

# Leq'á:mel First Nation

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## Leq'á:mel First Nation Finance Policy

## **PURPOSE OF POLICY**

The purpose of these policies is to create an environment within which the Band Council can operate and maintain strong internal controls to ensure the integrity of financial information. Through strong internal controls and financial accountability, all departments within Leq'á:mel First Nation will be able to utilize the assets entrusted to it in the most efficient and effective manner for the benefit of all members of the Leq'á:mel First Nation and future generations.

## **CODE OF CONDUCT / ETHICS**

While the following Code of Ethics may not cover every situation, it will serve as a guide to the general conduct, which is expected of all Finance employees.

### **EMPLOYEES WILL:**

- 1.** Be accountable;
- 2.** Use their initiative to find ways of doing their work more efficiently and economically;
- 3.** Recommend within their sphere of responsibility, changes of policy which she/ he believes appropriate;
- 4.** Accept responsibility for stewardship of organizations' assets;
- 5.** Conduct themselves, on duty and in public, in a manner that will bring credit to themselves and the Leq'á:mel First Nation;
- 6.** Respect approved policies of the Leq'á:mel First Nation;
- 7.** Use information obtained on the job for the intended purpose only: confidentiality of information is vital;
- 8.** Give out official information only when publication has been authorized;
- 9.** Refuse any fees, gifts or other tangibles offered in reward for duties performed by virtue of their appointment.

## **LEQ'Á:MEL FINANCE POLICY – 1.0**

**Subject:** Pending proposals and funding agreements.

**Policy:** All pending proposals and ongoing funding agreement documents shall be maintained in the Band Office. Band Council can sign contracts to a maximum of \$5000.00, the Finance Committee will approve all contracts exceeding this amount.

### **Procedure:**

- Proposal prepared by program/ department
- Band Administrator prepares/ reviews and sends copy to Band Council.
- Band Council reviews the budget and cash flow.
- Any amendments are made and proposal/ contract forwarded to funding agency.
- Approved contract or agreement is signed by two (2) representatives of Leq'á:mel First Nation indicating acceptance.
- Band Administrator maintains program files and meets financial reporting deadlines.

**Reason for Policy:** To keep the Band Council and the Finance committee informed of new programs and to ensure the proper financial controls/ budgets etc. are in place when the proposal/ agreement is signed. To ensure that all conditions of the agreement are met including reporting dates.

## **LEQ'Á:MEL FINANCE POLICY – 2.0**

**Subject:** Budget preparation and authorization.

**Policy:** Budgets are prepared annually and approved by Band Council.

**Procedure:**

- Budget is drafted by the Band Administrator, Department Supervisor, and with assistance from the Bookkeeper.
- Reviewed by Band Administrator.
- Routed to Band Council for consolidation with other budgets.
- Approved budget posted to General Ledger by the Bookkeeper.

**Reason for Policy:** To authorize expenditures by program and category, and to ensure Band personnel have sufficient funds available for approved expenditure requisitions.

## **LEQ'Á:MEL FINANCE POLICY – 3.0**

**Subject:** Balanced Budget Policy

**Policy:** The Leq'á:mel First Nation supports balanced budgets.

**Procedure:**

- Band Administrator notifies the Band Council in writing that the budget is not balanced.
- Inter-fund transfer or reduction of category budget is calculated to balance budget.
- Revised budget follows policy for budget authorization.

**Reason for Policy:** To ensure expenditures do not exceed revenue in any particular department and that the resources within a program or department are sufficient to operate the service.

## **LEQ'Á:MEL FINANCE POLICY – 4.0**

**Subject:** Department deficit notification

**Policy:** A Band Administrator or authorized staff cannot authorize an expenditure that will result in an overall deficit within a department.

**Procedure:**

- Financial controls indicate that a program will be operating in a deficit position.
- Band Council is notified in writing that approved expenditures will result in a deficit.
- If budget amendments or adjustments cannot correct the deficit situation, a proposal is put to the Council to operate the program in a deficit situation.
- The Council approves or declines the deficit and the Band Administrator takes the necessary actions.

**Reason for Policy:** Annual work plans and budgets are prepared to ensure the organization operates a balanced budget policy.

## **LEQ'Á:MEL FINANCE POLICY – 4.1**

**Subject:** Category Deficit Notification

**Policy:** The Band Manager or authorized staff cannot authorize an expenditure that will exceed the approved budget allocation within a particular category. Band Council can authorize a deficit within a particular category when the overall program or department budget is not in a deficit position.

**Procedure:**

- Financial controls indicate that a category will be operating in a deficit position.
- Band Council is notified in writing that approved expenditures will result in a deficit within a particular category.
- Band Council declines to authorize expenditure or takes responsibility for a deficit within that category and approves expenditure.
- Band Council processes approved requisitions.

**Reason for Policy:** To ensure that the Band Administrator and Band Council are aware of all expenditures that exceed the approved budget for that category and can take the necessary actions to reduce these costs. The Band Administrator is responsible for the budgets within the departments and is the only one authorized to operate a category within a program in a deficit.

## **LEQ'Á:MEL FINANCE POLICY – 5.0**

**Subject:** Authorization for expenditures

**Policy:** Band Council has signing authority for approved budget totals. Band Council can delegate specific expenditure authorization responsibilities to the Band Administrator or supervisors.

**Procedures:**

- Band Council delegate signing authority within the departments.
- Band Council is supplied with a list of authorized supervisors detailing what type of expenditures and limits have been approved by the Band Administrator.
- Band Administrator verifies authorization of requisition or purchase order.
- Band Council processes requisition or purchase order.

**Reason for Policy:** The Band Administrator is ultimately responsible for all budgets within the department and can delegate various expenditure authorization responsibilities to supervisors. This ensures that proper authorization of expenditures has been issued on cheque requisitions for the various departments within the organization.

## **LEQ'Á:MEL FINANCE POLICY – 6.0**

**Subject:** Payroll Authorization

**Policy:** Adjustments to payroll requires a Band Council authorization. Prior to placement of any new employees on the payroll or adjustments to existing payroll, the Band Administrator confirms that the budget will sufficiently accommodate the additional expenditure.

**Procedure:**

- Band Administrator approves the need for an additional position.
- Band Administrator identifies and secures budget.
- Band Council confirms that budget available.
- Personnel policy is followed for the selection of a new employee.

**Reason for Policy:** Band Council can authorize new additions to payroll only if adequate funding is available to cover the increase in expenditures for the department. This is to ensure that employees will not be hired without adequate budget considerations or amendments. Particularly important if the additional position was not previously included in the annual work plan or the budget for that department.

## **LEQ'Á:MEL FINANCE POLICY – 7.0**

**Subject:** Inter – fund Transfers

**Policy:** Inter-fund transfers require written approval of the Band Council.

**Procedure:**

- An inter-fund transfer is deemed necessary.
- The Band Administrator prepares an inter-fund transfer requisition detailing all pertinent information.
- The Band Council signs and approves the inter-fund transfer or declines to approve.
- Band Administrator processes the approved inter-fund transfer.

**Reason for Policy:** Any necessary inter-fund transfer will be done with the knowledge of the Band Council and Band Administrator or supervisor responsible for the program or budget and will be supported by an inter-fund requisition.

## **LEQ'Á:MEL FINANCE POLICY – 8.0**

**Subject:** Bank / Signing Authority

**Policy:** The Band Council can authorize a debt to a maximum of \$200,000.00 with an approved debt-reduction budget in place and if the debit/ surplus ration of the department remains below 8%. All debt exceeding \$200,000.00 requires the approval of the General Membership and an approved debt-reduction budget.

**Procedure:**

- The annual work plan and budget are calculated including the cost of debt and a debt-reduction budget is forecast and included.
- Discussed at Band Council meeting and /or General Membership meeting.

- Band Administrator assists with the debt application and insures competitive interest rates and reasonable repayment schedules are prepared.
- Band Administrator will report to the Band Council on the status of the debt on a monthly basis.

**Reason for Policy:** This policy is to limit the debt authorization of Council without the approval of the Band Membership.

### **LEQ'Á:MEL FINANCE POLICY – 9.0**

**Subject:** Capital Acquisitions / Purchases.

**Policy:** All purchases of assets will be conducted by the Band Administrator with prior approval of the Band Council / Finance Committee. A purchase order is required and quotes will be obtained for all capital acquisitions. An inventory of all assets will be maintained.

**Procedure:**

**Purchase request is authorized.**

**Band Council verifies adequate budget allocation exists.**

**Purchase order or tender prepared by purchasing department.**

**Minimum of three (3) quotes are required on amounts over \$5,000.00**

**Band Administrator processes authorized purchase orders.**

**Reason for Policy:** This policy will eliminate duplicate purchasing of assets by the various programs and departments and ensure that the organization combines purchasing power to obtain the best quality for the best price. The maintenance of an inventory list will aid the organization in efficiently utilizing assets.

### **LEQ'Á:MEL FINANCE POLICY – 10.0**

**Subject:** Appointment of an Auditor

**Policy:** The appointment of an auditor is an annual procedure requiring the approval of the Band Council.

**Procedure:**

**The Band Administrator recommends an audit firm to the Band Council.**

**The Band Council jointly appoints an auditor.**

**Reason for Policy:** To ensure an impartial audit is performed.

### **LEQ'Á:MEL FINANCE POLICY – 11.0**

**Subject:** Reporting requirements of Band Council

**Policy:** Band bookkeeper and Administrator are required to prepare financial statements in a timely manner and report to the Band Council on a monthly basis. Reporting to the Finance committee and the Band Membership is to be quarterly.

**Procedure:**

- The bookkeeper and Band Administrator prepare monthly financial statements for each program using Generally Accepted Accounting Principles.
- The financial statements are presented with a written report explaining any variations or concerns.
- The Bookkeeper and Band Administrator are responsible for maintaining adequate filing retrieval systems for accounting information.

**Reason for Policy:** To ensure that the Band Council and the Finance Committee are making financial decisions based on the most recent financial information available.

### **LEQ'Á:MEL FINANCE POLICY – 12.0**

**Subject:** Annual Audit – Internal Controls

**Policy:** The Band Administrator and Band Council will maintain adequate internal controls to ensure the year-end audit is unqualified.

**Procedure:**

- Band Administrator develops procedures and policy regarding a system, which will be used to perform a financial function. (ie travel claims)
- Band Administrator will review the procedures and policy with the Band Council and any amendments will be made.
- Band Administrator will then meet with the employees involved and explain the procedures and policy.

**Reason for Policy:** The Band Office provides financial services to the whole organization and will be most efficient in developing internal controls for the various programs concerning the procedures and policies governing expenditures. The Bookkeeper and Band Administrator will be accountable to the Band Council for maintaining strong financial internal controls.

### **LEQ'Á:MEL FINANCE POLICY – 13.0**

**Subject:** Computer systems and Network

**Policy:** The Band Administrator is responsible for maintaining the entire computer network.

**Procedure:**

- Back-ups are performed weekly.
- Ongoing maintenance of computer systems.
- A long-range plan is in place for computer upgrades and conversions to other programs.
- Any computer problems should be directed to the Band Administrator.

**Reason for Policy:** Maintenance of the computer system is an important task and requires planning and knowledgeable technicians. Most financial information is maintained on the computer network and therefore it is necessary to ensure that the system is always operating efficiently.

## **LEQ'Á:MEL FINANCE POLICY – GLOSSARY**

- Category:** An individual budget line within a program. A category can be a revenue category or an expenditure category. For example, "travel" is an expenditure category within most programs. A category will be defined in the General Ledger by a standard account code and assigned to all relevant programs.
- Program:** A program operates to provide a specific service and will usually operate under an agreement or contract. A program can operate separately or be consolidated as a category within a larger program. A program will be defined in the General Ledger by a unique department code falling within an assigned sequence.
- Department:** A department is a group of similar programs under the management of a Band Administrator. Defined in the General Ledger by a common department code sequence. Examples of Leq'á:mel First Nation departments are; Band Administration, Village Maintenance, Social Housing, and Revenue.
- Deficit:** When expenditures exceed revenue. The organization is indebted to the program for the amount of the deficit.
- Surplus:** When revenue exceeds expenditures. The organization has equity in the program equivalent to the amount of the surplus.
- Budget:** A budget is an amount determined for each category within a program. A budget will consist of a source of revenue and an equal amount of expenditure categories (balanced budget).