legal obligations of COTTFN; and the adequacy of COTTFN's insurance coverage.</li> <li>• Review, monitor and report to Council on material litigation and its impact on financial administration and reporting.</li> </ul>

## Appendix E – Financial Competency Guidelines

Some criteria for Chief & Council and the Finance and Audit Committee Chairperson to consider in determining whether or not a Finance and Audit Committee member is financially competent include:

- The ability to read, understand and analyze COTTFN’s 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 COTTFN’s accounting policies, when these are explained by COTTFN’s Comptroller and the auditor;
- An understanding of COTTFN’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 COTTFN and the risks inherent in any new strategies; and
- An ability to understand COTTFN’s risk environment.

## Appendix F – Special Purpose Report – Reporting of Remuneration and Expenses

Chippewas of the Thames First Nation  
For the year ended March 31, 201X

Name of Individual	Position Title	Number of Months [Note 1]	Salaries [Note 2]	Honoraria [Note 2]	Other Remuneration [Note 2]	Total Remuneration [Note 2]	Expenses [Note 3]
		xx	\$xx,xxx	\$x,xxx	\$x,xxx	\$xx,xxx	\$x,xxx

### Notes:

1. The number of months during the fiscal year that the individual was a chief or Chief & Councillor.
2. "Remuneration" means any salaries, wages, commissions, bonuses, fees, honoraria and dividends and any other monetary and non-monetary benefits.
3. "Expenses" includes the costs of transportation, accommodation, meals, hospitality and incidental expenses.