

Policy No.	FIN20190325
Department Ownership	Finance
Approved by Council	May 21, 2019
Effective Date	May 21, 2019



Approved by Chief and Council on May 21, 2019

Micmacs of Gesgapegiag

Finance Policies and Procedures

Table des matières

1. EFFECTIVE DATE.....	1
2. DEFINITIONS	1
3. PLANNING AND BUDGETING	7
Policy.....	7
Purpose.....	7
Scope	7
Responsibilities.....	7
Procedures.....	9
(1) Annual Integrated Planning Process	9
(2) Strategic Plan	10
(3) Budget	10
(3) Multi-Year Financial Plan.....	12
(4) Adjustments to the Plans and Budgets.....	13
Attachments	13
4. FINANCIAL AND OPERATIONAL REPORTING	14
Policy.....	14
Purpose.....	14
Scope	14
Responsibilities.....	14
Procedures.....	16
(1) Financial Reports List.....	16
(2) Financial statement preparation	17
(3) Financial Reporting Risks.....	19
(4) Fiscal year.....	20
(5) Annual Report.....	21
(6) Attachments.....	21

5. FINANCIAL INSTITUTION ACCOUNT AND CASH MANAGEMENT	22
Policy.....	22
Purpose.....	22
Scope	22
Responsibilities.....	22
Procedures.....	24
(1) Financial institution account management.....	24
(2) Cash receipts.....	25
(3) Petty Cash.....	25
(4) Cheque stock.....	26
(5) Credit Lines.....	26
(6) Opening a Financial Institution Account.....	26
(7) Closing a Financial Institution Account.....	27
(8) Account Reconciliation.....	27
(9) Independent Review.....	28
(10) Irregularities	28
Attachments	28
6. PROCUREMENT.....	29
Policy.....	29
Purpose.....	29
Scope	29
Responsibilities.....	29
Procedures.....	30
(1) Procurement of low value items goods and services	30
(2) Procurement of moderate value goods and services.....	30
(3) Procurement of high value goods and services	31
(4) Approval, initiation and monitoring.....	32
(5) Purchase Orders.....	33

(6)	Payment	34
(7)	Documentation requirements	34
(8)	Monitoring of Contractors/Suppliers.....	35
(9)	Encouraging new contractors/suppliers	35
	Attachments	35
7.	EXPENDITURES.....	36
	Policy.....	36
	Purpose.....	36
	Scope	36
	Responsibilities.....	36
	Procedures.....	38
(1)	General and Operational Expenditures	38
(2)	Payroll.....	39
(3)	Reimbursable Expenditures - Travel	39
(4)	Hospitality.....	39
(5)	Memberships, Certification or License	40
(6)	Expenditure Reporting and Documentation.....	41
(7)	Approval for Payment.....	42
(8)	Payments	43
	Attachments	44
8.	LONG-TERM DEBT.....	45
	Policy.....	45
	Purpose.....	45
	Scope	45
	Responsibilities.....	45
	Procedures.....	46
(1)	Determination of need and evaluation of options	46
(2)	Approval	47

(3) Management and monitoring of debt obligations	48
(4) Reporting.....	48
(5) Records management.....	48
Attachments	49
9. LOANS RECEIVABLE, GUARANTEES AND INDEMNITIES.....	50
Policy.....	50
Purpose.....	50
Scope	50
Responsibilities.....	51
Procedures.....	52
(1) Requirements	52
(2) Lease Agreements.....	54
(3) Accessibility	55
(4) Debt Forgiveness.....	55
(5) Write-offs	56
(6) Monitoring and Reporting	56
(7) Record-Keeping	56
Attachments	57
10. INVESTMENTS.....	58
Policy.....	58
Purpose.....	58
Scope	58
Responsibilities.....	58
Procedures.....	60
(1) Selection of Investment Manager(s) and Custodian	60
(2) Termination of Investment Manager(s).....	60
(3) Designation and transfers of investment funds.....	61
(4) Permitted Investments	61

(5) Monitoring of Investments	62
(6) Re-balancing of the Investment Portfolio	62
Attachments	62
11. TANGIBLE CAPITAL ASSETS	63
Policy.....	63
Purpose.....	63
Scope	63
Responsibilities.....	63
Procedures.....	66
(1) Tangible Capital Asset Register	66
(2) Asset Qualification	67
(3) Amortization / Depreciation	67
(4) Annual inspection and review	68
(5) Safeguarding Assets	69
(6) Maintenance of Assets.....	69
(7) Life Cycle Management Program.....	70
(8) Capital Projects	71
(9) Construction management	72
(10) Acquisition of Tangible Capital Assets	73
(11) Tangible Capital Asset Reserve Fund	74
(12) Disposal of Tangible Capital Assets	74
Attachments	75
12. INSURANCE POLICY.....	76
Policy.....	76
Purpose.....	76
Scope	76
Responsibilities.....	76
Procedures.....	77

(1)	Identify significant material risks.....	77
(2)	Identify and procure insurance products.....	78
(3)	Approval for insurance coverage.....	78
(4)	Maintenance of insurance coverage.....	79
	Attachments.....	79
13.	RISK MANAGEMENT.....	80
	Policy.....	80
	Purpose.....	80
	Scope.....	80
	Responsibilities.....	80
	Procedures.....	82
(1)	Annual Risk Management Plan.....	82
(2)	Fraud Risk Assessment.....	83
(3)	For-profit business activity risk management considerations.....	84
(4)	Loans, guarantees and indemnities.....	85
(5)	Investment Risk Assessment.....	85
(6)	Financial Reporting Risks.....	86
(7)	Insurance and Emergency Plans.....	86
	Attachments.....	86
14.	EMERGENCY RESPONSE PLAN.....	87
	Policy.....	87
	Purpose.....	87
	Scope.....	87
	Responsibilities.....	87
	Procedures.....	88
(1)	Analyze the current situation.....	88
(2)	Develop the emergency plan.....	88
(3)	Implement the plan.....	90

(4) Annual review	90
Attachments	90
15. FINANCIAL MANAGEMENT SYSTEM IMPROVEMENT	91
Policy.....	91
Purpose.....	91
Scope	91
Responsibilities.....	91
Procedures.....	92
(1) Financial Management System Assessment Committee	92
(2) Internal Assessments	93
(3) Continual improvement process	94
(4) Review of Financial Administration Law.....	94
(5) Membership information or involvement	94
(6) Requirements Specific to Borrowing Members	94
Attachments	95
16. APPENDICES.....	96
Appendix A – Sample Planning and Budgeting Schedule Template	97
Appendix B – Financial Institution Account Reconciliation Template	99
Appendix C – Purchasing Approval Limits	100
Appendix D – Sample Contractor/Supplier Evaluation Template	101
Appendix E – Local Content.....	102
Appendix F - Template for Contracts with Contractors and Suppliers.....	103
Appendix G - Sample Purchase Order and Cheque Requisition	104
Appendix H – Loan Agreement Template	105
Appendix I – Tangible Capital Asset Categories	106
Appendix J – Presentation and Disclosure Requirements.....	108
Appendix K – Fraud Risk Assessment Template	109
Appendix L – Fraud Risk Assessment Guidelines.....	111

Appendix M – Risk Management Plan Template 115

Appendix N – Examples of Risks to Consider 116

Appendix O – Sample Risk Assessment Template 117

Appendix P – Emergency Planning Resources..... 118

Appendix Q – Emergency Plan Template 119

1. EFFECTIVE DATE

This Policy and procedures were approved by Chief and Council on DATE and is effective as of DATE, 2019. It will be reviewed at least every five years.

2. DEFINITIONS

“Annual Integrated Planning Process” refers to the annual process whereby all planning and budgeting activities throughout every level of the organization are effectively linked, coordinated, and driven by the Micmacs of Gesgapegiag’s vision and strategic objectives.

“Approved Travel Status” means travel on official Micmacs of Gesgapegiag business that has been pre-approved by an individual’s immediate supervisor. Approved Travel Status begins once the individual leaves their place of residence for the approved destination and ends once they return to their place of residence or their regular place of employment (e.g. the Micmacs of Gesgapegiag office).

“Arrears” refers to an unpaid, overdue debt, or an unfulfilled obligation.

“Assets” include Tangible Capital Assets such as equipment, buildings and land that have been purchased or constructed by the Micmacs of Gesgapegiag.

“Asset Recognition Criteria” means the criteria to be used to set the threshold for determining whether a tangible capital asset must be included in the tangible capital asset register and in the Life-Cycle Management Program.

“Best Value” refers to the optimal combinations of experience, knowledge, expertise, geographic location, performance, quality, time, initial costs, operation and maintenance, cost, life cycle costs, service, performance characteristics, spare parts availability, warranties and guarantees etc.

“Capital Project” means the construction, Rehabilitation or replacement of the Micmacs of Gesgapegiag’s Tangible Capital Assets and any other major Capital Projects in which the Micmacs of Gesgapegiag or its related bodies are investors.

“Capital Project Plan” means a plan to carry out a Capital Project and an annual capital plan means all of the Capital Project Plans to be budgeted for undertaken in a fiscal year.

“Cash” is currency, cheques, money orders, and equivalent financial instruments.

“Cost” is the gross amount of consideration given up to acquire, construct, develop or better a tangible capital asset, and includes all costs directly attributable to acquisition, construction,

development or betterment of the tangible capital asset, including installing the asset at the location and in the condition necessary for its intended use. The cost of a contributed tangible capital asset, including a tangible capital asset in lieu of a developer charge, is considered to be equal to its Fair Value at the date of contribution. Capital grants would not be netted against the cost of the related tangible capital asset.

“Days” of timing for, or between, activities refer to working days.

“Deferred Maintenance” is maintenance that was not performed when it was scheduled, or that was delayed for a future period and may result in a decrease in service levels and can affect the life expectancy of the asset.

“Encumbrance Accounting” refers to the process of setting money aside (to hold it) for a specific purpose. Money then, is essentially earmarked for certain future purposes and cannot be re-allocated for any other purpose than stated.

“Fairness” refers to giving qualified firms and individuals an equal opportunity to compete for the contract work; and to evaluating tenders and proposals in accordance with accepted practices.

“Fair Value” is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

“Family Member” means: A Spouse or Common-Law Partner of the employee; a child of the employee or a child of the employee's Spouse or Common-Law Partner; or, a parent of the employee or a Spouse or Common-Law Partner of the parent.

“Financial Institutions” means the First Nations Finance Authority, a bank, credit union or caisse populaire.

“Financial Administration Law” means the law respecting financial administration of the Micmacs of Gesgapegiag.

“Financial Reporting Risk” 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.

“Financial Reports List” means the list of financial statements and reports that are to be prepared on a regular basis.

“Fraud Risk” is the potential for an employee, agent or other person connected to the financial administration of the Micmacs of Gesgapegiag 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.

“Fraudulent Financial Reporting” means an intentional act in financial reporting that is designed to deceive users of financial reports and that may result in a material omission from or misstatement of financial reports.

“Fraudulent Non-Financial Reporting” means the intentional act in non-financial reporting that is designed to deceive users of non-financial reports.

“Highlights Memo” means a summary report prepared by the Financial Controller to go with each set of quarterly and/or annual financial statements prepared. The highlights memo will, at a minimum, report on: financial Performance; exceptions to expected financial and system performance; and, forecast to end of year.

“Hospitality” refers to the friendly reception and treatment of guests or strangers. The activity of providing food, drinks, entertainment or token gifts for people who are the guests of the Micmacs of Gesgapegiag.

“Indemnity” refers to the right of a person to recover the amount of a financial loss or a liability to a third party.

“Internal Assessment” is a review of an activity/process by an independent Micmacs of Gesgapegiag staff member (i.e. an individual not responsible for or involved in the activity) to determine the effectiveness and sufficiency of controls related to the specific activity or process.

“Internal Control” is a process, effected by the Micmacs of Gesgapegiag's Council, Finance and Audit Committee, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- effectiveness and efficiency of operations;
- reliability of reporting; and
- compliance with applicable laws and regulations.

“Investment Manager” is a person or organization contracted to make and manage financial investments in security portfolios on behalf of the Micmacs of Gesgapegiag

“Invited Tender” refers to a tender that is distributed to a certain number of contractors who are invited to bid on a specific project. Industry standards indicate that at least three contractors should be invited to ensure that the process is fair and there is sufficient competition.

“Lease Agreement” means the agreement between a lessee and the Micmacs of Gesgapegiag. The agreement will include standard terms such as description of the asset being leased, term of lease, lease payments amounts, termination of lease, collection of overdue lease payments, etc.

“Life-Cycle Management Program” means the program of inspection, review and planning for the management of the Micmacs of Gesgapegiag’s Tangible Capital Assets as described in the Financial Administration Law and this policy.

“Life-Cycle Planning” is a key component of a Life-Cycle Management Program as it provides information for understanding the condition and assessing the performance of capital assets, anticipates the needs for replacements in the short and long term, and assesses the cost and sustainability of existing programs.

“Loan Guarantee” is a promise to pay all or a part of the principal and/or interest on a debt obligation in the event of default by the borrower.

“Loan Receivable” is a financial asset of the Micmacs of Gesgapegiag (as the lender) represented by a promise by a borrower to repay a specific amount, at a specified time or times, or on demand, usually with interest.

“Loan Receivable Agreement” is a special agreement which outlines the terms by which a borrower will pay back outstanding debt owed to the Micmacs of Gesgapegiag.

“Long-Term Debt” means any amount borrowed with repayment terms beyond one year.

“Members” or “Membership” refers to registered members of Gesgapegiag.

“Misappropriation of Assets” means the theft of Micmacs of Gesgapegiag assets in circumstances where the theft may result in a material omission or misstatement in financial reports.

“Net Book Value” of a tangible capital asset is its cost, less both accumulated amortization and the amount of any write-downs.

“Open or Public Tender” is the process by which tenders are advertised publicly. Open tenders should allow any qualified potential bidders the opportunity to bid on a project.

“Planning Documents” are the combination of a strategic (community development) plan, capital budget, multi-year financial plan, and annual budget.

“Portfolio Rebalancing” refers to the realigning of the weightings of the Micmacs of Gesgapegiag’s portfolio of assets and involves periodically buying or selling assets in the portfolio to maintain the original desired level of asset allocation.

“PSAS” refers to Public Sector Accounting Standards of the Canadian Public Sector Accounting Board, as amended or replaced from time to time.

“Rehabilitation” includes alteration, extension and renovation but does not include routine maintenance.

“Replacement” includes substitution, in whole or in part, with another of the Micmacs of Gesgapegiag’s Tangible Capital Assets.

“Requisition” refers to a purchase order used by the Micmacs of Gesgapegiag when documenting expenditures.

“Resident” is someone who lives in the community for the majority of the year and considers it their permanent residence.

“Residual Value” is the estimated net realizable value of a tangible capital asset at the end of its Useful Life to the Micmacs of Gesgapegiag.

“Restricted Investments” are investments made with funds the source of which is either government transfers, local revenues, or other revenues with restrictions on use.

“RFP” stands for Request for Proposal, which is the process generally followed before awarding a major service contract. RFPs identify the need and leave it up to the prospective contractors to make a proposal that is appropriate.

“Risk” is defined as anything of variable uncertainty and significance that interferes with the achievement of a Micmacs of Gesgapegiag’s strategies and objectives. In insurance terms is the possibility of a loss or other adverse event that has the potential to interfere with an organization’s ability to fulfill its mandate, and for which an insurance claim may be submitted.¹

“Risk Tolerance” means the degree of uncertainty the Micmacs of Gesgapegiag is willing to accept in the achievement of its goals.

“Sole Source” means a person or company from whom the Micmacs of Gesgapegiag may purchase goods and/or services.

“Special Purpose Report” 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.

“Tangible Capital Assets” are non-financial assets having physical substance that:

¹ Insurance Bureau of Canada: http://www.ibc.ca/en/Business_Insurance/Risk_Management/

- are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other Tangible Capital Assets;
- have useful economic lives extending beyond an accounting period;
- are to be used on a continuing basis; and
- are not for sale in the ordinary course of operations.

“**Tender Process**” refers to the process where documents outlining the requirements and specifications of a project are put in the hands of prospective contractors or suppliers interested in submitting bids.

“**Terms of Reference**” is a documented statement of the mandate, objectives, purpose, scope, functions and rules under which a Committee is expected to operate.

“**Unrestricted Investments**” are investments made with funds the source of which is not government transfers or local revenues.

“**Useful Life**” is the estimate of either the period over which a tangible capital asset is expected to be used by the Micmacs of Gesgapegiag, or the number of production or similar units that can be obtained from the tangible capital asset by the Micmacs of Gesgapegiag. The life of a tangible capital asset may extend beyond the Useful Life of a tangible capital asset to the Micmacs of Gesgapegiag. The life of a tangible capital asset, other than land, is finite, and is normally the shortest of the physical, technological, commercial and legal life.

“**Working Capital**” is a financial metric which represents operating liquidity available to a business, organization or other entity, including governmental entities. Working capital is calculated as current assets minus current liabilities.

3. PLANNING AND BUDGETING

Policy

It is Council's policy to establish a planning and budgeting process that is integrated with the operational and long-term strategy of the Micmacs of Gesgapegiag.

Purpose

The purpose of this policy is to ensure that a comprehensive and integrated planning and budgeting process is followed to establish the long-term strategies, approved by Chief and Council, and to support the on-going decision making of the Micmacs of Gesgapegiag.

Scope

This policy applies to Chief and Council and employees of the Micmacs of Gesgapegiag involved in the planning and budgeting process.

Responsibilities

- (1) The Chief and Council are responsible for:
 - a. reviewing and approving the annual budget and ensuring that it was prepared in accordance with the *Micmacs of Gesgapegiag Financial Administration Law* and other applicable Micmacs of Gesgapegiag laws, is based on plausible assumptions and provides for required program and services;
 - b. reviewing and approving any circumstances that are expected to create a budget deficit including consideration of any recommendations from the Finance and Audit Committee on plans to eliminate the budget deficit in a future period;
 - c. reviewing and approving other Planning Documents including but not limited to a strategic (community development) plan, capital budget, and a multi-year financial plan;
 - d. reviewing and approving any changes or amendments to the annual budget or other Planning Documents;
 - e. establishing specific goals and service priorities to guide resource and allocation decisions during the budget planning sessions;
 - f. ensuring that a process is in place to address membership priorities in the Strategic Plan and other Planning Documents as appropriate;
 - g. ensuring that the membership of the Micmacs of Gesgapegiag are informed about or involved in the preparation of the annual budget, multi-year financial plan, forecast

budget deficits or forecast extraordinary expenditures as set out in the *Micmacs of Gesgapegiag Financial Administration Law*; and

- h. establishing general budget policies or guidelines such as requirements for balanced budget and use of cash reserves.

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

- a. reviewing the draft annual budget and multi-year financial plan and recommending them to Chief and Council for approval;
- b. providing recommendations to Chief and Council respecting plans to eliminate any budget deficit in a future year;
- c. reviewing any draft amendments of the annual budget and recommending them to Chief and Council for approval; and
- d. reviewing information, schedules and proposed budget for Rehabilitation or replacement of Tangible Capital Assets and plans for new construction of Tangible Capital Assets.

(3) The Director General is responsible for:

- a. coordinating the annual budgetary cycle and for ensuring that all those involved in financial management have the information and tools they need to carry out their work;
- b. supporting the work of the Finance and Audit Committee and ensuring that financial matters requiring Chief and Council approval are sent to Chief and Council in a timely fashion;
- c. arranging planning sessions for the development of key Planning Documents;
- d. reviewing draft Planning Documents with the Finance and Audit Committee;
- e. arranging early budgeting planning sessions with Chief and Council and other key stakeholders essential in developing the budget;
- f. ensuring that the budgeting calendar is met;
- g. reviewing draft budgets with the Finance and Audit Committee; and
- h. communicating the approved budget to management and line staff.

(4) The Financial Controller is responsible for:

- a. creating a budget development calendar and ensuring deadlines are met – subject to the *Micmacs of Gesgapegiag Financial Administration Law*;
- b. establishing the format for draft budgets;
- c. participating in budget and operational planning sessions with Chief and Council, the Finance and Audit Committee, Director General, heads of department and other key stakeholders;

- d. collaborating with heads of departments in setting draft expenses for their department;
 - e. preparing the draft budget or consolidating and evaluating draft budgets from heads of department for accuracy, reasonableness, applicable guidelines, and anticipated resources in accordance with Section [26] of the *Micmacs of Gesgapegiag Financial Administration Law*;
 - f. developing revenue forecasts based on reviews of fiscal transfer agreements and collaboration with other officers on own source revenues forecasts;
 - g. making forecasts and preparing budgets for Tangible Capital Assets;
 - h. presenting draft annual budgets to the Director General and to the Finance and Audit Committee and making any required changes;
 - i. overseeing any Council approved corrective action (i.e. budget amendments), after the annual budget is approved; and
 - j. any other responsibilities as outlined in the *Micmacs of Gesgapegiag Financial Administration Law*.
- (5) The Heads of Departments are responsible for:
- a. participating in budget and operational planning sessions;
 - b. setting draft expenses for their respective departments using templates provided by the Financial Controller; and
 - c. supporting the Financial Controller in preparing the draft and annual budget by providing timely, accurate financial-related information.

Procedures

(1) Annual Integrated Planning Process

- a. An annual planning session will be held within 3-6 months prior to the start of the fiscal year being planned for. The planning session will generally include:
 - i. Chief and Council, members of the Finance and Audit Committee, the Director General, the Financial Controller, and Heads of Departments of other functional areas of business;
 - ii. presentation of the planning and budgeting schedule;
 - iii. establishment or update of the strategies, priorities and goals of Chief and Council's 5-year strategic plan – the plan that details the Micmacs of Gesgapegiag's long term priorities and the plan for resources needed to meet the objectives of the plan.
 - iv. establishment or communication of current year and 5-year operational goals and objectives based on priorities established by Chief and Council in consultation with membership;

- v. establishment or update of key budgetary assumptions, budgetary constraints, and cost drivers for current year and the 5-year plan;
- vi. establishment or update of a multi-year capital plan schedule to ensure the effective management of capital assets which identifies and prioritizes expected needs, costs, and expected sources of financing; and,
- vii. review of any significant risks to Micmacs of Gesgapegiag's financial assets, the Micmacs of Gesgapegiag's tangible capital assets and the operations of Micmacs of Gesgapegiag as well as proposed mitigation strategies.

(2) Strategic Plan

- a. Based on input from the membership, employees, Chief and Council and, on the outcome of an annual integrated planning session, a comprehensive and holistic strategic plan will be prepared that will include:
 - i. community vision;
 - ii. guiding principles;
 - iii. priorities list (e.g. housing, education, etc.);
 - iv. performance indicators to identify when objectives have been achieved;
 - v. realistic timeframe to implement the plan; and
 - vi. resources to implement the plan.
- b. The plan will be approved by Chief and Council and shared with the members, and it will serve as the basis for the development of operational plans and budgets.

(3) Budget

- a. Annual budgets for each program area and service shall be drafted by Heads of Department in accordance with the planning and budgeting schedule with input from both the Director General and the Financial Controller. These budgets should include monthly revenue and expenditure forecasts to help the Financial Controller manage cash flow.
- b. Based on the annual integrated planning session, the initial operating budget estimates will be prepared, and the 5-year Capital budget estimates will be prepared or updated accordingly;

- c. Budget assumptions will be documented and updated throughout the budget preparation process with budget adjustments made as required;
- d. Capital budgeting estimates should include all capital improvement projects (purchase, construction, or renovation of physical facilities) and all capital equipment expenditures;
- e. Any projected deficit must be accompanied by a report that outlines the contributing factors and circumstances and the plan by which it will be eliminated in a future year;
- f. The Financial Controller will combine and coordinate the inputs from all departments to create a consolidated budget for review by the Finance and Audit Committee and by Chief and Council;
- g. The draft budget will be presented for discussion at a Finance and Audit Committee meeting. The Committee may accept the estimates as presented or request amendments, within the context of the strategic plan and the budgeting guidelines;
- h. Where a projected deficit exists, the Finance and Audit Committee will provide recommendations to Chief and Council on plans to eliminate the budget deficit in a future year;
- i. The final draft budget recommended for approval to Chief and Council by the Finance and Audit Committee will be approved by Chief and Council no later than March 31st of the fiscal year preceding the budget year. A special Council meeting will be held each year to discuss and approve the annual budgets. The budget meeting will review original plans and budgets, final approved budget allocations from all sources, analyze the difference between funds needed and funds available, and allocate alternative sources of funding. All budgets, annual salary scale adjustments, adjustments for travel expenses and advances, honoraria and contract amounts will be formally approved by Council and recorded in the minutes of the Council meeting;
- j. Before Chief and Council approves the final annual budgets, the members of Gesgapegiag will be invited to a meeting where the proposed annual budgets will be presented for input in accordance with section 29 of the *Micmacs of Gesgapegiag Financial Administration Law*.
- k. The draft budget must meet the requirements of the *Micmacs of Gesgapegiag Financial Administration Law* and the integrated planning process must comply with the schedule for planning activities set out in that Law.

(3) Multi-Year Financial Plan

- a. Based on the strategic plan and the outcome of an annual integrated planning session, a multi-year financial plan that has a planning period of five years comprised of the current fiscal year and the four succeeding fiscal years. The multi-year financial plan will:
 - i. include revenue projections by major revenue type that demonstrate trends in existing revenue streams;
 - ii. in respect of projected revenues, set out separate amounts for income from taxes, fees and charges, transfers from Canada or a provincial or territorial government, grants, revenues from investments, business operations and proceeds from borrowing;
 - iii. in respect of projected expenditures, set out separate amounts for payments, including payments of principal and interest on debt, payments required for Capital Projects as defined in the *Micmacs of Gesgapegiag Financial Administration Law*, payments required to address any deficits, and payments for all other purposes;
 - iv. include projections of revenues, expenditures and transfers between accounts;
 - v. in respect of transfers between accounts, set out the amounts from the tangible capital asset reserve account;
 - vi. indicate whether, in any of the five (5) years financial plan, a deficit or surplus is expected from the projected revenues and expenditures that year; and
 - vii. include a description of the broad assumptions and judgments used in the development of the plan.
- b. The draft multi-year financial plan will be presented for discussion at a Finance and Audit Committee meeting. The Committee may accept the plan as presented or request amendments, within the context of the annual operating objectives and the strategic plan.
- c. The final multi-year financial plan recommended for approval to Chief and Council by the Finance and Audit Committee will be adopted as a formal planning document no later than March 31st of each fiscal year.

- d. Following approval by Chief and Council, the multi-year financial plan will be presented to the general membership and made available for their review.

(4) Adjustments to the Plans and Budgets

- a. Proposed amendments to the strategic plan or multi-year financial plan will be brought forward to the next annual planning session.
- b. The budget will be reviewed on a regular basis through the monthly financial reporting of actual results to the budget which may result in proposed adjustments to the budget. Adjustments to the annual budget may be made during the year in two manners:
 - i. Budget Reclassifications - where expenses, classifications or forecasted revenues are changed within a particular program.
 - ii. Budget Adjustments - where an amendment impacts the annual budget as ratified by the Council; this may be due to:
 - 1. Over/under estimation of revenues and expenses for the fiscal year resulting in either a surplus or deficit in a program which will require Council review;
 - 2. New program(s) or project(s) started during the fiscal year which require amendment by the Council; or
 - 3. Council approved changes to priorities or operating objectives.
- c. Budget Reclassifications should be made where the amount is significant, and the change will improve the information presented in financial reports to Finance and Audit Committee, Council and management. They require approval of the Director General.
- d. Budget Adjustments should be made when there is substantial change in the forecasted revenues or expenses of the LSM. They must be approved by Council.

Attachments

Appendix A – Sample Planning and Budgeting Schedule Template

4. FINANCIAL AND OPERATIONAL REPORTING

Policy

Financial statements and reports will be prepared on a regular basis in accordance with Canadian Public Sector Accounting Standards. An annual operations report, including the audited annual financial statements, Special Purpose Reports and an assessment of progress towards financial and operational goals of the Micmacs of Gesgapegiag, will be published within 180 days of the fiscal year end. The annual report will be approved by Chief and Council and will be provided to Micmacs of Gesgapegiag members, and other organizations, as required.

Purpose

The purpose of this policy is to establish financial and operational reporting requirements and practices to facilitate the preparation and reporting of timely, accurate and relevant operational and financial information on which to assess progress toward achieving priorities, goals, and objectives of activities.

Scope

This policy applies to all financial operations and activities of the Micmacs of Gesgapegiag including those operations that the Micmacs of Gesgapegiag controls. The persons affected by this policy include the Chief and Council, Finance and Audit Committee, Director General, Financial Controller and all employees of the Micmacs of Gesgapegiag involved in operational and/or financial reporting.

Responsibilities

- (1) The Chief and Council is responsible for:
 - a. Reviewing the financial statements and reports and the Finance and Audit Committee's corresponding recommendations;
 - b. Deciding whether to approve the Financial Reports List, the financial statements and reports;
 - c. Documenting procedures for identification of risks;
 - d. Providing for Micmacs of Gesgapegiag members to have access to the minutes of all Micmacs of Gesgapegiag Council meetings, by-laws and resolutions of the

Micmacs of Gesgapegiag, budgets, audit reports and the Micmacs of Gesgapegiag Administration policies and procedures; and

- e. Holding a public meeting with the membership at least once a year, to present an annual report on programs and services, budget, investments and expenditures.

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

- a. Establishing the Financial Reports List and the reporting frequency of the reports that are regularly required from the Micmacs of Gesgapegiag management team; and
- b. Reviewing the Financial Reports List, the monthly reports, quarterly and annual financial statements and reports and the Director General's corresponding recommendations and making appropriate recommendations to Chief and Council.

(3) The Director General is responsible for:

- a. Preparing and updating the Financial Reports List;
- b. Reviewing the financial statements and reports and making appropriate recommendations to the Finance and Audit Committee;
- c. Identifying, assessing, monitoring and reporting on Financial Reporting Risks to the Finance and Audit Committee;
- d. Monitoring and reporting on the effectiveness of mitigating controls for the Financial Reporting Risks and Fraud Risks taking into consideration the cost of implementing these controls;
- e. Ensuring that Financial Reporting Risk assessment and management practices have been performed in relation to quarterly and annual financial statements; and
- f. Periodically reviewing these policies in consultation with the Financial Controller and other employees as appropriate and recommending any updates to the Finance and Audit Committee.

(4) The Financial Controller is responsible for:

- a. Preparing the financial statements and reports in accordance with PSAS and this policy and procedure;
- b. Implementing financial monitoring, including preparing and analyzing budgeted versus actual revenue and expense reports for the FAC use;

- c. Assessing and managing Financial Reporting Risk and reporting risks to the Director General;
- d. Developing and recommending procedures for identifying and mitigating Financial Reporting Risks and Fraud Risks and ensuring approved procedures are followed; and
- e. If the Micmacs of Gesgapegiag has a loan from the First Nations Finance Authority (FNFA) that is secured by other revenues: Maintaining a complete set of all records respecting other revenues of the Micmacs of Gesgapegiag, including all records referred to in section 5 of the *Local Revenue Management Implementation Regulation* as amended by the *Financing Secured by Other Revenues Regulations*.

(5) Heads of Department are responsible for:

- a. Providing all requested information in relation to the preparation of financial statements and reports and the assessment and management of Financial Reporting Risk.

Procedures

(1) Financial Reports List

- a. Chief and Council and the Finance and Audit Committee, with the assistance of the Director General, are responsible for preparing a list of all financial statements and reports that are to be prepared on a regular basis.
- b. The Financial Reports List must include the required monthly information, as well as quarterly and annual financial statements.
- c. Monthly reports prepared by the Financial Controller will be tailored to the needs of the Micmacs of Gesgapegiag's management team for monitoring purposes in the form and content recommended by the Finance and Audit Committee and approved by Chief and Council.
- d. If the Micmacs of Gesgapegiag has borrowed money from the FNFA secured by other revenues, these other revenues must be accounted for and reported on separately.
- e. For each report or financial statement listed, the following information must also be identified:
 - i. A brief description or contents of the report;

- ii. The person responsible for its preparation;
 - iii. When it is to be made available and its frequency; and
 - iv. The report's distribution list.
- f. The Finance and Audit Committee will review and update the Financial Reports List quarterly and annually and will submit the list to Chief and Council quarterly and annually for their review and recommendation.
- g. Chief and Council will review and approve the Financial Reports List quarterly and annually.

(2) Financial statement preparation

- a. The Financial Controller will prepare monthly information respecting the financial affairs of the Micmacs of Gesgapegiag and its quarterly and annual financial statements. Other financial reports that are listed in the approved Financial Reports List will be prepared by the person identified as responsible for its preparation. Monthly financial reporting will include:
- i. interim statements of revenue and expenditures by department provided to the Finance and Audit Committee for review with any discrepancies between the actual results and budgets explained in writing by the Head of Department in question, including suggestions for any action that should be considered; and
 - ii. review by the Finance and Audit Committee of the program expenditures and deviations from budget on a monthly basis, with recommendations by the Finance and Audit Committee to the Head of Department in question, and to the Chief and Council as required and a report of findings to the Chief and Council.
- b. Each quarterly financial statement will include the following for the Micmacs of Gesgapegiag and all its related bodies:
- i. A statement of revenue and expenditures containing a comparison to the approved annual budget (variance from budget and balance remaining);
 - ii. A statement of financial position;
 - iii. Financial institution account reconciliations;

- iv. Financial information for the local revenue account as required by the Financial Administration Law and any relevant policies;
 - v. If the Micmacs of Gesgapegiag has borrowed money from the First Nations Finance Authority secured by other revenues: Financial information respecting these other revenues;
 - vi. Any other information requested by the Finance and Audit Committee or Council.
- c. Each annual financial statement will include the following for the Micmacs of Gesgapegiag:
- i. The financial information and disclosures for the Micmacs of Gesgapegiag for the fiscal year prepared in accordance with PSAS;
 - ii. A Special Purpose Report setting out all payments made to honour guarantees and indemnities;
 - iii. A Special Purpose Report setting out the information required in section 10 of the *Micmacs of Gesgapegiag Financial Administration Law* (Reporting of Remuneration and Expenses);
 - iv. A Special Purpose Report setting out all debts or obligations forgiven by the Micmacs of Gesgapegiag;
 - v. A Special Purpose Report setting out the information required in paragraph 72 of the *Micmacs of Gesgapegiag Financial Administration Law*;
 - vi. If the Micmacs of Gesgapegiag has a land code in force, a report setting out moneys of the Micmacs of Gesgapegiag derived from Micmacs of Gesgapegiag lands, categorized and shown separately from other revenues and that includes a sub-category respecting revenue from natural resources obtained from Micmacs of Gesgapegiag lands; and
 - vii. Any other report required under the Act or an agreement.
- d. Annual financial statements will be prepared according to a standard “financial closing and reporting process checklist”.
- e. Annual financial statements will be presented by the Financial Controller and the Director General to the Finance and Audit Committee along with their comment(s) and recommendation(s), no later than 75 days following the end of the fiscal year for which they were prepared.

- f. The Finance and Audit Committee will review the annual financial statements, the accompanying information, and the comment(s) and recommendation(s). Subsequently, the Finance and Audit Committee will forward the financial statements, accompanying information, and its comment(s) and recommendation(s) to Council no later than 100 days following the end of the fiscal year for which they were prepared.
- g. Council will review the annual financial statements, the accompanying information, and the recommendation(s) of the Finance and Audit Committee and the Director General, and decide to approve or not approve the annual financial statements.
- h. A “financial reporting record” file will be created for each annual financial statement. The financial statement record file will at a minimum contain the:
 - i. Financial statements presented to Chief and Council for approval;
 - ii. Record of, or reference to Chief and Council’s decision to approve or not approve the financial statements, the Finance and Audit Committee’s recommendation(s), and the Director General’s recommendation(s);
 - iii. Completed financial closing and reporting process checklist;
 - iv. Completed highlights memo (if applicable). (More details under (3) c. below)
- i. The financial reporting record file will be classified as confidential and secure, and maintained according to the Information Management Policy and Procedures. Retention period will be seven years unless otherwise specified by legislation or policy.

(3) Financial Reporting Risks

- a. The Financial Controller will review the financial reporting list to ensure that all identified financial statements and reports have been prepared and submitted for review and approval by the dates specified.
- b. Annually, as part of the evaluation process, the Director General will ensure that the persons engaged in the financial management system:
 - i. Have the necessary knowledge, skills and competence to perform the services for which they have been engaged;
 - ii. Confirm in writing that they understand their responsibilities.

- c. The Financial Controller will prepare a highlights memo for each set of quarterly and/or annual financial statements prepared. The highlights memo will, at a minimum, report
 - i. Financial Performance, specifically:
 - a) An assessment of the overall financial situation for the Micmacs of Gesgapegiag (i.e. surplus, deficit, adequate reserves, etc.);
 - b) A review of progress towards financial and operational objectives set during the planning process;
 - c) Identification and explanation of material budgetary variances;
 - ii. Exceptions to expected financial and system performance. Specifically:
 - a) Unanticipated problems preparing the financial statements and the resolution;
 - b) Unusual or unexpected accounting balances or transactions;
 - c) Accounting entries not in the ordinary course of business;
 - d) Instances of financial administration law or system non-compliance, fraud and / or unauthorized activities.
 - iii. Forecast to end of year. Specifically:
 - a) Forecast of annual operations and budgetary performance, and annual cash flow and expected cash surplus or financing requirement;
 - b) Statement of assumptions used in the budget process and any changes in assumptions that affect the budget;
- d. Changes to the accounting software (i.e. new system or major changes to the current system set-up) require authorization from the Financial Controller and consultation and communication with the Finance and Audit Committee and Chief and Council. Changes such as the addition/deletion/ modification of general ledger accounts, customer/member accounts, or vendor accounts require approval from the Financial Controller or designate.

(4) Fiscal year

- a. The fiscal year for the Micmacs of Gesgapegiag will be the period beginning on April 1 and ending on March 31 of the following year.

(5) Annual Report

- a. The Chief and Council must prepare and publish an annual report within the earlier of 180 days after the fiscal year end, or the timeline specified in the *Micmacs of Gesgapegiag Financial Administration Law*, that details the progress towards the financial and operational objectives of the Micmacs of Gesgapegiag over the course of the fiscal year.
- b. The annual report will contain, at a minimum, the following:
 - i. A description of the programs and services provided by the Micmacs of Gesgapegiag administration and its operations;
 - ii. A review of the Micmacs of Gesgapegiag’s achievement towards its priorities, goals and annual objectives;
 - iii. A progress report on any established financial objectives and performance measures of the Micmacs of Gesgapegiag;
 - iv. The audited annual financial statements for the previous fiscal year including any Special Purpose Reports.
- c. The annual report will be made available to all members of the Micmacs of Gesgapegiag [at the Administration office of the Micmacs of Gesgapegiag, on the Micmacs of Gesgapegiag website, etc.] as required by the *Micmacs of Gesgapegiag Financial Administration Law*, and provided to Chief and Council, the First Nations Financial Management Board, the First Nations Finance Authority, and other organizations as required no later than 180 days after the fiscal year end.
- d. The Chief and Council must ensure that a remedy process is available to Micmacs of Gesgapegiag members who have requested but have not been provided with the annual report of the Micmacs of Gesgapegiag within the required timeframe.

(6) Attachments

None

5. FINANCIAL INSTITUTION ACCOUNT AND CASH MANAGEMENT

Policy

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

Purpose

The purpose of this policy is to specify authorities and responsibilities over banking activities including signing and approval authorities, opening and closing of accounts, processing transactions, borrowing funds. It is also to ensure that all financial institution accounts be operated solely for the identified purposes and by properly authorized persons, be reconciled in a timely manner, be independently reviewed and approved, be properly recorded in the book of accounts, be reported in the Micmacs of Gesgapegiag's financial statements, and that records be maintained of all financial institution transactions.

Scope

This policy and procedures apply to Council, the Director General, Financial Controller, and any other Micmacs of Gesgapegiag employee who has been assigned financial institution account responsibilities.

Responsibilities

- (1) Chief and Council is responsible for:
 - a. approving the addition or the removal of authorized signatories for each financial institution account used by the Micmacs of Gesgapegiag;
 - b. designating the Financial Institutions that the Micmacs of Gesgapegiag may conduct banking activities with;
 - c. approving the establishment of an operating line of credit or overdraft account.
- (2) The Finance and Audit Committee is responsible for ensuring significant irregularities or unusual reconciling items are investigated.
- (3) The Director General is responsible for maintaining the list of personnel with signing authority over each account used by the Micmacs of Gesgapegiag
- (4) The Financial Controller is responsible for:

- a. representing the Micmacs of Gesgapegiag in dealing with Financial Institutions;
 - b. approving financial service agreements with Financial Institutions;
 - c. controlling the opening, maintenance and closing of any of the Micmacs of Gesgapegiag's financial institution accounts;
 - d. assigning banking duties and ensuring that adequate segregation of duties is maintained;
 - e. ensuring physical safeguards are implemented over any handling of cash and blank cheques;
 - f. ensuring all money received by the Micmacs of Gesgapegiag is deposited as soon as practicable into the appropriate accounts described;
 - g. reviewing and approving monthly bank reconciliations for each financial institution account;
 - h. ensuring that a reconciliation is performed each month for every financial institution account;
 - i. documenting and alerting the Finance and Audit Committee of any irregularities in the reconciliation process;
 - j. monitoring and forecasting the Micmacs of Gesgapegiag's cash position; and
 - k. managing the Micmacs of Gesgapegiag's short term liquidity and working capital including credit line facilities.
- (5) The employees assigned accounts receivable duties are responsible for:
- a. recording revenue deposited in the accounting system; and
 - b. ensuring all anticipated recurring deposits have been received and alerting the Financial Controller when expected receipts have not been received.
- (6) The employees assigned banking duties by the Financial Controller are responsible for:
- a. receiving cheques and cash;
 - b. preparing cheques and cash for deposit to the appropriate financial institution account; and,
 - c. reconciling petty cash accounts on a regular basis.
- (7) The employee designated by the Financial Controller to prepare financial institution account reconciliations is responsible for:

- a. preparing a reconciliation for each of the Micmacs of Gesgapegiag's financial institution accounts;
- b. ensuring that supporting documentation and records are retained for each reconciliation; and,
- c. alerting the Financial Controller of any irregularities.

Procedures

(1) Financial institution account management

- a. The Financial Controller maintains correspondence and official documents relating to the opening, maintenance, and closing of all financial institution accounts.
- b. The Financial Controller is the Micmacs of Gesgapegiag's primary representative in dealing with Financial Institutions and at least annually provides the designated financial institution representative with necessary financial reporting information and updates on the Micmacs of Gesgapegiag operations and forecasts in order for the Financial Institutions to respond to the Micmacs of Gesgapegiag's financial service requirements.
- c. The Financial Controller is the only individual authorized by Chief and Council to negotiate financial service agreements on behalf of the Micmacs of Gesgapegiag.
- d. The Financial Controller will develop a clear description of the purpose of each financial institution account and provide it to all employees who are responsible for depositing funds or reconciling the accounts.
- e. The list of individuals with authorized signing authorities for each financial institution account will be maintained by the Director General. All changes to signing authorities must be approved by Chief and Council.
- f. Online financial institution access will be permitted and controlled as follows:
 - i. the employee performing account reconciliations will be granted read-only access to the account he/she has been assigned to reconcile;
 - ii. only employees with delegated access from the Financial Controller, will be provided with online banking access to perform transactions;
 - iii. transaction completion activities, such as electronic funds transfers (EFTs), will be controlled in a similar manner as cheques. For individual eft, two employees will be required to approve each transaction. For monthly EFTs, for common monthly transactions (i.e. for specific

suppliers such as Hydro Quebec, Petro Canada, and Mastercard), a second log-in will not be required for approval.

(2) Cash receipts

- a. Cheques received by direct mail will be recorded in a receipt log and endorsed (stamped) as “for deposit only” by a designated person. The log will include the date, source amount and reason for payment.
- b. Cash received will be recorded in a duplicate receipt book. One copy will be provided to the payee submitting the cash and the other will be forwarded to the Finance Department person responsible for accounts receivable.
- c. All cash received will be stored in the Micmacs of Gesgapegiag’s safe or locked cabinet until it can be deposited in a financial institution account. Access to the secure storage should be limited to the employee responsible for making deposits.
- d. Cash will be deposited on a weekly basis, at a minimum, or at any time when a significant amount of cash is received.
- e. A list of anticipated ongoing deposits will be maintained and reviewed on a monthly basis. Any expected deposits that have not been deposited in the financial institution account(s) will be reported by the employee responsible for making deposits to the Financial Controller immediately.

(3) Petty Cash

- a. A limited number of petty cash accounts as determined by the Financial Controller and based on business needs will be created to pay for small items when payment by cheque is not practical or possible; however, every effort will be made to pay by cheque or electronic transfer. Petty cash will be managed as follows:
 - i. the creation of a petty cash account must be approved by the Financial Controller;
 - ii. the total amount of the fund will not exceed \$200;
 - iii. the maximum transaction that can be paid using petty cash will not exceed \$200;
 - iv. the person responsible for the security of the fund will maintain an activity log, supporting documentation, and reconciliation;
 - v. petty cash reconciliations will occur monthly;

- vi. petty cash funds and supporting documentation (vouchers, receipts) must be kept in a safe location (locked drawer or safe); and
- vii. accounts payable will replenish the petty cash fund only with complete documentation and a completed petty cash fund reconciliation.

(4) Cheque stock

- a. All blank cheque stock will be stored in a locked cabinet or safe with controlled or limited access.
- b. Cheque stock should be sequentially pre-numbered.
- c. No accounts payable personnel, or the person authorized to print out cheques, shall be authorized to sign cheques or approve money transfers.
- d. No one person or employee will be allowed to enter invoices, select invoices for payment and then print and sign cheques. At minimum, this process requires at least two individuals to ensure a minimum segregation of duties.
- e. Cheque signers will not sign blank cheques under any circumstances.

(5) Credit Lines

- a. The Chief and Council will authorize the draw down on any line of credit or overdraft facilities upon a recommendation from the Financial Controller.

(6) Opening a Financial Institution Account

- a. A written request to open a new financial institution account must be prepared by the Financial Controller, including a description of the purpose of the account, and must be reviewed and approved by Chief and Council.
- b. Once the financial institution account has been approved, the Financial Controller or designate prepares an account inventory form, which includes the following elements:
 - i. Name of account;
 - ii. Instructions regarding purpose of account;
 - iii. Names of signatories and authority limits;
 - iv. Address where all statements and correspondence are to be sent; and
 - v. The contact person or department at the financial institution.
- c. The account establishment letter must be signed by any two of the following: Director General, Financial Controller and any Councillor with signing authority.

- d. The financial institution accounts will be created such that all non-deposit transactions (such as cheques, electronic transfers, etc.) require two signatures for approval according to the Delegated and Assigned Responsibilities Policy.
- e. Once the financial institution account is opened, the Financial Controller notifies the appropriate Finance Department personnel to activate the account in the general ledger.

(7) Closing a Financial Institution Account

- a. A written request to close a financial institution account must be prepared by the Financial Controller, including a description of the reason(s) for closing the account, and must be reviewed and approved by Chief and Council.
- b. The request to close must include:
 - i. Name of account;
 - ii. Financial institution account number;
 - iii. Closing bank balance and statement; and
 - iv. Approval by appropriate Micmacs of Gesgapegiag Head of Department
- c. Upon approval, a financial institution account closing letter will be prepared and delivered to the financial institution with instructions to transfer any remaining account balance. The letter will be signed by at least two authorized signatories of the Micmacs of Gesgapegiag.
- d. Once the financial institution account has been closed, the Financial Controller notifies the appropriate Finance Department employee to deactivate the account in the general ledger.

(8) Account Reconciliation

- a. Each of the Micmacs of Gesgapegiag's financial institution accounts will be reconciled to the accounting system records on a monthly basis within 10 business days of the end of the month.
- b. Reconciliation records will be retained. Documentation to support the amounts recorded on the reconciliation, such as accounting system general ledger reports, financial institution statements, outstanding cheque reports, etc., will be included in the reconciliation file.
- c. The employee preparing the financial institution account reconciliation will monitor and investigate adjustments that carry over from month to month.

- i. Outstanding cheques will be monitored and any cheques outstanding for more than four months will be investigated with the employee responsible for preparing cheques (i.e. Accounts Payable) to determine whether the cheques remain valid or if they should be stale-dated.
 - ii. Any in-transit deposit will be investigated immediately if not cleared by the financial institution within one week.
 - iii. Unusual, or unresolved entries that carry over for more than one month, will be reported to the Financial Controller.
- d. The employee preparing the reconciliation will sign it as evidence that the reconciliation is complete and that they have carried out their duties as described in this policy.

(9) Independent Review

- a. The Financial Controller will review and approve each financial institution account's monthly reconciliation for completeness, timeliness and accuracy. The Financial Controller will review to ensure that unusual adjustments are well explained, supported, and, if material in nature, are brought to the attention of the Finance and Audit Committee.
- b. The Financial Controller performing the independent review will sign and date the reconciliation to indicate that they have carried out their duties as previously stated within section 4.D.4 of the Finance Policies and Procedures.

(10) Irregularities

- a. Irregularities, such as significant reconciliations that do not balance or unusual adjustments, will be reported by the Financial Controller to the Finance and Audit Committee;
- b. The Financial Controller will provide a copy of the reconciliation with explanation of the irregularities to the Chairman of the Finance and Audit Committee as soon as the irregularities arise.

Attachments

Appendix B – Financial Institution Account Reconciliation Template

6. PROCUREMENT

Policy

The procurement of goods, services and assets will be conducted with sufficient due diligence to demonstrate transparency, fairness, quality, and value for money in meeting the Micmacs of Gesgapegiag's requirements. Purchases from one supplier for the same project shall not be split to circumvent the above limits. Employees making purchases without proper authorization will be subject to disciplinary action. Employees may be required to pay for items purchased without the proper authorization.

Purpose

The purpose of this policy is to provide guidance to the Micmacs of Gesgapegiag on how purchases will be planned, approved, managed and paid. This policy and procedures must be implemented along with the policy and procedures on Delegated and Assigned Responsibilities from the Micmacs of Gesgapegiag Governance Policy.

Scope

This policy applies to Chief and Council, Director General and any other Micmacs of Gesgapegiag employees involved in purchasing goods, services and assets on behalf of the Micmacs of Gesgapegiag.

Responsibilities

- (1) The Chief and Council are responsible for:
 - a. Ensuring effective control of procurement of goods, services and assets through documented policies and procedures.
- (2) The Director General is responsible for:
 - a. Ensuring the procurement process is fair, open, and demonstrates accountability to obtain the Best Value for time and money; and
 - b. Communicating the policy and procedures to all parties who are affected.
- (3) The Financial Controller is responsible for:
 - a. Developing, documenting and maintaining policies and procedures relating to the procurement process for goods, services, and assets;

- b. Assisting in the selection, evaluation, and monitoring of contractors and suppliers;
 - c. Managing and monitoring expenditures and identifying and reporting on budget variances; and,
 - d. Ensuring that personnel with procurement responsibilities receive appropriate guidance and assistance in the performance of their duties.
- (4) The Heads of Department are responsible for:
- a. Communicating the relevant policies and procedures to employees;
 - b. Ensuring that employees receive appropriate guidance and assistance in completing a procurement activity; and,
 - c. Ensuring that all procurements of goods, services and assets by their respective department are done according to this policy and procedures.

Procedures

(1) Procurement of low value items goods and services

- a. Goods and services under the 'low' value threshold can be procured by the authorized individuals noted in Appendix C for each threshold of value.
- b. The responsible employee noted in Appendix C will ensure that the goods or service selected is the Best Value for Micmacs of Gesgapegiag.
- c. The responsible employee noted in Appendix C will sign the invoice indicating that the goods or services have been received under the terms in the agreement between the Micmacs of Gesgapegiag and the vendor.

(2) Procurement of moderate value goods and services

- a. The responsible employee noted in Appendix C will perform a documented analysis of the costs and benefits of at least three options to procure the good or service.
- b. Where practical, at least two informal quotes will be obtained through advertisements, direct solicitations to contractors/suppliers and other methods in an effort to compare prices and select the best option for the Micmacs of Gesgapegiag.
- c. When appropriate, the Micmacs of Gesgapegiag will promote the use of local content in the procurement of goods and services in accordance with Appendix E.

(3) Procurement of high value goods and services

- a. Goods and services classified as high value according to Appendix C will be procured using a competitive tendering process.
- b. When appropriate, the Micmacs of Gesgapegiag will promote the use of local content in the procurement of goods and services in accordance with Appendix E.
- c. Under a competitive tendering process, the Micmacs of Gesgapegiag must use either an Invited Tender or an open tender to award a contract.
- d. For each tendering process an RFP will be issued and will include the following components:
 - i. Date by which proposals are due;
 - ii. Background to the requirement (e.g., context, challenges);
 - iii. Specific requirements of the proposal including any requirements set out in Chief and Council policy for the management of Capital Projects (e.g. course of construction insurance, performance guarantees and bonding);
 - iv. Qualifications of the ideal supplier (e.g. track record, experience, integrated services);
 - v. Criteria and weighting (if applicable) by which proposals will be assessed;
 - vi. Planned contract award date;
 - vii. Process for entertaining questions regarding the RFP and sharing responses with other potential suppliers;
 - viii. Caveat providing the Micmacs of Gesgapegiag with the right to select any proposal or none;
 - ix. A checklist of other special terms and conditions (e.g., maximum price expected, delivery dates or constraints) that would be critical for an organization to build into their response to meet the needs of the Micmacs of Gesgapegiag.
- e. The Director General, one representative from Chief and Council, and any required staff possessing relevant expertise will form a review panel and review the proposals received against the pre-determined selection criteria for the RFP. The review panel will provide Chief and Council with a recommended course of action.

- f. To maintain consistency in the procurement process, a standard methodology will be used to evaluate each contractor/supplier (Appendix D). The methodology will include, at a minimum, an evaluation of:
 - i. How the contractor/supplier meets the RFP or tender requirements and specifications;
 - ii. The contractor/supplier's qualifications;
 - iii. The price quoted; and
 - iv. Results and quality of all work the contractor/supplier has previously done for the Micmacs of Gesgapegiag.
- g. Other requirements will be added to the methodology as deemed necessary by the Director General.
- h. Normally an RFP process as described above will be followed to procure goods and services. Exceptions to this process (i.e. granting a Sole Source contract, non-competitive contract award) will be rare and limited to the following situations:
 - i. If there were no bids received during the tender call or RFP process;
 - ii. When the good or service is available only through a Sole Source;
 - iii. In an emergency situation where a delay in procuring the good or service would result in severe loss or damage to the Micmacs of Gesgapegiag.
- i. Any exceptions to the procurement process will be documented to demonstrate the rationale and approval of a non-standard procurement process.

(4) Approval, initiation and monitoring

- a. Approval of procurement decisions should be documented on the relevant purchasing document (i.e. requisition, purchase order, or contract, depending on the nature of the procurement activity).
- b. Once approved, the Financial Controller will ensure that a Purchase Order system is in place for each procurement activity over \$100 and for each contracted procurement so that money is set aside and used specifically for those goods or services.

- c. On a monthly basis, the Financial Controller will review the status of purchase orders, noting and investigating any over budget commitments. Procurement activities over budget will be reported to the Director General.
- d. At each Finance and Audit Committee the Director General will report on the status of a Capital Project including a comparison of expenditures to date with the project budget and a detailed description of any identified legal, financial, technical, scheduling or other problems and the manner in which it has been or will be addressed.

(5) Purchase Orders

- a. No purchase can be made without a duly signed purchase order (PO) for the buying of supplies and services. Price quotes must be obtained for all purchases over \$100, as well as the credit terms available, shipping and delivery costs and other pertinent factors, with the aim of obtaining the best financial arrangement for the Micmacs of Gesgapegiag.
- b. The respective Head of Department must sign all purchase orders and they must ensure that the POs are coded correctly.
- c. All purchase orders must be approved by the Financial Controller and, in their absence, by the Director General, provided that:
 - I. The services or goods to be purchased are required for a valid purpose of the Micmacs of Gesgapegiag;
 - II. The necessary funds are identified in an approved budget; and
 - III. Purchases are made in accordance with the established regulations and procedures of the Administration.
- d. Purchase orders must be submitted to the Accounting Department at the time of purchase. Cancelled POs should be clearly marked as such and kept on file at the Accounting Department. When goods are received, the POs must be compared to the invoice to check that only authorized items were purchased at the agreed price. This will be done by the Finance Department.

(6) Payment

- a. Micmacs of Gesgapegiag will reimburse expenses based on the performance/objective/milestones (as per the statement of work) and the dates that these objectives/milestones will be met or expected to be achieved.
- b. Once the contract/statement of work has been accepted by both the client and the Micmacs of Gesgapegiag and the client has met all of the terms and conditions of the work, a recommendation that advance payment may be issued when identified as necessary and essential to the achievement of the objectives of the project or activity. The Micmacs of Gesgapegiag often has an ongoing relationship with the clients, the risk associated with advances are significantly reduced as funds can be easily recovered from future funding. Advances will either be made based of the client’s monthly cash flow requirements or based on the table below.

Total Value of annual amount of the client’s contract	Initial Advance	Subsequent Advances
Up to \$24,999	90%	N/A
\$25,000 - \$100,000	Up to 75%	Quarterly
\$100,001 - \$250,000	First Quarter	Quarterly
\$250,001 - \$500,000	First Quarter	Monthly, beginning in 4 th month
Over \$500,000	First Month	Monthly

- c. The head of the Department or the Financial Controller will confirm that the client remains compliant with the terms and conditions of the agreement by providing the following:
 - Overall status report on the project
 - Confirmation that all reporting requirements/ regulations have been met
 - Any issues, concerns or follow up items
 - Report a summary of costs incurred against each cost category

(7) Documentation requirements

- a. All procurement documents will be created, managed and maintained in accordance with the Micmacs of Gesgapegiag Information Management Policies and Procedures.
- b. All procurement documents (including but not limited to Requisitions, invoices, purchase orders, request for proposals or tender calls) will clearly indicate the details of the goods and services requested.

- c. Approvals and budget appropriations and accounts from which certain goods or services may or must be purchased will be documented on relevant internal procurement documentation.
- d. A file will be created, by the issuing department, for each RFP/Tendering process that contains the results of each supplier evaluation.

(8) Monitoring of Contractors/Suppliers

- a. On an ongoing basis, the Director General will monitor the quality of the work and the working relationship with the contractor/supplier. Any issues noted will be documented in the contractor/supplier file and resolved by the Director General.
- b. Performance evaluation should be tailored to job size and complexity. A review of both the project quality and the service quality should be conducted using a standard set of criteria and applying weight factors established at the time of award. Any adjustments to the criteria weighting should not be made without the contractor/supplier's concurrence.

(9) Encouraging new contractors/suppliers

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

Attachments

Appendix C – Purchasing Approval Limits

Appendix D – Sample Contractor/Supplier Evaluation Template

Appendix E – Local Content

Appendix F – Template for Contracts with Contractors/Suppliers

Appendix G – Sample Purchase Order and Cheque Requisition

7. EXPENDITURES

Policy

Expenditures paid to suppliers or reimbursed to Chief, Councillors, members of committee, officers, and Micmacs of Gesgapegiag employees will be in support of valid Micmacs of Gesgapegiag activities, duly authorized, accurately recorded in the financial system and sufficiently supported through original documentation.

Purpose

The purpose of the policy is to ensure that all expenditures from Micmacs of Gesgapegiag's funds are in support of valid Micmacs of Gesgapegiag programs and activities and that processing of payments are subject to proper approvals and budgetary controls.

Scope

This policy and procedure apply to the Chief and Council, committees established by Chief and Council, officers, employees of the Micmacs of Gesgapegiag and any other persons conducting activities in connection with the Financial Administration of the Micmacs of Gesgapegiag.

Responsibilities

- (1) Chief and Council or employees listed in the Delegation Table from the Policy and Procedures on Delegated and Assigned Responsibilities are responsible for:
 - a. Before approving an expenditure, ensuring that:
 - i. They have the delegated authority to do so;
 - ii. The expenditure is permitted under the current Micmacs of Gesgapegiag annual budget and as required in the Micmacs of Gesgapegiag Financial Administration Law;
 - iii. Funds are available and set aside or a funding agreement has been signed or a written confirmation that the expenditure will be financed has been received.
 - b. Reviewing reimbursable expenditure claims to ensure that the requirements of this policy have been met before approving for payment.

- (2) The employees assigned responsibility for paying accounts will:
 - a. Ensure that all expenditures have the required approvals per this policy and the Policy and Procedures on Delegated and Assigned Responsibilities before processing for payment; and
 - b. Ensure that all required documentation accompanies each payment and is retained in the financial records of the Micmacs of Gesgapegiag in accordance with the Information Management Policy and Procedures.
- (3) Employees, committee members and Chief and Council members are responsible for:
 - a. Ensuring that all reimbursable expenditures claimed are in accordance with this policy and procedures;
 - b. Preparing a reimbursable expenditure claim that includes all required documentation; and
 - c. Seeking approval from the Director General for items that are not addressed in this policy before proceeding.
- (4) The Director General is responsible for:
 - a. Providing pre-approvals for planned expenditures that have not been specifically addressed in this policy but that he/she deems to meet the intent of the policy and as are permitted in the *Micmacs of Gesgapegiag's Financial Administration Law 2017*; and
 - b. Approving expenditures for any emergency purpose that was not anticipated in the budget if the expenditure is not expressly prohibited by or under the *Micmacs of Gesgapegiag's Financial Administration Law* or another Micmacs of Gesgapegiag law.
- (5) The Financial Controller is responsible for:
 - a. Ensuring that all personnel involved in the processing of payments on behalf of Micmacs of Gesgapegiac have the appropriate skills, direction and supervision to complete their duties
 - b. Monitoring adherence of all Micmacs of Gesgapegiag entities to the requirements of all outside funding sources

Procedures

(1) General and Operational Expenditures

- a. All purchases of goods, services or assets will be made in accordance with the Procurement Policy and procedure and the Policy and Procedures on {Delegated and Assigned Responsibilities.
- b. In emergency situations, the Director General may approve the purchase of goods, services or assets that were not anticipated in the budget and are not procured in accordance with the Procurement Policy and Procedures and the Delegated and Assigned Responsibilities Policy and Procedures. The rationale for the purchases must be documented by the Director General and the purchases must be reported immediately to the Finance and Audit Committee and to Chief and Council. If possible, the payment of the purchases should be in accordance with the Procurement Policy and Procedures and the Delegated and Assigned Responsibilities Policy and Procedures.
- c. For reimbursable expenditures related to Micmacs of Gesgapegiag activities that are funded through an outside source (i.e. a Federal government contribution agreement), requirements of that source will be monitored by the Financial Controller to ensure proper adherence to all accepted terms and conditions.
- d. Receiving documents for all goods and services received will be reviewed and initialed by the Micmacs of Gesgapegiag employee receiving the goods, who will ensure that the goods and services are all received in satisfactory condition, and that any goods not received are clearly identified as such. The receiving documentation must be forwarded along with any other purchase documentation (i.e. invoice, purchase order) to the Finance Department.
- e. If goods are received without receiving documents, the employee receiving those goods is to create a receiving slip noting what goods were received, date of receipt, delivery agent, First Nation contact person (normally the person who initiated the expenditure), and the supplier. The receiving document will be initiated by the delivery agent and the employee receiving the goods, and then forwarded with the Requisition for payment to the Finance Department.
- f. The Finance Department will match the receiving documentation with the respective purchase order and will advise the person responsible for requesting the purchase that the goods have been received and whether or not an invoice from the supplier has been received and entered.

- g. All supplier invoices are to be forwarded to the Finance Department.
- h. The Finance Department will match all invoices to the purchase order, contract or cheque requisition before processing payment.
- i. All requests for payment for performance of work or services or supply of good must be initiated through a Cheque Requisition or an invoice initialized by the Head of Department and the Financial Controller or the Director General certifying that:
 - i. the work or services have been performed or the goods supplied, any conditions in an agreement respecting the work, services or goods have been met and the price charged or amount to be paid is in accordance with an agreement or, if not specified by an agreement, is reasonable; or
 - ii. if payment is to be made before completion of the work or services, delivery of the goods or satisfaction of any conditions in an agreement, the payment is in accordance with the agreement.
- j. All cheque requisitions or Invoices must identify the appropriate account or trust account out of which payment is to be made and must include a statement certifying that the expenditure is not prohibited and that it is:
 - i. in accordance with the appropriation identified in the certified statement; or
 - ii. allowed without the authority of an appropriation under the *Micmacs of Gesgapegiag's Financial Administration Law*.

(2) Payroll

- a. Employee payroll will be paid on a weekly basis.
- b. Details related to payroll and payroll processing are included in the Micmacs of Gesgapegiag Human Resources Policies and Procedures.

(3) Reimbursable Expenditures - Travel

- a. Details related to travel reimbursement are included in the Micmacs of Gesgapegiag Travel Policy and Procedures.

(4) Hospitality

- a. Hospitality budgets will be set at the beginning of the fiscal year through the budget planning process. Only the Chief and Council and the Director General are entitled to a hospitality budget.

- b. Pre-approval by the Director General will be obtained for any meals/expenses that are not within the Chief and Council hospitality budget or that are over \$100 and Chief and Council will provide pre-approval for any similar expenditure by the Director General.
- c. For meals and event expenses, the individual requesting reimbursement must clearly document the purpose of the meal/event, objectives, and individuals (name, position, organization) that are in attendance. Documentation may be on the receipt(s) or in a memo attached to the expense report.
- d. Hospitality funds are available for official Micmacs of Gesgapegiag business only. Restrictions on hospitality fund usage include:
 - i. Family members must not benefit from hospitality funding;
 - ii. Gifts, if within budget, can be purchased using hospitality funds. Small token gifts of a nominal value (Under \$100), for example, may be given to key contacts; and,
 - iii. Alcohol must not be purchased using hospitality funds.
- e. Hospitality expenses must include original supporting documentation demonstrating the goods or service received (original itemized receipts or invoices) and proof of payment.

(5) Memberships, Certification or License

- a. Memberships in professional organizations, or maintenance of a certificate or license, that are required for an individual's position or are meeting a demonstrated need of the Micmacs of Gesgapegiag will be reimbursed provided that the appropriate Head of the Department has pre-approved the reimbursement for any employee and the Director General for any Head of Department.
- b. For other expenditures, and other memberships not listed in this policy, pre-approval is necessary from the Director General before initiating the expenditure and submitting a reimbursement claim.
- c. If a person's employment with Micmacs of Gesgapegiag is terminated for any reason, at the discretion of the Director General, the proportionate amount of the fees for the membership, certificate or license, that relates to time after the date of the termination, may be considered as amounts owing to Micmacs of Gesgapegiag for which reimbursement may be required from the terminated employee or may be deducted from the employee's final pay.

(6) Expenditure Reporting and Documentation

- a. For general and operational expenditures, the following should be submitted to the Finance Department for payment
 - i. Reference to original funding contract number or agreement number (if applicable).
 - ii. Original invoice.
 - iii. Purchase order (if applicable).
 - iv. Receiving documents / packing slips.
 - v. For payroll: payroll authorization form, timesheets, and salaried employee adjustments.
 - vi. Cheque requisition that has signed approval according to the Delegated and Assigned Authorities Policy and Procedures and the *Micmacs of Gesgapegiag's Financial Administration Law*.
- b. Reimbursable expense claims must be complete, sufficiently supported, and recorded on the prescribed expense claim form. Before submitting expenses to the Finance Department for approval and payment, the employee must ensure that they have prepared a complete claim that includes:
 - i. The employee's signature and date signed, acknowledging that all amounts claimed are accurate and in support of Micmacs of Gesgapegiag official business;
 - ii. Original receipts for all amounts claimed. Depending on the nature of the claim, these can include
 - a) Invoices.
 - b) Itineraries for air/train travel (as per the travel policy).
 - c) Itemized restaurant bills (where per diems do not apply).
 - d) Support for any exchange rates used in the expense claim. Sufficient support includes receipts from a currency exchange agency for money exchanged or credit card bills showing the exchange rate received. When neither is available, the Bank of Canada official rate for the date of the expenditure shall be used.
 - e) Signed travel authorization from the employee's manager (for the Director General a member of Council will approve, for the Chief or

a Councillor, the Chair of the Finance and Audit Committee will approve).

- f) Proof of payment for items claimed, which includes credit card or debit receipts.
- c. Credit card receipts alone are not sufficient, the original itemized receipt or invoice from the supplier must be included in every reimbursement or expense claim.
- d. For all expenditures, claims with the appropriate support as described in section (6) above must be submitted to Accounting within 30 days of the expense being incurred.

(7) Approval for Payment

- a. No money may be paid out of any account without either a signed cheque requisition (Annex G) or a signed invoice.
- b. Invoices received must be immediately signed and forwarded to the Finance Department who will then process them to:
 - i. Match with the purchase order and the receiving document,
 - ii. Ensure that all required documentation has been submitted to support payment,
 - iii. Verify mathematical accuracy,
 - iv. Ensure that any taxes are correctly calculated and processed if applicable for tax exemption claims,
 - v. Confirm that funds are available to pay the invoice,
 - vi. Identify and note the authorized general ledger account coding, and
 - vii. Ensure that the person who approved the invoice has the authority to do so as per the Delegated and Assigned Responsibilities Policy and Procedures.
- c. Invoices for goods or services that have not been ordered through a purchase order or contracting process, can only be approved for payment by the Financial Controller or the Director General. Approval for payment will:
 - i. Be evidenced by a dated signature or initials on the invoice, or invoice batch summary.

- ii. Attest that the good or service has been received in accordance with the terms and conditions of the purchase, and that the invoiced amount is accurate mathematically and also for any tax's calculation, and
 - iii. Identify and note the authorized general ledger account coding.
- d. The individual that authorizes the expenditure cannot be the same individual who approves the Requisition for Payment.
- e. Reimbursable expense claims will be reviewed by the responsible employee(s) in the Finance Department to ensure that
 - i. The expense claim is mathematically correct and that taxes are identified and accounted for correctly,
 - ii. Authorized general ledger account coding instructions are identified,
 - iii. Expenses claimed are for authorized activities,
 - iv. The claimed expenses are eligible and comply with this policy and procedure, and
 - v. Adequate and sufficient supporting documentation is attached.
- f. Any exceptions to the above will require authorization from the Financial Controller for payment.
- g. The Accounting Clerk will enter invoices and reimbursable expense claims into the general ledger for payment only when they have been appropriately processed and approved according to this policy and procedure and the Financial Administration Law.
- h. Invoices or reimbursable expense claims that are still being processed or approved at the end of an accounting period will be recorded as an accrued liability.
- i. Claims that do not meet the requirements outlined in this policy will be denied reimbursement.

(8) Payments

- a. Accounts payable will be paid within thirty (30) days of the receipt of an invoice or reimbursable expense claim, with the exception of those invoices or expense claims which have not received the required approval.
- b. Finance Department will prepare cheques for Friday distribution. Cheque requests must be submitted by Wednesday at noon, in order to be included in the Friday cheque distribution.

- c. The payments package will be provided to two authorized signatories, and will be accompanied by
 - i. A listing of all payments prepared noting the payee, amount, and payment date,
 - ii. Supporting documentation for each payment (e.g. cheque, transfer) including
 - a) Approved invoices, expense claims, purchase orders, and receiving documents, and
 - b) Evidence that Accounting has completed the processing of the payment, including account coding.
- d. Payments will be initiated / distributed by Finance Department immediately upon receipt of the signed payments from two authorized signatories.
- e. All documentation supporting payment will be retained in accordance with the Information Management Policy and Procedures. This will include purchase orders, invoices, contracts, packing slips, reimbursable expense claims with receipts, etc.
- f. Accounts Payable employees will notify the Financial Controller immediately of any instances of
 - i. Non-compliance with policy requirements that cannot be resolved, and
 - ii. Suspected fraud.

Attachments

Appendix G – Sample Purchase Order and Cheque Requisition

8. LONG-TERM DEBT

Policy

All proposals for funding through long-term debt obligations will be submitted to the Finance and Audit Committee for review and recommendation and to Chief and Council for review and approval and will be supported by a financing proposal. Long-term debt obligations will be recorded, monitored, reconciled and reported to Chief and Council quarterly through the Finance and Audit Committee and any exceptions or issues identified and resolved.

Purpose

The purpose of this policy is to establish an effective and accountable borrowing framework for the Micmacs of Gesgapegiag.

Scope

This policy and procedures apply to Chief and Council, Director General, Financial Controller, Tax Administrator, Finance and Audit Committee, and those persons with the authority to recommend or approve long-term debt.

Responsibilities

- (1) Chief and Council is responsible for
 - a. Reviewing and approving any proposed long-term debt financing, including the terms and conditions, recommended by the Finance and Audit Committee.
- (2) The Finance and Audit Committee is responsible for
 - a. Reviewing any long-term debt financing proposal report, including any loan, presented by the Director General and Financial Controller and recommending a course of action to Chief and Council;
 - b. Monitoring borrowings, loans and payments in respect of each Capital Project.
- (3) The Director General is responsible for
 - a. Reviewing any long-term debt financing proposal report prepared by the Financial Controller and recommending a course of action to the Finance and Audit Committee.

- (4) The Financial Controller is responsible for:
- a. Preparing any long-term debt financing or loan proposal report for each proposed financing and presenting it to the Director General for review and comment;
 - b. Ongoing monitoring and management of all long-term debt obligations or loans, including timely payments, maintaining sufficient documentation, and performing regular reconciliations of debt transactions; and
 - c. Reporting and disclosing the long-term debt obligations and/or loans in the financial statements in accordance with PSAS, the Financial Administration Law and any agreements under which the long-term debt obligations were incurred.

Procedures

(1) Determination of need and evaluation of options

- a. The Director General and Financial Controller will document the requirement for the Micmacs of Gesgapegiag to incur a long-term debt obligation by examining the strategic plans, multi-year financial plan, annual budget, current financial situation, and any planned activities requiring funding. Once the need and amount of funding required is determined, the Financial Controller will work with the Director General to outline the various financing options available to the Micmacs of Gesgapegiag.
- b. The Financial Controller, with employees of the Finance Department, as appropriate, will prepare a long-term debt financing proposal report which includes the following:
 - i. Need for financing and alternatives considered;
 - ii. Evaluation of available financing options;
 - iii. Recommended financing option;
 - iv. Proposed security for the financing option;
 - v. Purpose, use and application of funds;
 - vi. Description of re-payment plans based on cash flow analysis;
 - vii. Linkage to the Micmacs of Gesgapegiag integrated planning process, including the strategic plan, multi-year financial plan, annual budget, and cash flow statements;
 - viii. Identification of any provisions in the *Micmacs of Gesgapegiag Financial Administration Law* or in any other applicable law that limits debt which can be incurred by the Micmacs of Gesgapegiag or that imposes

requirements or conditions which must be met before debt may be incurred; and

- ix. Requirement for consultation with members of the Micmacs of Gesgapegiag before any Capital Project-related debt is incurred by the Micmacs of Gesgapegiag.
- c. The Financial Controller will consider at least the following for each financing alternative identified in the report:
- i. Impact on future budgets and projected cash flow;
 - ii. The cost to the Micmacs of Gesgapegiag;
 - iii. Level of risk involved (i.e. covenant risks, refinancing, earnings dilution, interest rate risk, project completion risk);
 - iv. Micmacs of Gesgapegiag's ability to service the long-term debt and repayment schedules;
 - v. An analysis of the terms and conditions and how these would impact the Micmacs of Gesgapegiag; and
 - vi. Any financial reporting implications.
- d. The Director General will review and approve the content of the long-term debt financing proposal report prepared by the Financial Controller, including a recommended course of action to the Finance and Audit Committee.
- e. The Director General will obtain concurrence from legal counsel on the long-term debt financing proposal, if necessary.

(2) Approval

- a. The Director General and Financial Controller will present the long-term debt financing proposal report to the Finance and Audit Committee for their review. The Finance and Audit Committee will review the report and make a recommendation to Council on whether to incur the long-term debt and which option it recommends.
- b. Chief and Council will review the long-term debt financing proposal report and accompanying recommendations. Subject to the *Micmacs of Gesgapegiag's Financial Administration Law 2017*, Chief Council will vote on whether to approve the requirement for entering into a long-term debt obligation. If the requirement to incur debt is approved, Chief and Council must also approve, through a Council Resolution, the terms and conditions of the long-term debt financing option that will

be used. Before approving any long-term debt obligation, Chief and Council may have to consult the membership.

(3) Management and monitoring of debt obligations

- a. The Chief and Council will manage and monitor the long-term debt obligation by:
 - i. Ensuring the multi-year financial plan of the Micmacs of Gesgapegiag demonstrates how and when this deficit will be addressed and how it will be serviced;
 - ii. Ensuring the deficit does not have a negative impact on the credit worthiness of the Micmacs of Gesgapegiag; and
 - iii. Ensuring that any financial covenants contained in lending agreements are reported upon to the appropriate stakeholders in a timely manner.
- b. The Financial Controller will manage and monitor the long-term debt obligation by:
 - i. Ensuring that timely payments are made according to the terms and conditions/repayment schedule of the long-term debt obligation;
 - ii. Performing [monthly/quarterly] reconciliations between the Micmacs of Gesgapegiag's financial records and statements from the lender; and
 - iii. Calculating any financial covenants contained in lending agreements and evaluating whether compliance with the terms of the covenants have been met.

(4) Reporting

- a. The Financial Controller will ensure that the long-term debt obligation is reported to the Finance and Audit Committee on a quarterly basis in the financial statements in accordance with PSAS and any requirements of the Financial Administration Law.

(5) Records management

- a. The Financial Controller will ensure that records pertaining to each long-term debt obligation are created, maintained and retained in accordance with the Information Management Policies and Procedures. For each long-term debt obligation, the following will be documented:
 - i. The loan agreement and any ancillary agreements;
 - ii. The long-term debt financing proposal report on which council based its decision;

- iii. Documented Chief and Council approval and required membership consultations;
- iv. An interest and principal repayment schedule (if applicable) that includes the dates of all payments required under the loan agreement or plan for extinguishing the debt;
- v. The cost of borrowing including interest payments and service or other charges;
- vi. The purpose for which the long-term debt has been incurred;
- vii. Reconciliations of the long-term debt with lender records.

Attachments

None

9. LOANS RECEIVABLE, GUARANTEES AND INDEMNITIES

Policy

The Micmacs of Gesgapegiag will ensure that any loans receivable, Loan Guarantees and indemnities given will be made in accordance with written agreements which include standard clauses, are appropriately approved, are monitored for compliance with agreement terms regularly, and are reported to the Finance and Audit Committee on a quarterly basis. Any loans receivable entered into between the Micmacs of Gesgapegiag and a member or an entity in which a member of the Micmacs of Gesgapegiag has an interest must be part of a loans receivable program approved by Chief and Council which is universally available to all members in a fair and transparent manner and in accordance with published terms and conditions which are accessible to all members.

Micmacs of Gesgapegiag does not provide personal loans or advances to members.

Purpose

The purpose of this policy is to provide the Micmacs of Gesgapegiag with an effective and transparent process for the approval, collection and documentation of loans receivable, Loan Guarantees and indemnities given by the Micmacs of Gesgapegiag as authorized in its Financial Administration Law.

Scope

This policy and procedures apply to loans receivable, loan guarantees and/or indemnities entered into between the Micmacs of Gesgapegiag and:

- (1) a member of Chief and Council;
- (2) a Finance and Audit Committee member or any other Micmacs of Gesgapegiag committee member;
- (3) an employee of the Micmacs of Gesgapegiag;
- (4) a Micmacs of Gesgapegiag member or entity in which a Micmacs of Gesgapegiag member has an interest; and
- (5) any other third party whether an individual or business entity including government business enterprises.

Responsibilities

- (1) Subject to the *Micmacs of Gesgapegiag's Financial Administration Law*, Chief and Council are responsible for:
 - a. Approving and signing Loan Receivable agreements;
 - b. Approving and signing Loan Guarantee agreements;
 - c. Approving and signing Indemnity agreements;
 - d. Approving debt forgiveness;
 - e. Approving the standard template, clauses, and interest rates (if applicable) to be applied to all Micmacs of Gesgapegiag members, any entity in which a member of the Micmacs of Gesgapegiag has an interest or any other party with respect to loans receivable, Loan Guarantees and indemnities; and,
 - f. Reviewing the report of the Financial Controller and the Finance and Audit Committee for a lending program to members where such program is authorized in the *Micmacs of Gesgapegiag Financial Administration Law* and, where appropriate, approving such program.
- (2) The Finance and Audit Committee is responsible for:
 - a. Reviewing a report made by the Financial Controller respecting a lending program to members and making any recommendations to Chief and Council;
 - b. Monitoring the status of Micmacs of Gesgapegiag's loans receivable, Loan Guarantees and indemnities and reporting to the Chief and Council; and,
 - c. Monitoring the administration of any Chief and Council approved program of lending to members and any amendments thereof.
- (3) The Director General is responsible for:
 - a. Approving all expense claims of Heads of Department and, Chief and Councillors.
 - b. Ensuring the lending, Loan Guarantee and Indemnity process is transparent by providing Micmacs of Gesgapegiag members access to the requirements, standard terms and conditions;
 - c. Ensuring the publication of the terms and conditions of any Chief and Council approved program of lending to members, providing access to the published program by all members and administering the program; and,
 - d. Approving the loan forgiveness report.

- (4) The Financial Controller is responsible for:
- a. Approving all expense claims of Director General;
 - b. Approving and signing loan agreements for amounts up to 25 000\$;
 - c. Ensuring that Loan Receivable allowances, Loan Receivable write-offs and loan forgiveness are reported to the Finance and Audit Committee and accurately recorded and disclosed in the monthly and quarterly financial records and statements;
 - d. Ensuring adequate supporting documentation is retained for all loans receivable, Loan Guarantees and indemnities as per the Information Management Policies and Procedures;
 - e. On an annual basis, preparing a report for the Finance and Audit Committee and Chief and Council setting out all payments made to honour the Micmacs of Gesgapegiag's Loan Guarantees and indemnities;
 - f. On an annual basis, preparing a report for the Finance and Audit Committee and Chief and Council setting out all loans or obligations forgiven by the Micmacs of Gesgapegiag.
- (5) Heads of Department are responsible for:
- a. Approving all expense claims under their department except their own.

Procedures

(1) Requirements

- a. Subject to the *Micmacs of Gesgapegiag Financial Administration Law*, any authorized loans receivable issued by the Micmacs of Gesgapegiag are subject to the following conditions:
 - i. Loans available to members must be set out in a program approved by Chief and Council which has published terms and conditions and is universally available to all members;
 - ii. A binding legal written agreement will be made between the Micmacs of Gesgapegiag and the individual requesting the loan. The agreement will contain standard clauses that are consistently applied to every individual that applies for and secures a loan from the Micmacs of Gesgapegiag. (Refer to Appendix H for sample loan agreement template.) The following items, at a minimum, will be present in the agreement:

- a) The name of the individual;
- b) Amount of the loan;
- c) Repayment schedule.

b. Loan Guarantees will only be granted in the following circumstances:

- i. Loan Guarantees will be approved by Chief and Council upon consideration of the recommendation of the Finance and Audit Committee. Approval will be enacted by Chief and Council signing the agreement with the individual requesting the Loan Guarantee and will only be granted if the risk of non-payment or non-fulfillment of an obligation is at an acceptable level for the Micmacs of Gesgapegiag.
- ii. The recommendation from the Finance and Audit Committee must be based on a report from the Financial Controller which identifies any risks associated with giving the Loan Guarantee, evaluate the likelihood of having to honour and make payments under the guarantee, describe information collected and any judgments or estimates used to make this evaluation and assess the financial ability of the Micmacs of Gesgapegiag to honour the Loan Guarantee should it be required to do so.
- iii. A binding legal agreement will be made between the Micmacs of Gesgapegiag and the individual requesting the Loan Guarantee. The agreement will contain standard clauses that are consistently applied to every individual that applies for and secures a Loan Guarantee from the Micmacs of Gesgapegiag. The following items, at a minimum, will be present in the agreement:
 - a) Name of the individual;
 - b) Indian Registration Number;
 - c) Amount of the Loan Guarantee;
 - d) Duration of the Loan Guarantee agreement;
 - e) Amount, maturity and repayment terms of the underlying loan or obligation; and
 - f) Purpose and use of the underlying loan (e.g. details of the asset being acquired or leased or investment being made).

- iv. Approval will be enacted by Chief and Council signing the agreement with the individual requesting the Loan Guarantee.
 - v. The Micmacs of Gesgapegiag will obtain a copy of the legal [asset purchase / lease] [investment] agreement requiring the issuance of a Loan Guarantee and retain on file with the Loan Guarantee agreement.
- c. Indemnities may be granted in the following circumstances:
- i. The Micmacs of Gesgapegiag must not give an Indemnity unless it is:
 - a) Authorized to do so under section 102 of the *Micmacs of Gesgapegiag Financial Administration Law*;
 - b) Necessary and incidental to and included in another agreement to which the Micmacs of Gesgapegiag is a party; or
 - c) In relation to a security granted by the Micmacs of Gesgapegiag that is authorized under the Financial Administration Law or another Micmacs of Gesgapegiag law.
 - ii. The Micmacs of Gesgapegiag will obtain a copy of the agreement to which the indemnity agreement applies and retain on file with the indemnity agreement.
- d. Standard agreement clauses for loans, Loan Guarantees, and indemnities (including interest provisions) will be reviewed and reported on by the Finance and Audit Committee and approved by Chief and Council as necessary and at least annually. Any deviations from the standard agreement clauses require Chief and Council approval and consultation with legal counsel.

(2) Lease Agreements

- a. In reference to housing policies and procedures related to lease agreements (rental of housing) will be defined in the Micmacs of Gesgapegiag Housing Policies and Procedures. These policies and procedures will also provide detail as per the terms and conditions of housing lease agreements, sub leasing agreements, and lease collection procedures.
- b. For other lease agreements, the Micmacs of Gesgapegiag will develop a lease agreement template which will include standardized terms and conditions. This template will be reviewed by a Micmacs of Gesgapegiag legal advisor approved by Chief and Council.

- c. Lease agreements that contain non-standardized terms and conditions, will be reviewed by the Finance and Audit Committee before being recommended to Chief and Council for approval.
- d. Once approved by Chief and Council, the Director General will sign lease agreements, on behalf of Micmacs of Gesgapegiag.
- e. Lease agreements respecting the Micmacs of Gesgapegiag must be made in accordance with the land code or applicable land management laws and, comply with the *Micmacs of Gesgapegiag's Financial Administration Law*.

(3) Accessibility

- a. Subject to the *Micmacs of Gesgapegiag's Financial Administration Law*, all members must have access to any loan program created by the Micmacs of Gesgapegiag subject to any conditions outlined in this policy and the loan program's policy and procedures.
- b. The Director General will ensure that the requirements to obtain a loan, Loan Guarantee or Indemnity, as well as the standard terms and conditions of these agreements are accessible to all Micmacs of Gesgapegiag's members. This information will be available to all members who request such information either in person at the Administration building, or by phone or email.

(4) Debt Forgiveness

- a. All reasonable steps should be taken, by the responsible personnel in the Finance Department and by the Financial Controller, to attempt to collect an outstanding balance owing. However, when it becomes evident that the Micmacs of Gesgapegiag will be unable to collect the outstanding balance, a report should be compiled by the Financial Controller and approved by the Director General detailing the following:
 - i. Micmacs of Gesgapegiag department seeking to collect the outstanding debt.
 - ii. Individual and amount in Arrears;
 - iii. Principal and interest outstanding on the loan;
 - iv. Length of time in Arrears and measures taken to collect on payments in Arrears;
 - v. Rationale for debt forgiveness.

(5) Write-offs

- a. When all reasonable steps to collect have been taken and debt has not been collected or forgiven, the Financial Controller will ensure that the loan and its outstanding principal and interest payments are reclassified in the financial statements as bad debt.
- b. The Director General will recommend a course of action, including write-offs, to the Finance and Audit Committee using the report prepared by the Financial Controller under (6) (Monitoring and Reporting).
- c. The Finance and Audit Committee will recommend a course of action to Chief and Council.
- d. Chief and Council will make the final decision with respect to any recommended write-offs.

(6) Monitoring and Reporting

- a. All loans, Loan Guarantees, and indemnities will be reported annually to the Finance and Audit Committee. The annual report will contain the following information for each loan, Loan Guarantee, and Indemnity:
 - i. Subject to applicable privacy law, name of the individual;
 - ii. Purpose of the loan, Loan Guarantee or Indemnity;
 - iii. Amount of the original loan, Loan Guarantee or Indemnity;
 - iv. Repayments of principal on loans;
 - v. Actual payments made, if any, against Loan Guarantees;
 - vi. Actual payments made to compensate for damages, if any, against indemnities;
 - vii. List of payments in Arrears by individual, subject to applicable privacy law;
 - viii. Any expected payments required as a result of the Micmacs of Gesgapegiag having to fulfill or honour a guarantee or Indemnity agreement based on the Financial Controller's knowledge of the contracts in place and changes in their underlying financial condition.

(7) Record-Keeping

- a. All agreements and payment records associated with loans, Loan Guarantees and indemnities will be stored in the First Nation's financial records in accordance with the Information Policy and Procedures.

- b. Records of debt forgiveness will be retained in the event that in future, through changed circumstances, some or all of the debt may be repaid.

Attachments

Appendix H: Loan Agreement Template

10. INVESTMENTS

Policy

It is Chief and Council's policy that Micmacs of Gesgapegiag's investments will be managed and administered in a manner to preserve capital and generate sufficient income and growth to meet the Micmacs of Gesgapegiag's strategic priorities and goals as well as operational objectives.

Purpose

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

Scope

This policy and procedures apply to Chief and Council, the Finance and Audit Committee, the Director General and the Financial Controller.

Responsibilities

- (1) Chief and Council are responsible for:
 - a. determining the Micmacs of Gesgapegiag's short and long-term investment goals and objectives;
 - b. determining allowable uses of available funds;
 - c. approving preliminary risk assessment of funds;
 - d. selecting / de-selecting investment manager(s) and custodian(s);
 - e. approving the creation of an investment account;
 - f. approving funds to be invested;
 - g. approving the redemption of invested funds; and,
 - h. reporting to all members on the outcomes of investments at least once a year.

- (2) The Finance and Audit Committee is responsible for:
 - a. reviewing reports on investments produced by the Financial Controller and providing recommendations to Chief and Council in relation to the funds to be invested;
 - b. monitoring performance of investments; and,
 - c. monitoring the redemption of funds.

- (3) The Director General is responsible for:
 - a. monitoring the performance of all parties to whom duties have been delegated;
 - b. Providing the Finance and Audit Committee with recommendations in relation to preliminary risk assessment of funds, selection/de-selection of the investment manager(s) and custodian, monitoring performance, rebalancing portfolios, and the redemption of invested funds;
 - c. reporting any significant changes to the investment portfolio to the Finance and Audit Committee and to Chief and Council;
 - d. reporting the outcomes of investments to the Finance and Audit Committee and Chief and Council; and
 - e. liaising with the Finance and Audit Committee, Investment Manager, Financial Controller, and Investment Consultants, as required.

- (4) The Financial Controller is responsible for:
 - a. Analysis of proposals received from Investment Managers and Custodians;
 - b. Performing a preliminary risk assessment analysis against criteria to be met prior to investing decisions are made by Chief and Council;
 - c. Overseeing the rebalancing of the investment portfolio asset mix according to Chief and Council instructions;
 - d. Executing transfers of funds to/from the investment account(s) according to Chief and Council instructions;
 - e. Preparing and accounting of additions, withdrawals and balances in the investment account(s);
 - f. Maintaining a record of the amount of, and market value of, the asset classes and units held within the investment portfolio;

- g. Preparation of a quarterly investment monitoring report including investment performance and a summary of professional advisory/custodial fees attributed to the management of the portfolio; and,
- h. Recommending transfers, rebalancing, monitoring actions, Investment Manager changes, and any other recommendations relevant to the successful management of the investments.

Procedures

(1) Selection of Investment Manager(s) and Custodian

- a. Chief and Council will select the Investment Manager(s) and Custodian;
- b. The Financial Controller may review and analyze proposals from providers or Chief and Council may engage an independent consultant to facilitate the selection process of the Investment Manager(s) and Custodian:
 - i. Investment Manager(s) proposals will be analyzed using a number of criteria including: experience, qualifications, investment management style, costs, past performance, volatility of returns, and any other criteria identified by Chief and Council.
 - ii. Custodian proposals will be analyzed based on experience, security, service, and fees.
- c. A custodian agreements and Investment Manager(s) agreement(s) will be entered into by the Micmacs of Gesgapegiag. Agreements must be consistent with this policy and the *Micmacs of Gesgapegiag Financial Administration Law*.

(2) Termination of Investment Manager(s)

- a. Chief and Council may terminate an Investment Management agreement:
 - i. For failure to adhere to the terms of the agreement which would include adherence to this policy and procedures; or
 - ii. In accordance with the terms of the agreement relating to termination.

(3) Designation and transfers of investment funds

- a. Chief and Council must approve the transfer of funds to and from the investment account(s) and authorize the creation of a new investment account if required.
- b. The Financial Controller will transfer the approved funds into the designated investment account(s) and communicate to the Custodian and Investment Manager whether the funds are restricted or unrestricted, and whether they are to be invested over the short term or long term.

(4) Permitted Investments

- a. Restricted funds (funds that can only be used for specific purposes) may only be invested in:
 - iii. securities issued or guaranteed by Canada or a province;
 - iv. securities of a local, municipal, or regional government in Canada;
 - v. investments guaranteed by a bank, trust company or credit union;
 - vi. deposits in a bank or trust company in Canada or non-equity or membership shares in a credit union; or
 - vii. securities issued by the First Nations Finance Authority.
- b. Unrestricted funds may be invested in:
 - i. securities issued or guaranteed by Canada, a province or the United States of America;
 - ii. fixed deposits, notes, certificates and other short-term paper of, or guaranteed by a financial institution including swaps in United States of America currency;
 - iii. securities issued by the First Nations Finance Authority or by a local, municipal or regional government in Canada;
 - iv. commercial paper issued by a Canadian company that is rated in the highest category by at least two (2) recognized security-rating institutions;
 - v. any class of investments permitted under an Act of any province relating to trustees;

- vi. any other investments or class of investments prescribed by a regulation under the Act;
- vii. a company that is incorporated under the laws of Canada or of a province or territory and in which the First Nation is a shareholder;
- viii. a trust in which the First Nation is a beneficiary;
- ix. a limited partnership in which the First Nation is a partner; and
- x. subject to the Financial Administration Law, a member investment program as described in section 64 of the Law.

(5) Monitoring of Investments

- a. The Financial Controller will reconcile the investment and custodian accounts to the general ledger and financial statements in a timely manner (quarterly).
- b. The Investment Manager will be required to attend a Chief and Council meeting and discuss investment performance, and changes in strategy, approach or personnel.
- c. The Investment Manager may be required to attend a Finance and Audit Committee meeting, before attending a Chief and Council meeting, to discuss investment performance, and changes in strategy, approach or personnel.

(6) Re-balancing of the Investment Portfolio

- a. The Director General and Financial Controller will transmit any rebalancing instructions to the Custodian and Investment Manager only if first approved by the Chief and Council.

Attachments

None

11. TANGIBLE CAPITAL ASSETS

Policy

Tangible Capital Assets will be managed using a life-cycle approach that effectively plans, manages, accounts for and disposes of assets according to the Micmacs of Gesgapegiag's asset strategy and that ensures assets are accurately reflected in the Micmacs of Gesgapegiag's financial statements.

Purpose

The purpose of this policy is to provide guidance on the planning, acquisition, management, and accounting treatments for Tangible Capital Assets over the entire asset life cycle.

Scope

This policy applies to the Chief and Council, Finance and Audit Committee, Director General, Financial Controller, and senior management of the Micmacs of Gesgapegiag, as well as any employees directly involved in capital asset management.

Responsibilities

- (1) Chief and Council are responsible for:
 - a. Approving capital asset strategy, capital project plans and Tangible Capital Asset reserve fund transactions;
 - b. Establishing a tangible capital asset reserve fund;
 - c. Establishing Asset Recognition Criteria;
 - d. Approving the Tangible Capital Assets Register;
 - e. Approving policies and procedures for Capital Projects to address the issues identified in the *Micmacs of Gesgapegiag Financial Administration Law* for the proper management of Capital Projects;
 - f. Approving procedures for the safeguarding of Tangible Capital Assets;
 - g. Ensuring Capital Project budgeting requirements are implemented; and
 - h. Ensuring that all Micmacs of Gesgapegiag's Tangible Capital Assets are maintained in a good and safe condition and to the same standards as a prudent owner of those assets.

- (2) The Finance and Audit Committee is responsible for:
- a. Reviewing on or before January 15 the financial information provided by the Financial Controller on the Life-Cycle Management Program;
 - b. Reviewing and recommending to Chief and Council, on or before January 15, the annual budget for Tangible Capital Assets;
 - c. Reviewing and recommending to Chief and Council procedures for the safeguarding of assets;
 - d. Reviewing status reports on the capital asset reserve fund and if necessary, making a recommendation to Chief and Council relative to the funding contribution;
 - e. Monitoring at each meeting the status of all Capital Projects including borrowings, loans and payments for each project, comparison of expenditures to date with the project budget, details of identified problems with the project and how they will be addressed, and steps taken for each Capital Project to comply with Chief and Council policies for management of Capital Projects;
 - f. Reviewing the Director General's recommendations on Asset Recognition Criteria and making recommendations to Chief and Council for approval;
 - g. Reviewing any scheduled Capital Project Plans including supplemental information and their budgets and developing recommendations for Chief and Council; and
 - h. On or before January 15 of each year, reviewing any plans for new construction of Micmacs of Gesgapegiag's Tangible Capital Assets, including the proposed schedule, budget and impact on annual operating costs and routine maintenance costs in future years.
- (3) The Director General is responsible for:
- a. Developing the Life-Cycle Management Program in accordance with the requirements of this policy and the *Micmacs of Gesgapegiag Financial Administration Law* and making recommendations to the Finance and Audit Committee and Chief and Council on matters concerning the management of the Micmacs of Gesgapegiag's Tangible Capital Assets;
 - b. Maintaining the Tangible Capital Assets register as required in this policy and the *Micmacs of Gesgapegiag Financial Administration Law*, including arranging for an annual inspection to obtain updated information of each capital asset (e.g. physical condition, remaining Useful Life, etc.) on or before November 30 of each year;

- c. Ensuring Micmacs of Gesgapegiag members are informed and involved in Tangible Capital Asset projects and borrowings for construction as required in the *Micmacs of Gesgapegiag Financial Administration Law*;
- d. Developing and recommending to the Finance and Audit Committee the Asset Recognition Criteria and reviewing the criteria annually for possible recommended changes;
- e. Serving as a point of contact to retain Capital Project consultants to assist the Director General, Finance and Audit Committee and Chief and Council; and
- f. Reporting at each Finance and Audit Committee's meeting on the following:
 - i. Year-to-date borrowings, loans and payments in respect of each capital project;
 - ii. The status of each project, including:
 - 1. A comparison of expenditures to date with the project budget;
 - 2. A detailed description of any identified legal, financial, technical, scheduling or other problems; and
 - 3. The manner in which a problem identified in subparagraph 2. Has been or will be addressed; and
 - iii. Steps taken to ensure compliance with policies and procedures regarding the management of capital projects.

(4) The Financial Controller is responsible for:

- a. The accurate and timely recording and reporting of Tangible Capital Assets in the financial statements in accordance with PSAS;
- b. Monitoring the application of this policy and updating the policy on a regular basis;
- c. Preparing on or before December 31 of each year the financial information related to routine maintenance and Rehabilitation or replacement of Tangible Capital Assets as required in the *Micmacs of Gesgapegiag Financial Administration Law* and this policy;
- d. Monitoring the tangible capital asset protection insurance program and making recommendations to the Director General in adequate time before each annual renewal, or sooner if circumstances warrant;

- e. Preparing the maintenance and quarterly reporting to the Finance and Audit Committee, or more frequently if necessary, on the status of the capital asset reserve fund;
 - f. Developing and recommending procedures for the safeguarding of assets and ensuring approved procedures are followed; and,
 - g. Developing the budget for Capital Project Plans and annual capital plan by December 31st of each year.
- (5) Employees involved in the Life-Cycle Management Program are responsible for:
- a. Maintaining tangible capital asset information and implementing asset security and safeguarding measures as provided through the application of these policies and safeguarding procedures approved by Chief and Council;
 - b. Recording and reporting periodic changes in Tangible Capital Assets to the Director General;
 - c. Ensuring Tangible Capital Assets are accurately tracked and inventoried using the pre-numbered asset control tagging system.

Procedures

(1) Tangible Capital Asset Register

- a. A detailed tangible capital asset register is to be established, maintained and kept current by the Director General (or assigned employee). The asset register will facilitate the Life-Cycle Management Program with maintenance, rehabilitation, and replacement activities as well as providing an accurate inventory of Tangible Capital Assets.
- b. The register will include the information required in the *Micmacs of Gesgapegiag Financial Administration Law and*, at a minimum, the following information:
 - i. Location and intended purpose of the asset;
 - ii. Ownership and restrictions over ownership (e.g. pledges or collateral agreements);
 - iii. Date of acquisition;
 - iv. Previous inspection date;
 - v. Original expected life of the asset at the time of acquisition;

- vi. Most recent assessment of the condition of the asset and its expected remaining Useful Life²;
- vii. Estimated Residual Value of the asset (i.e. the estimated net realizable value of the tangible capital asset at the end of its Useful Life to the Micmacs of Gesgapegiag);
- viii. Insurance coverage details for the asset;
- ix. Any other information required by the Chief and Council.

(2) Asset Qualification

- a. All assets that meet the definition of a tangible capital asset, meet the Chief and Council approved Asset Recognition Criteria, fall within the categories outlined in Appendix I based on their nature, characteristics and Useful Life, shall be recorded in the accounts of the Micmacs of Gesgapegiag in accordance with this policy.

(3) Amortization / Depreciation

- a. A suitable method for amortizing (or depreciating) each category of Tangible Capital Assets should be selected to form part of the Micmacs of Gesgapegiag's accounting standards.
 - i. Different methods of amortizing a tangible capital asset result in different patterns of cost recognition. The objective is to provide a systematic and rational basis for allocating the cost of a tangible capital asset, less any residual value, over its useful life. A straight-line method reflects a constant charge for the service as a function of time. A variable charge method reflects service as a function of usage. Other methods may be appropriate in certain situations.
- b. The cost, less any residual value, of a tangible capital asset with a limited life should be amortized over its useful life in a rational and systematic manner appropriate to its nature and use by the Micmacs of Gesgapegiag. Amortization (or depreciation) expense should be calculated and recorded on a monthly basis.
 - i. The amortization of the costs of Tangible Capital Assets should be accounted for as expenses in the statement of operations.
 - ii. Land normally has an unlimited life and would not be amortized.

² The expected remaining Useful Life of each asset must be re-assessed at a minimum annually. Any changes to this estimate must be accounted for prospectively as a change in estimate.

- iii. Where the Micmacs of Gesgapegiag expects the residual value of a tangible capital asset to be significant, it would be factored into the calculation of amortization.
- iv. The Useful Life of a tangible capital asset depends on its expected use by the Micmacs of Gesgapegiag. Factors to be considered in estimating the useful life of a tangible capital asset include:
 - a) expected future usage;
 - b) effects of technological obsolescence;
 - c) expected wear and tear from use or the passage of time;
 - d) the maintenance program;
 - e) studies of similar items retired; and
 - f) the condition of existing comparable items.
- c. The amortization method and estimate of the Useful Life of the remaining unamortized portion of a tangible capital asset should be reviewed on a regular basis and revised when the appropriateness of a change can be clearly demonstrated.

(4) Annual inspection and review

- a. On or before November 30, the Director General will initiate an annual inspection of the Micmacs of Gesgapegiag's capital asset inventory. Employees responsible for property management will be assigned by the Head of Department to complete the inspection under his/her supervision. Where appropriate or necessary the Head of Department may choose to engage the services of an external specialist to assist in the valuation of certain specialised assets (e.g. land, buildings, etc.).
- b. Any changes necessary to the tangible capital asset register will be documented by the employee noting the changes and communicated to the Head of Department for review. The responsible Head of Department will submit the necessary changes to the register to the Director General for approval. Once reviewed and approved by the Director General, the changes will be input in the Tangible Capital Asset register by the employee responsible for the register.
- c. The Director General will report to the Finance and Audit Committee on the outcome of the annual inspection and review of assets, noting any significant developments or findings.

- d. In the event that there is evidence of damage to or a loss of an asset identified during the inspection process or at any other time of the year, the Director General will investigate the matter and initiate the insurance claim process if applicable. The tangible capital asset register will be updated based on this new information.
- e. When conditions indicate that a Tangible Capital Asset no longer contributes to the Micmacs of Gesgapegiag's ability to provide programs, services and goods or that the value of future economic benefits associated with the Tangible Capital Asset is less than its Net Book Value, the cost of the Tangible Capital Asset should be reduced to reflect the decline in the asset's value.
 - i. The net write-downs of Tangible Capital Assets should be accounted for as expenses in the financial statements.
 - ii. A write-down should not be reversed.

(5) Safeguarding Assets

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

(6) Maintenance of Assets

- a. The Department responsible for property management will provide the Director General with a quarterly update on the condition of Tangible Capital Assets with initial purchase value over \$100,000 and preventative maintenance reports (including machine and vehicle logs) showing maintenance completed compared to scheduled maintenance. Explanations for deficiencies noted will be obtained and, where appropriate, shared with the Finance and Audit Committee.
- b. A list of any Tangible Capital Assets identified as no longer in use will be prepared and reported to the Director General. Steps will be taken to decommission and appropriately dispose of the assets in accordance with any applicable laws or regulations.
- c. All warranty and related work including inspections will be undertaken in a timely manner.
- d. The Director General will recommend that any critical Tangible Capital Assets of an unsafe nature, based on the annual review, are given a priority for replacement (or Rehabilitation) in future planning.

- e. The Director General, with the assistance of the department responsible for property management and relevant Heads of Department will ensure that appropriate staff training on the use of the particular Tangible Capital Asset will be provided to ensure safety.
- f. For Tangible Capital Assets with initial purchase value over \$100,000, periodic maintenance assessments will be performed. Assessments should include:
 - i. Any Deferred Maintenance;
 - ii. A description of the performance and condition of the asset;
 - iii. An overall rating based on the following scale: Excellent, Good, Fair, Poor, or Failing;
 - iv. A forecast of the maintenance, repairs, betterment, and replacement costs over the course of the remaining Useful Life of the asset.
- g. Heads of Departments will retain a copy of the condition assessment(s) for the assets within their departmental responsibility and will provide an electronic copy to the Finance Department.
- h. The Director General will ensure the Tangible Capital Asset Register and accounting records are updated, and, in conjunction with the Financial Controller, will make recommendations to the Finance and Audit Committee for changes to the annual capital plan based on the results of the condition assessments performed for the year.

(7) Life Cycle Management Program

- a. Based on the information in the tangible capital asset register and consultations with the Director General and property management employees, the Financial Controller will prepare the annual capital plan by [December 31] of each year.
- b. The annual capital plan will include short and long-term forecasts for asset Rehabilitation and/or replacement. The plan will include the information that the Financial Controller is required to prepare as per the *Micmacs of Gesgapegiag Financial Administration Law* and, at a minimum, the following details:
 - i. A description of each asset to be replaced or refurbished;
 - ii. The rationale for the replacement or refurbishment;
 - iii. Estimated cost, including contingencies, of each proposed acquisition or refurbishment project;

- iv. Estimated timeframe and schedule for completion of each asset acquisition or proposed refurbishment project;
 - v. Ongoing maintenance requirements and costs and the impact on the Micmacs of Gesgapegiag's budget.
- c. The Finance and Audit Committee will review the annual capital plan, in conjunction with the Tangible Capital Assets register. The objective of this review is to:
- i. Identify any means to reduce costs of each Capital Project;
 - ii. Understand the effect that each proposed Capital Project (rehabilitation, replacement) on the annual operating costs and routine maintenance costs in future years;
 - iii. Determine whether any significant savings might be affected by coordinating the scheduling of Capital Projects, deferring any projects, or carrying out Rehabilitation projects rather than replacement projects.
- d. The Finance and Audit Committee will review the annual capital plan by January 15 and report to Chief and Council on its findings and recommendations by February 15 for review and consideration of the annual budget for the upcoming fiscal year.

(8) Capital Projects

- a. The Director General, with input from the Financial Controller, will develop an annual capital plan for all Capital Projects that exceed \$100,000 in cumulative initial purchase value. The plan will include a business case for the Capital Project, that will contain, at a minimum, the following:
- i. The financial viability of the project (i.e. how it will be financed, what the expected return on investment will be, etc.);
 - ii. Project operating requirements (e.g. annual operating and maintenance costs, cash flow considerations, etc.);
 - iii. Evaluation of all other options considered;
 - iv. A project risk assessment.
- b. The annual capital plan will be integrated with the Micmacs of Gesgapegiag's annual integrated operational plan (see Annual Planning and Budgeting policy for further details).
- c. The Director General will coordinate project planning, design, engineering, tendering, bid selection, and environmental requirements for each Capital Project in

accordance with policies and procedures for management of Capital Projects. Capital Project consultants, including engineers, may be engaged to carry out these obligations at the discretion of the Director General.

- d. The Financial Controller will coordinate project costing, budgeting, financing and approval for each Capital Project in accordance with Chief and Council policies and procedures for management of Capital Projects.
- e. To coordinate project management of each Capital Project, an ad hoc working committee - project planning and implementation - may be established as necessary with the Director General and Financial Controller as members.
- f. The annual capital plan and recommendations from any ad hoc working committee established to coordinate project management of a Capital Project will be provided to the Finance and Audit Committee. Scope adjustments, modifications and other significant adjustments made to the projects will be identified and a rationale provided.
- g. The Finance and Audit Committee will review the annual capital plan on or before January 15 and forward their recommendation to Chief and Council for approval.
- h. Chief and Council must take reasonable steps to ensure that Capital Projects for construction of buildings or other improvements are financed, planned and constructed in accordance with procedures and to standards that generally apply to the financing, planning and construction of public builds and other improvements of organized communities in the region in which the majority of the Micmacs of Gesgapegiag's lands are located. The Director General will report to the Finance and Audit Committee on steps taken to ensure these results are met for every Capital Project.

(9) Construction management

- a. The Director General will procure appropriate course of construction insurance for each Capital Project in accordance with the Insurance Policy and Procedures and will require contractors to have project performance guarantees or bonding for each project or as otherwise permitted or required in the Chief and Council policies and procedures for management of Capital Projects.
- b. Depending upon the size of the project, an independent project manager may be retained to provide contract management and control.
- c. The Financial Controller will process contractor progress payments, manage construction holdbacks and payment as required in the Micmacs of Gesgapegiag's

policy and procedures on management of Capital Projects and will organize audit procedures in conjunction with the annual audit.

- d. The Financial Controller will report at least quarterly to the Finance and Audit Committee on each Capital Project respecting:
 - i. Year to date borrowings, loans and payments;
 - ii. The status of the project including
 - a) A comparison of the expenditures to date against the project budget,
 - b) A detailed description of any identified problems with the project, and
 - c) The manner in which a problem identified has been or will be addressed, and
 - iii. Steps taken to ensure compliance with Chief and Council policies and procedures for management of Capital Projects.
- e. Work approvals, including change orders, will be signed off by the project manager or designate according to the Delegated and Assigned Responsibilities Policy and forwarded to the Finance Department for retention and clearance against the contractor's invoice.

(10) Acquisition of Tangible Capital Assets

- a. Heads of Department will identify to the Director General the asset to be acquired as part of the annual budget and annual capital plan. It is recognized however that unforeseen asset acquisitions will occasionally be necessary.
- b. The acquisitions of Tangible Capital Assets are subject to the Delegated and Assigned Responsibilities Policy and Procedures and the Procurement Policy and Procedures.
- c. Subject to the Delegated and Assigned Responsibilities Policy and Procedures, all purchases or leases of Tangible Capital Assets are to be made in accordance with the annual budget, annual capital plan, and Chief and Council resolution.
- d. Any significant variance between budgeted and actual cost of the tangible capital asset is to be reported to the Director General and the Finance and Audit Committee.

- e. Following acquisition and delivery of a tangible capital asset, the Finance Department will ensure the asset is reflected in the accounting records and the financial statements of the Micmacs of Gesgapegiag. An asset tracking number will be assigned, and the asset added to the Tangible Capital Asset Register of the Micmacs of Gesgapegiag.

(11) Tangible Capital Asset Reserve Fund

- a. The Chief and Council will establish a Tangible Capital Asset Reserve Fund to be applied for the purposes of construction, acquisition, maintenance, rehabilitation and replacement of the Micmacs of Gesgapegiag's Tangible Capital Assets.
- b. The Financial Controller and the Finance Department will manage the Tangible Capital Asset Reserve Fund.
- c. All withdrawals from the tangible capital asset reserve fund must be approved via a Micmacs of Gesgapegiag resolution at a duly convened Council meeting and in accordance with the annual budget and approved annual capital plan.
- d. Chief and Council must ensure, with advice from the Finance and Audit Committee, that the tangible capital asset reserve fund maintains a minimum balance of the total book value of the Micmacs of Gesgapegiag's Tangible Capital Assets.
- e. Contributions are to be budgeted and made to the tangible capital asset reserve fund on an annual basis based on the above minimum balance requirement and those amounts required in the annual budget and annual capital plan.

(12) Disposal of Tangible Capital Assets

- a. Heads of Department will identify to the Director General the asset to be disposed of, and the method of disposal, as part of the annual budget and capital plan. It is recognized however that unforeseen asset disposals will occasionally be necessary.
- b. The fair market value must be determined for all disposals as a prior condition of approval. The Director General shall have the authority to determine the fair market value for all disposals. The Director General will consult with external specialists in establishing the fair market value, where appropriate.
- c. All disposals of the Micmacs of Gesgapegiag's Tangible Capital Assets with a fair market value in excess of \$10,000 must be approved via a Micmacs of Gesgapegiag resolution at a duly convened Council meeting prior to disposal of said assets, on the recommendation of the Director General and the Finance and Audit Committee.

- d. All proceeds from the sale or disposal of the Micmacs of Gesgapegiag's Tangible Capital Assets are to be deposited in the Tangible Capital Asset Reserve Fund, unless treatment of proceeds is required to be in accordance with terms of the funding agreement related to the asset.
- e. The difference between the net proceeds on disposal of a tangible capital asset and the Net Book Value of the asset should be accounted for as a revenue or expense in the statement of operations.
- f. Any item determined to be of no value or unsafe must be disposed of as waste in an appropriate manner that meets all regulatory or statutory requirements.
- g. Once a tangible capital asset has been disposed of, the Head of Department will provide all the necessary information to the Department responsible for the property management so that the information will be used to update the Capital Assets Register.
- h. Members of the Micmacs of Gesgapegiag shall have an equal opportunity to purchase surplus assets through a competitive disposal process.
- i. All items to be sold are on an "as is, where is" basis with no warranties or guarantees expressed or implied.

Attachments

Appendix I – Tangible capital asset categories

Appendix J – Presentation and disclosure requirements

12. INSURANCE POLICY

Policy

The Micmacs of Gesgapegiag will obtain sufficient insurance coverage for its operations, employees, capital assets and Chief and Council as part of its overall risk management strategy.

Purpose

The purpose of this policy is to provide guidance on the establishment and maintenance of an insurance program to ensure material risks are addressed for the Micmacs of Gesgapegiag Administration and Chief and Council, officers, and staff.

Scope

This policy and procedures apply to Chief and Council, the Finance and Audit Committee, the Director General, the Financial Controller, and all other employees involved in insurance matters at the Micmacs of Gesgapegiag.

Responsibilities

- (1) Chief and Council is responsible for:
 - a. Procuring and maintaining in force all insurance coverage that is appropriate and commensurate with the risks under the care or control of the Micmacs of Gesgapegiag based on the recommendation of the Finance and Audit Committee;
 - b. If Chief and Council chooses, procuring and maintaining insurance for the benefit of a councillor or a Micmacs of Gesgapegiag officer or their personal representatives against any liability arising from that person being or having been a councillor or an officer.

- (2) The Finance and Audit Committee is responsible for:
 - a. Providing its insurance coverage recommendation to Chief and Council. (The Finance and Audit Committee may retain external expertise to assist in its deliberations given the technical nature of insurance decisions).

- (3) The Director General is responsible for:
 - a. Leading and managing the risk identification and assessment process;
 - b. Selecting an insurance broker;
 - c. Evaluating options from insurance providers, as provided by the insurance broker, to address the risks that require insurance coverage;
 - d. Recommending a preferred option to the Finance and Audit Committee and Chief and Council that meets the needs of the Micmacs of Gesgapegiag;
 - e. Monitoring insurance coverage expiration and payment dates to ensure coverage does not lapse; and
 - f. On an annual basis reviewing insurance coverage to ensure that it continues to meet the needs of the Micmacs of Gesgapegiag.

- (4) The Financial Controller is responsible for:
 - a. Assisting Heads of Departments with assessing the insurance needs and budgeting for their areas of responsibility: and
 - b. Maintaining records of insurance coverage.

- (5) Heads of Departments are responsible for:
 - a. Assessing the insurance needs for their areas of responsibility and providing recommendations for additions or changes to insurance coverage to the Director General
 - b. Ensuring that funds are committed every year in their budget to pay for insurance coverage as deemed appropriate by the Director General and Chief and Council.

Procedures

(1) Identify significant material risks

- a. The Director General, with input from members of the management team, the Finance and Audit Committee and Chief and Council, will develop a list of potential significant material risks to the Micmacs of Gesgapegiag's financial assets, Tangible Capital Assets and the operations of the Micmacs of Gesgapegiag. This will include an examination of:

- i. Potential sources of liability of the Micmacs of Gesgapegiag arising from its operations;
- ii. Values and use of Property and Equipment;
- iii. Values and use of Assets under control of the Micmacs of Gesgapegiag;
- iv. Potential sources of Liability for individuals such as the Chief, councillors, officers and employees of the Micmacs of Gesgapegiag; and
- v. Other risk areas that could result in a loss to the Micmacs of Gesgapegiag and could be insured.

(2) Identify and procure insurance products

- a. Based on the risk analysis performed, the Director General will identify the risks where insurance coverage is appropriate.
- b. In accordance with the Procurement Policy, the Director General will review options from different insurance providers, as provided by the Micmacs of Gesgapegiag's insurance broker, and will make a recommendation to the Finance and Audit Committee on which to accept. The Director General's determination of a recommended option will take into consideration the following:
 - i. Cost of the coverage;
 - ii. Attributes and features of the proposed coverage including what is and is not covered and any gaps or exclusions; and
 - iii. Independent advice on the reputation and strength of proposed insurance providers.
- c. Where appropriate, legal advice will be sought as required to ensure that the terms and conditions of coverage sought are appropriate for the Micmacs of Gesgapegiag.

(3) Approval for insurance coverage

- a. Chief and Council will review the proposed option presented by the Finance and Audit Committee and the Director General and document their approval through a Band Council Resolution.
- b. Once approved by Chief and Council, procurement of the insurance coverage will follow the Micmacs of Gesgapegiag's Procurement and Expenditure Policies.

(4) Maintenance of insurance coverage

- a. The Financial Controller will maintain a schedule of insurance policy expiration dates and payment dates and monitor on a regular basis to ensure that coverage does not lapse.
- b. The Director General will review insurance coverage on an annual basis to ensure that it continues to adequately address the risks and meet the needs of the Micmacs of Gesgapegiag.
- c. Information about insurance coverage on Capital Assets will be communicated to the Department responsible for property management to be included in the Capital Assets Register.
- d. The Financial Controller will ensure that records of insurance coverage are kept and maintained in accordance with the Information Management Policies.

Attachments

None

13. RISK MANAGEMENT

Policy

The Micmacs of Gesgapegiag will identify, manage, and monitor risks related to the financial management system and the achievement of its goals.

Purpose

The purpose of this policy is to provide guidance on risk management as part of the integrated planning process and ongoing governance activities of the Micmacs of Gesgapegiag, including risk assessments, mitigation plans, and specific business activities that are separately evaluated, managed and monitored.

Scope

This policy and procedure apply to Chief and Council, the Finance and Audit Committee, the Director General, the Financial Controller, and all other employees involved in risk management at the Micmacs of Gesgapegiag.

Responsibilities

- (1) Chief and Council are responsible for:
 - a. Providing input to the annual risk assessment, including consideration of Fraud Risks;
 - b. Reviewing and approving the annual Micmacs of Gesgapegiag Risk Management Plan (Appendix C) and Fraud Risk assessment;
 - c. Approving the following, subject to the *Micmacs of Gesgapegiag Financial Administration Law*
 - i. Investment in for-profit business activities, consolidated entities and ventures;
 - ii. The investment strategy and investment risk assessment;
 - iii. Loans, guarantees or indemnities;
 - iv. Insurance coverages; and
 - v. Emergency plan

- (2) The Finance and Audit Committee is responsible for:
- a. Providing input to the annual risk assessment including consideration of Fraud Risks;
 - b. Reviewing the risks management plan and Fraud Risk assessment on a regular basis to ensure risks are adequately identified and monitored.
- (3) The Director General is responsible for:
- a. Preparation of the Micmacs of Gesgapegiag investment strategy, insurance coverage and emergency plans;
 - b. Managing the annual risk assessment process and preparing the Risk Management Plan;
 - c. Developing and recommending procedures for identifying and mitigating risks for the annual Risk Management Plan;
 - d. Managing the annual Fraud Risk assessment process and preparing the Fraud Risk assessment;
 - e. Identifying and assessing risks associated with specific material business activities, loans, guarantees, indemnities, investments, general operations, financial reporting and Fraud Risks;
 - f. Preparing risks associated with proposed for-profit business activity, steps taken to limit the risks, approvals required to undertake for-profit activity and monitoring of any approved for-profit activity.
 - g. Reviewing and updating the Risk Management Plan and Fraud Risk assessment on a regular basis;
 - h. Immediately reporting any significant changes to the Risk Management Plan and Fraud Risk assessment to the Finance and Audit Committee;
 - i. Preparing a documentation that assesses qualification of individuals engaged in control activities in the Micmacs of Gesgapegiag's financial management systems; and
 - j. Obtaining a written confirmation from the persons engaged in the Micmacs of Gesgapegiag's financial management system that they understand their responsibilities.

- (4) The Financial Controller is responsible for:
- a. Ensuring all for-profit business activities are separately reported in the monthly, quarterly and annual financial statements and management reports;
 - b. Developing and recommending procedures for identifying and mitigating Financial Reporting Risks and Fraud Risks;
 - c. Reviewing and recommending approval for loan, guarantee or Indemnity requests; and
 - d. Monitoring the control activities and its impact on the Micmacs of Gesgapegiag and the Risk Management Plan.

Procedures

(1) Annual Risk Management Plan

- a. On an annual basis as part of the integrated planning process, a risk assessment will be performed by the Director General. Risks identified will include any risks that could impact the Micmacs of Gesgapegiag's achievement of its strategic goals or its operations in general.
- b. Risks will be recorded in the Micmacs of Gesgapegiag's Risk Management Plan. The management team will analyze the potential impact and likelihood of each risk identified and develop an appropriate risk mitigation plan.
- c. The risk management plan must ensure that risks related to specific business activities, loans, guarantees, indemnities, investments, general operations and Financial Reporting Risks are separately addressed, managed and monitored.
- d. Responsibility for each risk and corresponding risk mitigation plan will be assigned to a Head of Department of Micmacs of Gesgapegiag who will be identified as the risk owner.
- e. The Risk Management Plan will be presented to the Finance and Audit Committee for review and recommendation to Chief and Council for approval on an annual basis (during the integrated planning process).
- f. On a quarterly basis, the Director General will review the Risk Management Plan with the risk owners to update or adjust as required the risks or mitigation plans. Any significant changes will be reported to and reviewed by the Finance and Audit Committee and reported to Chief and Council.

(2) Fraud Risk Assessment

- a. On an annual basis as part of the integrated planning process, a Fraud Risk assessment will be performed by the Director General. (Refer to the Fraud Risk Assessment template example in Appendix K and documents in Appendices L and M)
- b. Fraud Risk assessment will include identification and assessment of following types of fraud in the Micmacs of Gesgapegiag:
 - i. Fraudulent Financial Reporting;
 - ii. Fraudulent Non-Financial Reporting;
 - iii. Misappropriation of Assets; and
 - iv. Corruption and illegal acts.
- c. Fraud Risk assessment will include identification of risks arising from the following:
 - i. Incentives and rewards associated with achievement of objectives; and
 - ii. Pressures associated with achievement of objectives.
- d. Fraud Risk assessment will also include identification of opportunities for fraud created by the following:
 - i. Ineffective design and monitoring control activities as it relates to the following:
 - a) Unauthorized acquisition, use of disposal of Micmacs of Gesgapegiag assets;
 - b) Poor management oversight;
 - c) Management override of Internal Control; and
 - d) Ineffective technology systems;
 - ii. Willful violation of laws that could have a material direct or indirect impact on financial reporting.
- e. Fraud Risk assessment will also identify the risk of fraud resulting from attitudes of and rationalizations by individuals justifying inappropriate actions.

- f. Fraud Risks assessment will include various ways that fraudulent reporting can occur considering the following:
 - i. Management bias;
 - ii. The degree of estimates and judgements used in financial reporting;
 - iii. Possible fraud schemes and scenarios in Micmacs of Gesgapegiag communities;
 - iv. The geographic region where Micmacs of Gesgapegiag lands are located;
 - v. The nature of technology and management's ability to manipulate information using that technology;
 - vi. Any unusual or complex transactions which are subject to significant management influence; and
 - vii. The vulnerability of Internal Controls to management override and potential schemes to circumvent existing control activities.
- g. On an annual basis, the Director General will prepare a documentation that assesses the qualification of individuals engaged in Fraud Risk control activities in the Micmacs of Gesgapegiag's financial management system.
- h. On a periodic basis, the individuals involved in the Fraud Risk controls must confirm in writing that they understand their responsibilities.

(3) For-profit business activity risk management considerations

- a. Prior to beginning any for-profit business activity, the Director General will lead the preparation of a business case supporting the activity. The business case should contain, at a minimum, a detailed description of the proposed activity, costs, projected revenues and benefits, funding arrangements, strategic impact, and a risk assessment (including whether the activity will result in a material liability of the Micmacs of Gesgapegiag or expose the Micmacs of Gesgapegiag's financial assets, property or resources to significant risk).
- b. The risk assessment should address all risks related to the project and the resulting overall impacts on the Micmacs of Gesgapegiag.
- c. For each risk, a detailed mitigation plan with assigned responsibility will be developed.

- d. The complete business case and risk assessment will be presented to the Finance and Audit Committee for review and recommendation to Chief and Council for approval of the activity via a Band Council Resolution.
- e. The Director General, or designate, will be responsible for ongoing monitoring of the for-profit business activity. Deviations from the approved business plan will be presented to the Finance and Audit Committee for review and recommendation to Chief and Council.
- f. The Director General, or designate, must report on the for-profit business activity separately in the monthly and quarterly reports, and annual financial statements.

(4) Loans, guarantees and indemnities

- a. For any loans, guarantees or indemnities, the Financial Controller must annually document his or her evaluation of the risks to the Micmacs of Gesgapegiag of extending credit to the requesting individual/group. Risks which should be considered include, but are not limited to, the following:
 - i. Ability of the individual or group to repay the Micmacs of Gesgapegiag;
 - ii. Potential for negative impact on the Micmacs of Gesgapegiag's reputation;
 - iii. Extent of other similar situations / agreements the Micmacs of Gesgapegiag has entered into;
 - iv. Ability of the Micmacs of Gesgapegiag to honour the guarantee or Indemnity should it be required to do so;
 - v. In the case of a program for lending to members of the Micmacs of Gesgapegiag, the risks associated with the program and the costs of administering the program.
- b. Approval and management of loans, guarantees and indemnities is detailed in the Loans, Guarantees and Indemnities Policy and Procedures.

(5) Investment Risk Assessment

- a. Monitoring, reporting and approval of investments strategy and performance is detailed in the Investment Policy and Procedures.

(6) Financial Reporting Risks

- a. The Micmacs of Gesgapegiag will follow the documented procedures in the Financial Reporting and Operations Policy and Procedures to identify and mitigate the risk of a material misstatement in the quarterly and annual financial statements.

(7) Insurance and Emergency Plans

- a. Separate policies have been developed to provide guidance on risk assessment and management of investments, insurance and emergency planning. Refer to Investments Policy, Insurance Policy and Emergencies Policy.

Attachments

Appendix K – Fraud Risk Assessment Template

Appendix L – Fraud Risk Assessment Guidelines

Appendix M – Risk Management Plan Template

14. EMERGENCY RESPONSE PLAN

Policy

An emergency plan addressing the key risks facing the Micmacs of Gesgapegiag will be documented, updated on an annual basis and communicated to all affected persons.

Purpose

The purpose of this policy is to provide guidance on preparing for emergencies through a documented emergency plan designed to meet the size, risk and impact of potential emergencies that could affect the Micmacs of Gesgapegiag, its operations, its capital assets and its finances.

Scope

This policy applies to the Micmacs of Gesgapegiag Chief and Council, Finance and Audit Committee members, employees and Micmacs of Gesgapegiag members.

Responsibilities

- (1) Chief and Council are responsible for:
 - a. Approving the emergency response plan and the business continuity plan.

- (2) The Director General is responsible for:
 - a. Ensuring that an emergency planning committee is established;
 - b. Ensuring that an emergency response plan and a business continuity plan are prepared and approved;
 - c. Ensuring that these plans are communicated to the Micmacs of Gesgapegiag employees and residents as part of its implementation along with any necessary training; and,
 - d. Updating these plans, at least on an annual basis, and communicating the plans to the Micmacs of Gesgapegiag employees and residents.

- (3) The Head of Department responsible for public security is responsible for:
 - a. Establishing an emergency planning committee and supporting the committee by acting as the Secretary to the Committee.

- (4) The emergency planning committee members are responsible for:
 - a. Preparing and updating the emergency plan and the business continuity plan at least once a year.

Procedures

(1) Analyze the current situation

- a. The Head of Department responsible for emergency planning will create an emergency planning committee which will consist of the Director General, Financial Controller, the Head of Department responsible for public security, Communication Officer, and other key employees across all areas of the Micmacs of Gesgapegiag Administration as deemed appropriate. Representatives from other organizations in Gesgapegiag and surrounding communities, will be invited to participate as required.
- b. The emergency planning committee will conduct a risk assessment to identify all risks that could have an impact on the residents, capital assets, operations and finances of the Micmacs of Gesgapegiag, including potential threats such as fires, natural disasters, and environmental risks.
- c. For each of the risks identified, the emergency planning committee should determine the likelihood of the threat occurring and the potential impact on the Micmacs of Gesgapegiag.

(2) Develop the emergency plan

- a. Based on the likelihood and impact, the Director General, with input from outside expertise as required, and the emergency planning committee will determine which risks will be addressed in a business continuity plan. The plan should identify critical systems or operations and how these will be managed in the event of an emergency to minimize effects on the Micmacs of Gesgapegiag's overall operations and finances.

- b. Areas which should be examined and examples of issues to address for each risk include the following:
- i. **Buildings and sites**
 - How will operations continue if the site is inaccessible or destroyed?
 - What safety precautions need to be taken in the event of damage to the building?
 - ii. **Critical equipment**
 - Are there backups in place for critical equipment (i.e. an extra item in storage)?
 - How quickly can repairs be made and by whom?
 - Are there outside vendors that can be used to replace an unavailable piece of equipment?
 - iii. **Information Technology**
 - Can the computer network be accessed from offsite (e.g. virtual private network)?
 - Are there adequate numbers of laptops, cell/satellite phones, etc. to maintain communication remotely during an emergency?
 - Are critical systems and databases regularly backed up? Is the backup stored offsite?
 - iv. **People**
 - How will the Micmacs of Gesgapegiag communicate with staff/residents during the emergency?
 - Have the critical finance and operations employees been identified and have they designated and trained back-ups?
 - Is there an offsite location where limited but critical operations can continue during an emergency?
 - Are there any potential health and safety issues associated with a particular risk? How would these be dealt with?
- c. Responsibilities for each component of the emergency plan will be clearly identified and communicated with the assigned individuals. Alternates for key individuals will be identified and provided with information on their duties.

- d. The emergency planning committee will develop an emergency notification procedure to explain how to enact the plan should an emergency occur.
- e. Documented approval of the plan will be obtained from Chief and Council.

(3) Implement the plan

- a. The Director General will develop a communication strategy to ensure all affected staff and Micmacs of Gesgapegiag residents have access to the emergency plan.
- b. All staff who have been assigned responsibilities within the emergency plan will be provided training to carry out their role in the event of an emergency.
- c. The emergency plan will be tested by the emergency planning committee. Testing could include mock disaster exercises, communication and off-site computing tests, fire drills, etc.
- d. Emergency plan documentation will be maintained at all Micmacs of Gesgapegiag's site locations and key staff members will keep a copy at home. It should include all required information to enact the plan (i.e. Emergency contact & responsibilities lists, vendor lists, fire drill routes, etc.).

(4) Annual review

- a. On an annual basis, the emergency planning committee and key operational managers will review the plans and associated documentation to ensure it remains relevant and up to date. Updates will be performed, and new versions of the plans and associated documentation distributed to the sites and individuals noted above.
- b. Significant changes to the plans will be approved by Chief and Council.

Attachments

Appendix N – Examples of risks to consider

Appendix O – Sample risk assessment template

Appendix P – Emergency planning resources

Appendix Q – Emergency plan template

15. FINANCIAL MANAGEMENT SYSTEM IMPROVEMENT

Policy

Areas for improvement in the financial management system will be managed, tracked and resolved on an ongoing basis as identified by the Financial Controller and annually through Internal Assessments of critical activities.

Purpose

The purpose of this policy is to provide guidance on the Micmacs of Gesgapegiag's continual improvement of its financial management system.

Scope

This policy applies to the Financial Controller, Finance and Audit Committee, and the Financial Management System Assessment Committee.

Responsibilities

- (1) If the Micmacs of Gesgapegiag is a borrowing member, the Chief and Council is responsible for:
 - a. ensuring that the Micmacs of Gesgapegiag takes measures as soon as practicable to rectify any gaps or areas of non-compliance between the Micmacs of Gesgapegiag's financial management systems and practices and the Micmacs of Gesgapegiag's Financial Management Board Standards.

- (2) The Finance and Audit Committee is responsible for:
 - a. Designating members of the Financial Management System Assessment Committee;
 - b. Scheduling the dates for required meetings of the Financial Management System Assessment Committee;
 - c. Reviewing reports from the Financial Management System Assessment Committee;
 - d. Reporting to Chief and Council as soon as practicable any gaps or areas of non-compliance between the Micmacs of Gesgapegiag's financial management system and practices and the Micmacs of Gesgapegiag's Financial Management Board Standards and monitoring actions taken to bring the Micmacs of Gesgapegiag into compliance.

- (3) The Financial Management System Assessment Committee is responsible for:
 - a. Planning, scheduling, and conducting Internal Assessments;
 - b. Ensuring issues or concerns identified through the Internal Assessment process are resolved;
 - c. Holding an annual meeting to review the financial management system for the previous fiscal year;
 - d. [If the Micmacs of Gesgapegiag is a borrowing member] Performing self-assessments of the Micmacs of Gesgapegiag's financial management systems and practices against the Micmacs of Gesgapegiag Financial Management Board's Standards and monitoring to ensure that any gaps or areas of non-compliance are rectified as soon as possible;
 - e. Reporting to Chief and Council, the Finance and Audit Committee, and the internal/external auditors on the results of their reviews.

- (4) The Financial Controller is responsible for:
 - a. Ensuring issues and concerns regarding the financial management system are collected, tracked, managed, reported to the Director General and the Financial Management System Assessment Committee and resolved as required in this policy;
 - b. Participating in the Financial Management System Assessment Committee.

Procedures

(1) Financial Management System Assessment Committee

- a. The Financial Management System Assessment Committee ("the Assessment Committee") will be composed of the Financial Controller, Director General, and other finance and operations employee designated by the Finance and Audit Committee.
- b. The Assessment Committee will meet at least once annually.
- c. Annually on a date scheduled by the Finance and Audit Committee, the Assessment Committee will review the financial management system for the period of the previous four quarters and up to the date of the meeting.

- d. The Assessment Committee agenda items will include, but are not limited to, the following:
 - i. Review of the system's processes and procedures;
 - ii. Review of applicable laws for compliance;
 - iii. Review of external and Internal Assessment results;
 - iv. Review of identified process improvement opportunities including their resolution;
 - v. Review of all committees' Terms of Reference;
 - vi. Review of the Micmacs of Gesgapegiag's corporate and personnel organization charts.
- e. The Assessment Committee must prepare a report for distribution to the Finance and Audit Committee and internal/external auditors that includes the following:
 - i. A statement of whether the financial management system has, during the review period, been operated in compliance with all applicable laws, policies, procedures and directions;
 - ii. Recommendations for any changes to those laws, policies, procedures and directions that, in the opinion of the Committee, would be beneficial to the financial management system.

(2) Internal Assessments

- a. The individual performing the Internal Assessment ("the Assessor") will be independent of the operations or activities being assessed. This individual will be assigned by the Assessment Committee and can be a Micmacs of Gesgapegiag staff member so long as the individual is independent of the operation or activity under review.
- b. A documented report will be prepared by the Assessor for each Internal Assessment performed. The report will contain the Assessor's findings and resolutions of any concerns identified in the findings.

(3) Continual improvement process

- a. The Financial Controller will be responsible for ensuring that any concerns or issues regarding the financial management system of the Micmacs of Gesgapegiag and brought to his/her attention are tracked, managed, and resolved on an ongoing basis.
- b. On a yearly basis, a report of the concerns or issues raised, actions taken, and any remaining potential process improvement opportunities will be submitted to the Assessment Committee.

(4) Review of Financial Administration Law

- a. Annually, the Finance and Audit Committee will review the *Micmacs of Gesgapegiag Financial Administration Law*:
 - i. To determine if it facilitates effective and sound financial administration of the Micmacs of Gesgapegiag, and
 - ii. To identify any amendments to this Law that may better serve this objective.
- b. The Finance and Audit Committee will report to the Chief and Council on the results of its review including any recommendations it makes for amendments to its Financial Administration Law.

(5) Membership information or involvement

- a. In the event that recommendations from the Finance and Audit Committee require amendments to the *Micmacs of Gesgapegiag's Financial Administration Law*, Chief and Council will ensure that Micmacs of Gesgapegiag members are provided the information or involved in consideration of any proposed amendments to the Law as required in its Financial Administration Law.

(6) Requirements Specific to Borrowing Members

- a. The Assessment Committee will determine whether the Micmacs of Gesgapegiag follows the Micmacs of Gesgapegiag's Financial Management Board Standards. This will be performed through a self-assessment that compares the Micmacs of Gesgapegiag's financial management systems and practices to the Micmacs of Gesgapegiag's Financial Management Board's Standards.

- b. The self-assessment should include the following:
 - i. Identification of all significant activities and a schedule of critical dates for completion of these activities;
 - ii. Assignment of the responsibilities and authority for all significant activities;
 - iii. A description of all records to be maintained including records of response to any non-compliance.
- c. Any gaps or areas of non-compliance between the Micmacs of Gesgapegiag's financial management systems and practices and the Micmacs of Gesgapegiag's Financial Management Board Standards will be corrected as soon as possible.
- d. The results of the self-assessment exercise and actions being taken to remediate the gaps or areas of non-compliance identified will be reported to the Finance and Audit Committee by the Financial Controller.
- e. In addition to the self-assessment process to be conducted by the Assessment Committee as set out in this policy, if the Financial Controller becomes aware at any time of any circumstances that could be considered a gap or area of non-compliance between the Micmacs of Gesgapegiag's financial management systems and practices and the Micmacs of Gesgapegiag's Financial Management Board Standards, the Financial Controller will report these circumstances to the Finance and Audit Committee as soon as practicable along with the actions to be taken to remedy those circumstances.

Attachments

None

16. APPENDICES

Appendix A – Sample Planning and Budgeting Schedule Template

Task	Individual(s) responsible	Deadline
Plan and hold annual planning kickoff meeting to present major budget policies, multi-year financial plan direction and guidelines for the strategic plan.	Director General, Financial Controller, Finance and Audit Committee, Chief and Council	October
Inspect and review of all Tangible Capital Assets to establish or update information.	Director General	November
Each Department prepares a thorough analysis and projection of all expenses for the budget year	Department Heads; Financial Controller	December
Consolidate all draft budgets including capital budget into one master budget;	Financial Controller	December
Multi-year plan and strategic plan developed or updated.	Financial Controller; Director General, Senior officers	December
Schedule of annual routine maintenance, other than Rehabilitation, for Tangible Capital Assets. Five (5), ten (10) and thirty (30) year forecasts for the estimated cost for Rehabilitation or replacement of the Tangible Capital Assets. The proposed budget for Rehabilitation and replacement of Tangible Capital Assets for the next fiscal year.	Financial Controller	December
Senior management reviews draft budgets, multi-year plan, and strategic plan and discusses (iterative process) with Financial Controller.	Director General; Financial Controller; Tax Administrator;	January
Present budget, multi-year plan, and strategic plan to Finance & Audit Committee for review, discussion, and modification.	Financial Controller, Director General, Finance & Audit Committee.	February
Incorporate Finance & Audit Committee changes to any of Planning Documents	Financial Controller, Director General, Finance & Audit Committee.	February

Task	Individual(s) responsible	Deadline
Inform the membership or involve the membership in consideration of the annual budget and the multi-year financial plan as required in the Financial Administration Law or Council policy including giving notice to the membership of the Council meeting when the budget and multi-year financial plan are presented for approval.	Director General, Financial Controller	March
Chief and Council receives budget/ multi-year plan / strategic plan and recommendation from the Finance and Audit Committee. Chief and Council approves budget/multi-year plan/strategic plan based on recommendation from the Finance and Audit Committee.	Finance and Audit Committee; Chief and Council	March
Distribute approved budget and strategic plan to Department Heads and any other appropriate staff.	Financial Controller	April
Prepare and submit to the Finance and Audit Committee for review a draft amendment of the component of the annual budget respecting the local revenue account.	Financial Controller	June
Finance and Audit Committee reviews the draft amendment of the component of the annual budget respecting local revenue account and recommend an amendment to the annual budget to the Chief and Council for approval.	Finance and Audit Committee	June
Chief and Council approves amendment of the component of the annual budget respecting the local revenue account.	Chief and Council	July

Appendix B – Financial Institution Account Reconciliation Template

Micmacs of Gesgapegiag

Financial Institution Account Reconciliation

Month: xxxx, 20xx

Financial Institution name: ABC Bank

Financial Institution account name: xxxx, xxxxx

Financial Institution account #: 000-0000-000

GL #: 12345

Ending bank balance \$ xxxx.xx

ADD: Deposits in transit \$xx.xx xx.xx

LESS: Outstanding cheques

<u>Cheque No.</u>	<u>Amount</u>	
###	xxx.xx	
###	xx.xx	
###	xxx.xx	
	xxx.xx	(xxx.xx)
Total outstanding cheques	xxx.xx	(xxx.xx)
Adjusted bank balance		<u>\$xxxx.xx</u>
Ending general ledger (GL) balance		\$ xxxx.xx
ADD/LESS: Unrecorded transactions		<u>Recorded?</u> (✓)
	Monthly bank fee	(x.xx)
Adjusted GL balance		<u>\$xxxx.xx</u>
Difference:		<u><u>x.xx</u></u>

Prepared by: _____ Title: _____ Date: _____

Approved by: _____ Title: _____ Date: _____

Appendix C – Purchasing Approval Limits

Purchase Values <i>[amounts used for illustration only – will vary depending on the Micmacs of Gesgapegiag's situation]</i>	Process to be followed:	Who is responsible?
Less than \$100	Petty Cash	Petty Cash Clerk
Between \$100 and \$5,000	Low Value ²	Head of Department or School Principal ¹
Between \$5,001 and \$25,000	Moderate value: Informal Quotation ³	Director General Financial Controller
Greater than \$25,000	High value: Tender Call/Request for Proposal	Chief and Council, Director General and Financial Controller

1. More detail is provided in the Delegated & Assigned Responsibilities policy and procedures.

2. Low Value = Contractual arrangement for low value procurement process: in this, employees with appropriate authority as set out in this policy may sign an invoice indicating that the goods or services have been received and the contractor/supplier may be paid.

3. Informal Quotation = obtaining informal quotes where practicable through advertisements, direct solicitations to contractors/suppliers and other methods in effort to compare prices.

Appendix D – Sample Contractor/Supplier Evaluation Template

Supplier Evaluation				
Organization name:				
Service / goods to be provided:				
RFP / Tender reference #:				
Value of contract:				
	Criteria	Details / Comments	Value	Score
1.	RFP or other requirements (list here) xxx xxx xxx	<i>Describe any areas of concern or where requirements were not met...</i>	##	##
2.	Qualifications and experience	<i>Do they have the appropriate qualifications and experience to perform the work?</i>	##	##
3.	Terms and conditions	<i>Are their terms and conditions acceptable to the Micmacs of Gesgapegiag?</i>	##	##
4.	Has the organization worked previously with the Micmacs of Gesgapegiag? Provide details and an evaluation of the work.	<i>Evaluate the Micmacs of Gesgapegiag's previous experience with this supplier</i>		
5.	xxxx			
6.	xxxx			
7.	xxxx			
8.	xxxx			
9.	xxxx			
10.	xxxx			
11.	Price	<i>Evaluation of the price, results of previous criteria.</i>		
12.	Other considerations?	<i>Anything not covered above that should be included in evaluation the supplier i.e. inclusion of local content</i>		
Evaluation			Score:	##/##
Overall comments / recommendation:				%

Attachments:

- Contractor/Supplier response to RFP/Tendering
- Results of any previous contractor/supplier evaluations
- Other supporting information as required

Appendix E – Local Content

The Micmacs of Gesgapegiag should promote the use of local content when appropriate in the procurement of goods and services. For construction contracts on reserve lands, the Micmacs of Gesgapegiag may include a clause that requires the contractor to employ local labour and resources. Another option is to add a training component to the contract that requires the contractor to train local labourers. Where applicable, the tender package should also require bidders to stipulate the extent to which they will use local materials, local equipment, and provide a formal training program for local labour employed by the contractor.

Pre-tender Considerations for Local Content

Before developing the tender documents, the Micmacs of Gesgapegiag should establish:

- The extent of labour and trades available locally
- Quantities and firm prices of locally available materials
- Local equipment available and firm rental rates
- Training requirements and trade apprenticeships

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

Appendix F - Template for Contracts with Contractors and Suppliers

(To be added later)

Appendix G - Sample Purchase Order and Cheque Requisition

(to be inserted)

Appendix H – Loan Agreement Template

(to be inserted later when Housing Policies and Procedures are updated and approved by Chief and Council)

Appendix I – Tangible Capital Asset Categories

The following table lists capital asset categories and examples of assets and costs included in each category. This is not intended to be a complete list and is for illustrative purposes only. The decision by the Micmacs of Gesgapegiag to capitalise costs as tangible fixed assets must be made in reference to PSAS accounting requirements, specifically those contained in PS 3150, *Tangible Capital Assets*.

Capital Asset Category	Examples of Capital Assets
Land	<ul style="list-style-type: none"> • land acquired for parks and recreation and recreation, conservation purposes, building sites and other programs • land purchased for construction of road surface, drainage areas and allowances or future expansions
Land improvements	<ul style="list-style-type: none"> • fencing and gates, parking lots, paths and trails, landscaping, swimming pools and playgrounds • Site preparation in advance of commercial or residential development
Buildings	<ul style="list-style-type: none"> • buildings with fireproofed structural steel frames with reinforced concrete or masonry floors and roofs • buildings with reinforced concrete frames and concrete or masonry floors and roofs • buildings with masonry or concrete exterior walls, and wood or steel roof and floor structures, except for concrete slabs on grade • operational storage facilities, sheds, small buildings, salt sheds, asphalt tanks, inventory storage buildings and pump houses
Building improvements	<ul style="list-style-type: none"> • major repairs or upgrades that increase the value or Useful Life of the building or which reduce future operating costs such as structural changes, installation or upgrade of heating and cooling systems, plumbing, electrical, telephone systems
Leasehold and occupancy improvements	<ul style="list-style-type: none"> • improvements that increase the functionality of leased or similar accommodations (refer to the assets listed under the "building improvements" category)

Operating equipment	<ul style="list-style-type: none"> equipment specific to maintenance, shop and sanitation, laboratories, medical, dental, safety, appliances, scientific research, hospitals, education and communication such as forklifts, welding machines, utility trailers, security systems, snowploughs, radios, freezers, refrigerators, washers, meters, defibrillators
Heavy equipment	<ul style="list-style-type: none"> power and construction equipment such as graders, tractors, cranes, drill rigs, caterpillars, and trucks one tonne and over
Vehicles	<ul style="list-style-type: none"> used primarily for transportation purposes such as automobiles, trucks under one tonne, vans, boats, all-terrain vehicles, snowmobiles, motorcycles, and ambulances
Marine vessels - vessels and towers	<ul style="list-style-type: none"> construction and replacement of vessels and towers
Computer software	<ul style="list-style-type: none"> off the shelf software and related upgrades, software licenses after removing any maintenance or similar charges
Computer hardware	<ul style="list-style-type: none"> servers, voice logging equipment, scanners, printers, hard drives, external hard drives, and plotters
Office furniture and equipment	<ul style="list-style-type: none"> desks, tables, chairs, filing cabinets, fax machines, photocopiers, videoconferencing stations, projectors, and digital cameras
Assets under construction	<ul style="list-style-type: none"> roads, buildings or other Tangible Capital Assets that are under construction and have not yet been placed into service
Roads/Streets	<ul style="list-style-type: none"> roads or streets light systems (traffic, pedestrian), signals for railways, new signage initiative, traffic calming (e.g. rumble strips, speed bumps)
Water and sewer infrastructure	<ul style="list-style-type: none"> dams, drainage facilities, docks, sewer systems, sewage lagoons, marinas, reservoirs, pumping facilities, tanks and associated infrastructure
Other infrastructure	<ul style="list-style-type: none"> landfills, tanker bases, helipad, dump stations

Appendix J – Presentation and Disclosure Requirements

The following requirements relate to the preparation of the Micmacs of Gesgapegiag's annual financial statements in accordance with PSAS and are based on PS 3150, *Tangible Capital Assets*. Readers are advised to consult with the current version of this accounting standard for the most recent accounting and disclosure requirements.

The financial statements should disclose, for each major category of Tangible Capital Assets and in total:

- (a) cost at the beginning and end of the period;
- (b) additions in the period;
- (c) disposals in the period;
- (d) the amount of any write-downs in the period;
- (e) the amount of amortization of the costs of Tangible Capital Assets for the period;
- (f) accumulated amortization at the beginning and end of the period; and
- (g) net carrying amount at the beginning and end of the period. [APRIL 2005]

Major categories of Tangible Capital Assets would be determined by type of asset, such as land, buildings, equipment, roads, water and other utility systems, and bridges.

Financial statements should also disclose the following information about Tangible Capital Assets:

- (a) the amortization method used, including the amortization period or rate for each major category of tangible capital asset;
- (b) the Net Book Value of Tangible Capital Assets not being amortized because they are under construction or development or have been removed from service;
- (c) the nature and amount of contributed Tangible Capital Assets received in the period and recognized in the financial statements;
- (d) the nature and use of Tangible Capital Assets recognized at nominal value;
- (e) the nature of the works of art and historical treasures held by the government; and
- (f) the amount of interest capitalized in the period.

Appendix K – Fraud Risk Assessment Template

[The following is an example of a Fraud Risk assessment. This example does not list all possible Fraud Risks that a Micmacs of Gesgapegiag may have. Each Micmacs of Gesgapegiag is encouraged to brainstorm to come up with their own identification of risks by considering questions noted above.]

Identified Fraud Risks and Schemes ¹	Likelihood ²	Significance ³	People/ Department ⁴	Existing Anti-Fraud Controls ⁵	Assessment of Anti-Fraud controls ⁶	Fraud Risk Response ⁷
<i>Conflict of Interest – Contracts improperly awarded</i>	<i>Remote</i>	<i>Material</i>	<i>Accounting</i>	<i>Chief and Council reviews and approves awarded contracts prior to payment.</i>	<i>Evidenced by Chief and Council meeting minutes.</i>	<i>Risk of Chief and Council override exists.</i>
<i>Recording of rent receipts in incorrect periods</i>	<i>Remote</i>	<i>Insignificant</i>	<i>Accounting</i>	<i>Year-end reconciliation of the rent revenue and receivables</i>	<i>Risk of override still exists</i>	<i>No further action, receipts are minimal.</i>
<i>Unauthorized payroll adjustments</i>	<i>Reasonably Possible</i>	<i>Material</i>	<i>Payroll</i>	<i>Finance Manager approves periodic payroll registers and reviews one-time payment queries</i>	<i>Adequately mitigated by control</i>	<i>N/A</i>

1. Identified Fraud Risks and Schemes: This column should include a full list of the potential Fraud Risks and schemes that may face the Micmacs of Gesgapegiag. This should be formed by discussions with employees, officers and councilors and brainstorming sessions.
2. Likelihood of Occurrence: To design an efficient Fraud Risk management program, it is important to assess the likelihood of the identified Fraud Risks so that the Micmacs of Gesgapegiag establishes proper anti-fraud controls for the risks that are deemed most likely. For purposes of the assessment, it should be adequate to evaluate the likelihood of risks as remote, reasonably possible, and probable.

3. Significance to the Micmacs of Gesgapegiag: Quantitative and qualitative factors should be considered when assessing the significance of Fraud Risks to the Micmacs of Gesgapegiag. For example, certain Fraud Risks may only pose an immaterial direct financial risk to the Micmacs of Gesgapegiag, but could greatly impact its reputation, and therefore, would be deemed to be a more significant risk. For purposes of the assessment, it should be adequate to evaluate the significance of risks as immaterial, significant, and material.
4. People and/or Department Subject to the Risk: As Fraud Risks are identified and assessed, it is important to evaluate which people inside and outside the Micmacs of Gesgapegiag are subject to the risk. This knowledge will assist in tailoring its Fraud Risk response, including establishing appropriate segregation of duties, proper review and approval chains of authority, and proactive anti-fraud procedures.
5. Existing Anti-Fraud Internal Controls: Map pre-existing controls to the relevant Fraud Risks identified. Note that this occurs after Fraud Risks are identified and assessed for likelihood and significance. By progressing in this order, this framework intends for the Micmacs of Gesgapegiag to assess identified Fraud Risks on an inherent basis, without consideration of Internal Controls.
6. Assessment of Mitigating Controls: The Micmacs of Gesgapegiag should evaluate whether the identified controls are operating and mitigating Fraud Risks as intended.
7. Fraud Risk Response: Residual risks should be evaluated by the organization and Fraud Risk responses should to address such remaining risk. The Fraud Risk response could be implementing additional controls.

Appendix L – Fraud Risk Assessment Guidelines

This document provides examples and considerations for the Micmacs of Gesgapegiag with respect to the risk of fraud and antifraud programs and controls and is written in the context of the Committee of Sponsoring Organizations (“COSO”) of the Treadway Commission’s Internal Control – Integrated Framework.

Below are the five components derived from COSO’s 2013 Internal Control – Integrated Framework that the Micmacs of Gesgapegiag may consider with respect to their responsibilities for designing and evaluating antifraud programs and controls.

1. Performing Fraud Risk Assessments
2. Creating Control Environment
3. Designing and Implementing Antifraud Control Activities
4. Sharing Information and Communication
5. Monitoring Activities

Performing Fraud Risk Assessments

Fraud Risk assessments are designed to identify and evaluate Fraud Risk factors that could enable fraud to occur within the Micmacs of Gesgapegiag. Every organization has inherent Fraud Risks that arise from internal and external conditions relative to the Micmacs of Gesgapegiag’s operations, geographical location, size, organizational structure and general economic conditions.

Fraud Risk assessments are more than a process to identify risks of theft and should also address other frauds, including Fraudulent Financial Reporting, Misappropriation of Assets and corruption and illegal acts. The Fraud Risk assessment involves an expanded focus on considerations of where Fraud Risk factors may exist within the entity and the potential fraud schemes that could be perpetrated.

Risk Assessment Team

A good risk assessment requires input from various sources. The Director General has the primary responsibility for performing Fraud Risk assessments. Ideally, the Director General should identify a risk assessment team to conduct the risk assessment. Individuals from throughout the Micmacs of Gesgapegiag’s financial management systems with different knowledge, skills, and perspectives should be involved in the risk assessment. Such members of the risk assessment teams should include personnel such as:

- Director General and Financial Controller;
- Finance Staff who are familiar with the financial reporting process and Internal Controls;
- Non-financial information technology personnel, to leverage their knowledge of day-to-day operations; and
- External legal or accounting advisors.

The Finance and Audit Committee should have an active role in the oversight of process, understand identified Fraud Risks, and evaluate the Micmacs of Gesgapegiag’s implementation of antifraud measures.

The Finance and Audit Committee, together with Director General and the risk assessment team, should also consider the potential risk of management's override of controls or other inappropriate influence over the financial reporting process.

Questions to Consider

There is no one standard method by which the Micmacs of Gesgapegiag may evaluate and implement its Fraud Risk assessment. The following is a list of some of the questions management to consider when completing Fraud Risk Assessment template.

- Are there events or conditions that indicate an incentive or pressure to commit fraud? These incentives, rewards and pressures are associated with achievement of objectives.
- Are there circumstances that allow employees and councillors to commit fraud? These opportunities are greatest in areas with weak Internal Controls and a lack of segregation of duties.
- Are there opportunities for unauthorised acquisition, use or disposal of assets, altering the Micmacs of Gesgapegiag's reporting records or committing other inappropriate acts?
- Are there indications of an attitude, character or set of ethical values that allow employees or councillors to commit fraud?
- Has there been past allegations of fraud or fraud within the associated membership, partnership or in the Micmacs of Gesgapegiag?
- Are there unusual financial trends or relationships identified in the past and potential role of weak information technology controls that could play in enabling fraudulent activity to occur?
- Are there controls that mitigate the risk of management and council's override of controls? Does the Fraud Risk assessment include the vulnerability of Internal Controls to management override and potential schemes to circumvent existing control activities?
- What is the degree of estimates and judgement used in financial reporting that may result in fraudulent reporting?
- What is the nature of technology and management's ability to manipulate information?
- Are there unusual or complex transactions subject to significant management influence?
- Do the Finance and Audit Committee members have sufficient oversight of management's antifraud programs and controls?
- Does the Micmacs of Gesgapegiag have a code of conduct with provisions related to conflicts of interests, related-party transactions, illegal acts and fraud, made available to all personnel? Do personnel have to confirm their individual compliance with this code of conduct on an annual basis?
- Does the chief and council have a proper tone at the top? Does the management assess the tone of the leadership of the Micmacs of Gesgapegiag to determine if the culture encourages ethical behaviour, consultation and open communication? This assessment can be made through

anonymous surveys (i.e. Third-party whistleblower service providers), inquiries, interviews or by external auditors during their annual financial statement audit engagements.

- Does the Micmacs of Gesgapegiag have whistleblower policy with adequate procedures to handle anonymous complaints and accept confidential submission of concerns about questionable accounting, control and financial and non-financial matters?
- Does the management design and implement preventative and detective controls? Preventative controls are designed to stop fraud from occurring and detective controls are designed to identify the fraud if it occurs.
- Are Fraud Risk assessments updated periodically to include considerations of changes in operations, new information systems, changes in roles and responsibilities and revisions to identified Fraud Risks within the Micmacs of Gesgapegiag?
- Is information on ethics and management and council's commitment to antifraud programs and controls effectively communicated throughout the Micmacs of Gesgapegiag to all employees?
- Has management linked identified existing Fraud Risks to existing Internal Control and documented mitigating existing or new antifraud control activities related to the Fraud Risks?

Creating a Strong Control Environment

Emphasis should be placed on the Micmacs of Gesgapegiag's control environment as it influences the tone of the entire organization. Control environment factors include the integrity, ethical values, and competence of the Micmacs of Gesgapegiag's management and employees and have a pervasive effect on the Micmacs of Gesgapegiag's operations and governance structure.

The control environment should set the proper "tone at the top" which includes a culture and work environment that promotes open communication, consultation and ethical behaviour. It should:

- Create and maintain a culture of honesty, high ethical standards, and behaviour;
- Provide discipline for violations of the code of conduct / ethics;
- Set an appropriate tone for the Micmacs of Gesgapegiag's attitude towards fraud and fraud prevention; and
- Promote effective controls to prevent, deter and detect fraud.

All employees of the Micmacs of Gesgapegiag have a role in the control environment. Management, councillors and Finance and Audit Committee members have the primary responsibility of creating the tone at the top. The Finance and Audit Committee should take an active role in the oversight of management's efforts to design and implement Internal Controls, including antifraud programs and controls and should challenge management to ensure that Fraud Risks are identified and that appropriate control activities are implemented and monitored.

Designing and Implementing Antifraud Control Activities

After Fraud Risk assessments are performed, Director General should address each identified Fraud Risk by determining whether control activities exist and mitigate the risks. Control activities are policies and procedures designed to address risks and help ensure the achievement of the Micmacs of Gesgapegiag's objectives.

Where control activities are not already present, Director General should design and implement additional controls to specifically address the identified Fraud Risks.

Special consideration should be given to the risk of override of controls by management and Chief and Council. Some antifraud programs and controls will include active oversight from the Finance and Audit Committee; whistleblower programs and system to receive and investigate anonymous complaints; reviewing Financial Reporting Risks for evidence of possible material misstatements due to fraud.

Sharing Information and Communication

Effective communication is an important element to all phases of the implementation of antifraud programs and controls.

The Micmacs of Gesgapegiag's code of conduct or ethics is often the first line of communication concerning its philosophy on fraud prevention. Other communication methods should be used to create awareness of antifraud programs and controls. Examples would include the Micmacs of Gesgapegiag's newsletters, intranet sites, training and through presentations led by Chief and Council or management.

Monitoring Activities

Director General and the Finance and Audit Committee should monitor the quality and effectiveness of antifraud programs and controls. Ongoing monitoring procedures should be built into operating activities. Examples include:

- Reconciliations of operating and financial reports;
- Regular communications with employees as well as external auditors; and
- Periodic planning and training sessions to identify Fraud Risks and assess implementation effectiveness of preventative and detective control activities.

Some monitoring activities can be automated in nature and as such may involve information technology systems. Effective antifraud programs are dynamic, where the information obtained through the monitoring process is fed back into the risk assessment and the entire process begins anew.

Appendix M – Risk Management Plan Template

	Identified Risks	Potential Impact	Likelihood	Significance	Mitigation / action plan	Individual responsible
	<i>Risk category (i.e. For-profit business, loans, indemnities, investments, insurance and emergency)</i>					
1	<i>Provide a description of the risk and date identified</i>	<i>Provide estimates of the impact of the risk – quantitative/ qualitative as appropriate</i>	<i>An estimation of the likelihood, from remote, reasonably possible, and probable.</i>	<i>Significance of the potential impact identified as immaterial, significant, and material.</i>	<i>Specific steps to either reduce or eliminate the impact/likelihood of the risk</i>	<i>Name of who will implement and monitor the action plan</i>
2						
3						
	<i>Risk Category (i.e. For-profit business, loans, indemnities, investments, insurance and emergency)</i>					
1						
2						
3						

Appendix N – Examples of Risks to Consider

Types / Causes	Examples	
Natural Events	Flooding Earthquake Hurricane Landslide	Snow / ice storm Tornado Windstorm
Human Events	Disease outbreak Bomb threat Computer crime / theft Hazardous-material spill Fire Fraud Hacking Human error	Extortion / embezzlement Loss of key personnel Non-compliance (ignorance or willful) Riot / civil disorder Sabotage Labour strike Theft / loss
Technological Events	Alteration of data Alteration of software Disclosure Hardware failure Power failure / fluctuation	Explosion / Fire Malicious code Software error Telecom outage Vandalism / cyber- vandalism

Appendix P – Emergency Planning Resources

Plan creation resources:

Government of British Columbia – Community Emergency Planning Toolkit

<http://www.pep.gov.bc.ca/Community/planningtk.html>

Government of Alberta – Alberta Emergency Management Agency

http://aema.alberta.ca/tr_index.cfm

Government of Manitoba – Emergency Measures Organization

<http://www.gov.mb.ca/emo/community/index.html>

Government of Ontario – Emergency planning guidance for municipalities

<http://www.mah.gov.on.ca/AssetFactory.aspx?did=5413>

Appendix Q – Emergency Plan Template

[Micmacs of Gesgapegiag]

EMERGENCY PLAN

[2019]

Last updated: [xx, Month, Year]

Approved by Chief and Council: [xx, Month, Year]

Table of contents

1.0 Introduction

- 1.1 Purpose
- 1.2 Scope
- 1.3 Emergency planning committee
- 1.4 External planning resources

2.0 Emergency Events

- 2.1 Risk Assessment

3.0 Emergency Operations

- 3.1 Authority
- 3.2 Emergency responsibilities
- 3.3 Emergency Assessment and Notification
- 3.4 Emergency Declaration and Communications Plan
- 3.5 Incident Response

4.0 Facilities and Equipment

- 4.1 Building
- 4.2 Information Technology
- 4.3 Records Backup

5.0 Recovery Operations

6.0 Emergency Plan Maintenance

- 6.1 Documentation
- 6.2 Drills and Exercises
- 6.3 Program Assessment
- 6.4 Training
- 6.5 Periodic Emergency Drills

Appendices

- Micmacs of Gesgapegiag Contact Information (Key staff members)
- Emergency organizations contact information (i.e. Emergency Services – Fire, Police, Hospitals)
- Evacuation routes and shelters
- List of key suppliers and contact Information
- Specific plans for each major risk
- [Other appendices as appropriate for the Micmacs of Gesgapegiag]

1. Introduction

1.1 Purpose

The purpose of this plan is to ensure that the ♦ Micmacs of Gesgapegiag has the tools and resources to plan for, react to, and resolve emergency situations that could affect finances, operations, and/or the health and safety of employees.

1.2 Scope

This policy applies to all Micmacs of Gesgapegiag staff, committee, and Chief and Council members.

1.3 Emergency Planning Committee

The Emergency Planning Committee meets X times per year to create, maintain and improve the emergency plan to ensure it remains relevant and useful for the ♦ Micmacs of Gesgapegiag. Committee members represent all functions of the ♦ Micmacs of Gesgapegiag and include:

Name – Director General (Chair)	Name – Title/Information Technology
Name – Financial Controller	Name – Title/Community Relations
Name – Title/Human Resources	Name – Title/Function
Name – Title/Property Management	Name – Title/Function

1.4 External planning resources

The Emergency Planning Committee works with the following external individuals/agencies to provide advice and input in the emergency planning process:

Name – Officer, Local Police Department	Name – Title/Insurance provider
Name – Officer, Local Fire Department	Name – Title/Function
Name – Nurse, Public Health	Name – Title/Function
Name – Hydro/Electricity/Utility provider(s)	Name – Title/Function

2. Emergency Events

2.1 Risk Assessment

#	Description
1	Forest fires – <i>provide detail</i>
2	Disease outbreak – <i>provide detail</i>
3	Natural disaster – <i>provide detail</i>
4	Environmental risk – <i>provide detail</i>
5	

Based on an assessment of the risks facing the ♦ Micmacs of Gesgapegiag and the likely impact of those risks, the following have been identified as part of our plan:

Other requirements (regulatory, specific to the Micmacs of Gesgapegiag):

List

3. Emergency Operations

3.1 Authority

The following individuals/groups have the authority to declare an emergency and enact the contents of this plan:

- Council
- Name, Director General
- Name, Backup for Director General.

3.2 Emergency Responsibilities

Director General

- Creating an emergency planning committee;
- Ensuring that an emergency response plan is prepared and approved;
- Ensuring that the emergency response plan is communicated to the affected Micmacs of Gesgapegiag staff and members;
- Updating the emergency response plan on an annual basis.
- *Others, as determined by the Micmacs of Gesgapegiag, including 'Alternates' for key individuals...*

Emergency Planning Committee

Describe...

Other Support Staff

Individuals within the Micmacs of Gesgapegiag that have been assigned emergency planning responsibilities...

External Organizations

Such as Fire, Police, Health care...

3.3 Emergency Assessment and Notification

Once an emergency is declared, the following individual(s) and organization(s) will be notified:

- Individual/Organization – contact information
-

3.4 Emergency Declaration and Communications Plan

- Describe how Micmacs of Gesgapegiag staff and Chief and Council Members will be informed and what communication tools (cell phones, email, radio, etc.) will be used to do so.

- Describe how any outside parties will be informed of an emergency, if applicable.

- Describe how

3.5 Incident Response

- Describe the specific response to each of the major risks identified.

4. Facilities and Equipment

4.1 Building(s):

- Describe how the building will be protected or evacuated in an emergency, any safety precautions necessary, etc.

4.2 Information technology:

- Describe how critical systems and computer hardware/software will be protected.

- Describe what will happen if the Micmacs of Gesgapegiag's computers are destroyed, where backups are located.

4.3 Records back up

- State the name of the individual responsible for backing up the accounting system and other critical records such as payroll.

- Describe the backup procedures for records of key financial data (such as bank account records, computer system backups, insurance policies, etc.). State where the backups are kept, both onsite and offsite.

5. Recovery Operations

- Describe the process for recovering operations after an emergency.

6. Emergency Plan Maintenance

6.1 Documentation

- Describe how documentation will be maintained, where it will be stored, and how it will be distributed to staff.

6.2 Documentation

- Describe type and frequency of drills (quarterly). These could include mock disaster exercises, fire drills, communication and offsite computing tests, etc.

6.3 Program Assessment

This plan will be reviewed and updated by the Emergency Planning Committee on an annual basis. A revised version will be communicated to all staff, committee, and Chief and Council members. The Emergency Planning Committee will coordinate and communicate with external parties (i.e. police) as required.

6.4 Training

- Define any training requirements for staff and specific training required for any individuals assigned emergency responsibilities.

6.5 Periodic Emergency Drills

- Define frequency of emergency drill requirements for staff.

Appendices:

Micmacs of Gesgapegiag Contact Information (Key staff members)

Emergency organizations contact information (i.e. Emergency Services – Fire, Police, Hospitals)

Evacuation routes and shelters

List of key suppliers and contact Information

Specific plans for each major risk

Other appendices as appropriate for the Micmacs of Gesgapegiag...