



Long Point First Nation Financial Administration Policy

ADOPTED BY COUNCIL ON JULY 18, 2019

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PREAMBLE

The Long Point First Nation Financial Administration Policy is updated in order to ensure that the delivery of new or existing programs and services are carried out within a transparent and accountable Long Point First Nation framework. This approach is essential in order to maximize the use of funding provided by government agencies as well as financial resources generated by the community.

The structured and consistent implementation of proactive internal financial controls is critical in order to ensure that program and budgetary planning is undertaken in a reflective, accountable and prudent manner. This important approach is to implement sound administrative directives for the Long Point First Nation community as it moves forward in a manner that will demand discipline but will ensure short, medium and long term sustainability.

The financial procedures that follow set out the mandatory approaches in regards to financial management and administration and as such, shall be consistent with operational plans. This By-law may be cited as the Financial Administration Policy.

APPLICATION AND IMPLEMENTATION

1. This By-law applies to the management and control of LPFN Funds, and the administrative organization of the Band with respect thereto.
2. Every member of the Council or of a Committee and every Employee, as these terms are defined herein, is responsible for applying and complying with this By-law as it relates to him/her.
3. The Executive Director/Director of Finance shall oversee the implementation of this By-law according to their respective responsibilities and functions provided herein.
4. The Executive Director/Director of Finance shall report to the Council on a regular basis, and upon request, with respect to the implementation of this By-law.
5. The Executive Director/Director of Finance shall report directly to the Council upon request and regarding any serious concerns or issues regarding the implementation of this By-law, and he/she shall also provide a report to the Council on an annual basis with respect to the implementation of this By-law.
6. This By-law shall be read in conjunction, and implemented in accordance of this by-law.
7. In the event of an inconsistency or a conflict between this By-law and another by-law or policy of the LPFN, this By-law prevails to the extent of the inconsistency or conflict.

GLOSSARY

Accounts Payable

Is money owed by the LPFN and shown on the Balance Sheet as a Liability. Money owed by the LPFN generally comes from expenses such as phone bills, hydro, supplier purchases etc.

Accounts Receivable

Is money owed to the LPFN and shown on the Balance Sheet as an Asset. Money owed to the LPFN generally comes from funding agreements and loans.

Angel Investor

An angel Investor or angel (also known as a business angel or informal investor) is an affluent individual who provides capital for a business start up, usually in exchange for convertible debt or ownership equity. A small but increasing number of angel investors organize themselves into angel groups or angel networks to share research and pool their investment capital, as to provide advice to their portfolio companies.

Directors

Refers to the Director of Education, Director of Health and Social Services, Director of Community Services.

Assets

Anything owned by the community having a monetary value such as cash, equipment, buildings, vehicles etc.

Auditor

Means the external auditor selected by the Chief and Council to conduct an annual financial review of Long Point First Nation to ascertain the validity and reliability of the financial reports as well as to provide an assessment of the system's internal control. The goal of the auditor is to express an opinion of the community's accounting and financial statements according the GAAP.

Bad Debt

Bad debt is an amount owed to the community that is written off as a loss (and classified as an expense) because the money cannot be collected and all reasonable efforts to collect it have been exhausted.

Balance Sheet

A Balance Sheet is a statement of financial position at a specific period and is comprised of three parts, assets, liabilities and equity.

Band Council Resolution

A formalized document approved by Chief and Council to enact or confirm a decision made by the Council. Band Council Resolutions require quorum of three (3) Council Members in order to be valid.

Budget

A forecast of revenues and expenditures. Budgets are based on a specific period of time and program and generally budgets are planned annually.

Cashflow

The movement of cash in and out from day to day financial transactions.

Chief and Council

Duly elected representatives of the LPFN.

Director of Finance

Director of Finance plans, organizes, supervises and controls all operations of the finance and administration services under the jurisdiction of the LPFN.

Conflict of interest

A conflict of interest generally arises when private interests or personal consideration directly or indirectly affects a transaction that is not in the best interest of the LPFN. A conflict of interest can be perceived or real. Note: Fairness, transparency and accountability must prevail.

Contractor

Any person or company who is issued a specific work responsibility with established terms and conditions at a set given price. A contractor is legally responsible for any employee carrying out work as stipulated in a service contract or agreement. A contractor is not an employee of the Long Point First Nation while carrying out contract work.

Current Assets

Anything owned by the LPFN having a monetary value that can be converted into cash within twelve months of the balance sheet date.

Current Liabilities

Money owed that is due for payment within twelve months of the balance sheet date.

Depreciation/Amortization

A method of allocating the value of a tangible asset over its useful life. The cost is allocated as an expense while reducing the value of the asset.

Employee

A person who is hired to provide services in the LPFN on a regular basis in exchange for compensation and who does not provide these services as part of an independent business.

Equity

The value of the LPFN. This is the third part of the balance sheet which shows the value of the LPFN using the formula of $\text{Assets} - \text{Liabilities} = \text{Equity}$

Finance Clerk

The Finance Administration Clerk is responsible for providing financial, administrative and clerical services in order to ensure effective, efficient and accurate financial and administrative operations. The Finance and Administration Clerk must comply with the GAAP (Generally Accepted Accounting Principles), internal policies and applicable funding agreements.

Fixed Assets

Assets held for use by the LPFN, an example is equipment, buildings etc.

Fixed Costs

An expense which does not vary for a period of time. An example would be depreciation, permanent staff wages etc.

Fiscal Year

Means the period beginning on April 1st of one year and ending on March 31st of the next calendar year.

GAAP

Means the Generally Accepted Accounting Principles of the Canadian Institute of Chartered Accountants, as amended or replaced from time to time This common set of accounting principles, standards and procedures is used to compile the financial statements.

Immediate Family

For the purpose of this policy, immediate family refers to spouse (implies common law as well), father, mother, child, step-child, sister/brother, father/mother-in-law, brother/sister-in-law, child of spouse or custom adoption, grandparent, grandchild, aunt, uncle, niece, nephew, son/daughter-in-law.

Liabilities

General term for what the LPFN owes. This includes accounts payable, loans payable, salaries payable etc.

Petty Cash

Petty cash is a small amount of discretionary funds in the form of cash used for expenditures where it is not convenient to make a disbursement by cheque.

Policy

A document outlining guidelines and regulations for the control and management of programs. A policy is a principle or rule to guide decisions and achieve rational outcomes. Policies are adopted by the Chief and Council by resolution. Policies can assist in both subjective and objective decision making.

Restricted Funds

These are funds that are earmarked for a specific purpose and cannot be used for any other purpose.

Revenues

Income received from all sources such as the sale of goods, funding agreements, services etc.

SECTION 1 - MISSION STATEMENT AND OBJECTIVES

Mission Statement

The Long Point First Nation aims to ensure a functional process by which accountability, transparency, planning, budgeting and evaluation of the Long Point First Nation finances meet all legal and financial obligations.

Objectives

1. To implement an accounting and financial system that will ensure the sound management of all LPFN funds.
2. The Long Point First Nation shall meet the objectives as described in funding agreements based on priorities confirmed by the Council.
3. Accounting standards and financial and management control shall be established and maintained in such a manner as to provide reasonable assurance that:
 - a) Assets are safeguarded, accounted for and controlled.
 - b) The transactions of Long Point First Nation are in accordance with GAAP, the policies and the funding agreements signed.
 - c) The financial, human and physical resources of Long Point First Nation are managed economically, efficiently and transparently.

SECTION 2 – ROLES AND RESPONSIBILITIES

Chief and Council

The Chief and Council and through delegated authority to its Service Directors/Managers; in its responsibility towards the membership; are accountable for all the community's financial obligations.

The Chief and Council shall ensure that financial matters and accounting policies, delegated authorities and guidelines are consistent with sound accounting practices.

Cheque signing, banking and resolutions shall represent those authorities delegated by the Chief and Council to Directors/Managers, Assistant Directors and finance employees to carry out business operations for the service sectors.

It is the responsibility of Chief and Council to:

1. Approve budgets for the administration of all service sectors.
2. Ensure sound financial administration policies are reviewed and updated on a quarterly basis to ensure they are kept current.
3. Ensure adherence to funding agreements' terms and conditions and that all programs and services are administered accordingly.
4. Initiate or conduct investigations and take necessary disciplinary actions as may be required when a Director, Manager, Assistant Director or any Long Point First Nation

- Employee does not comply with policies and directives; or where there is sufficient evidence of mismanagement or fraud.
5. Ensure all budgets and financial decisions are approved by a motion or duly signed Band Council Resolution.
 6. Quorum of the Chief and Council is required for any financial decision or policy approval prior to being adopted and implemented.

Service Directors/Managers

The Long Point First Nation Operational Plan is a statement of activities to be undertaken within a specified fiscal year. Each Service Director/Manager is responsible for preparing an annual operational plan and budget projection to be submitted to the Executive Director and Director of Finance by February 15 of each fiscal year. All operational plans and budget will be approved by Chief and Council prior to the commencement of the fiscal year.

The Service Directors/Managers shall prepare operational plans and applicable budgets in accordance with the legal and established financial framework.

The Service Directors/Managers shall establish and maintain a process to ensure that these budgets are:

- a) Prepared in accordance to standard accounting practices.
- b) Prepared in accordance with anticipated and/or confirmed resource allocations.
- c) Consistent with this finance policy.
- d) Consistent with the chart of accounts.
- e) Prepared on the basis of approved performance standards.
- f) Based on plausible assumptions.
- g) Internally consistent.

All budget plans prepared shall consist of:

- a) A program list complete with funder codes (if applicable), Long Point finance codes and anticipated revenues;
- b) An employee list and associated salary costs;
- c) A budget spreadsheet for each funding agency that is consistent with the chart of accounts;
- d) Individual budget pages

The Service Directors/Managers and their delegates are required to follow and implement the Finance Policy.

Approval Authority

Subject of this By-law and regarding the awarding of contracts and the calling of tenders that is not inconsistent with this By-law, only the persons listed in the table below may approve expenditures and commitments in accordance with the limitations set out therein.

For greater certainty, and notwithstanding any other by-law of the LPFN that does not make

explicit reference to this By-law, this section provides a definitive and exhaustive list of persons authorized to make financial commitments and expenditures on behalf of the LPFN, their respective fields of authority and maximum spending limits.

No person shall split or segment an expenditure or financial commitment for the purpose of permitting a person to authorize expenditures or financial commitments that would otherwise not be permitted according to their financial authority.

Expenditures and commitments submitted by Directors in relation to the activities of their respective departments and fields of authority that are above their maximum transaction limit and that of the Executive Director must be approved by council.

Executive Director:

Purchase of goods and materials and equipment for the LPFN and commitments related thereto up to 25,000.00.

Expenditure and commitments submitted by a department director in relation to his/her department in relation to his/her department of field of authority above maximum transaction limit of latter. Other expenditure and commitments required for the sound administration of programs and services.

Department Directors:

Expenditures and relating to the activities of the department director in relation to travel and other expenses of department personnel up over \$500.00 with approval by Purchase Order and the Executive Director.

Finance Department

The Finance department is one of the most important departments in the Long Point First Nation as it helps provide the financing and accounting information necessary to make various decisions. However, this department has a role that encompasses a number of duties.

The activities expected from a finance department cover a wide range from bookkeeping to providing information to assist senior management in making strategic decisions.

At the base level, the finance department will be responsible for all the day-to-day transactional accounting for the business. This will include the tracking of all transactions and the provision of such information to the Service Directors/Managers for reporting purposes.

The finance department is also responsible for the management of the organization's cash flow and ensuring there are sufficient funds available to meet the day-to-day operations. This area also encompasses the credit and collections policies for the company's customers, to ensure the organization is paid on time, and that there is a payment policy for the company's suppliers. Long Point First Nation shall have a form of forecast prepared on a regular basis to systematically calculate the ongoing cash needs.

Where there are cash needs beyond the day-to-day working capital, the finance comptroller is responsible for immediately advising the Director of Finance/Executive Director and Chief and Council. Financing may be obtained through a bank or Cooperative lender.

SECTION 3 - FINANCE POLICY AND AMENDMENTS

Financial Policy

The Long Point Financial Policy provides the framework within which the community's procedures are established. The regulations set out the parameters within which business transactions are made.

For the purpose of sound administration, the Long Point First Nation shall establish significant accounting policies and practices for the control of revenues and expenses.

The Director of Finance and the Executive Director shall ensure that the Finance Policy is reviewed quarterly and shall bring forward to the Chief and Council any recommendations for amendment if required.

Amendments

Recommendations for amendments to the Finance Policy must be given to the Executive Director in writing. The Executive Director and Director of Finance will review and present to the Chief and Council all recommendations for amendments to the Financial Policy. All amendments require the approval of the Chief and Council through Band Council Resolution before they come into effect.

Amendments to this policy can be made at any time if required to adapt to any changes in funding agreements or ensure sound financial management. Any amendment must be approved via a Band Council Resolution.

SECTION 4 - FINANCIAL YEAR

The Long Point First Nation financial year begins April 1st and ends March 31st the following calendar year.

SECTION 5 - BUDGET ADMINISTRATION

A budget aids in the planning of programs and services by managers and employees. It also helps coordinate the activities of the organization by compelling staff to review budgetary constraints, control expenses and examine variances within their programs. The ensuing variance report is the first indication of possible problems within a program and serves as a guide to users and management.

Budget Process

1. All Directors/Managers shall prepare budgets according to the reasonable expectation of funds.
2. Budget process shall be completed and submitted to the Director of Finance/Executive Director by February 15th of each fiscal year for the following fiscal year.
3. Each budget may have a contingency provision not greater than 5%.
4. Each budget may have an administration fee. The maximum administration fee amount must be included in the budget, as per agreements.
5. The Executive Director, Director of Finance and Service Directors/Managers must review all sector budgets by March 5th of each fiscal year.
6. Annual budgets will be presented and approved by Chief and Council at a minimum of 10 working days prior to the new fiscal year.

Approval and Control Process

1. The Service Director/Managers are required to prepare a budget and operational plan that will identify human resource needs, operational costs, capital costs, and any need for reorganization, for presentation and approval by Chief and Council, approval will take place no later than a minimum of 10 working days prior to the new fiscal year.
2. Budgets are to be approved by Motions or Band Council Resolution before any commitments are made.
3. Upon approval the Finance Comptroller or designate will enter the approved budgets into the accounting software for each program. The Finance Comptroller cannot make any amendments to the budgets without approval from the Sector Director/Manager and the Executive Director and Council.
4. The Finance Comptroller shall ensure that approved budgets for the new fiscal year are entered into the accounting software system no later than April 15th of each fiscal year.

Budget Monitoring/Quarterly and Mid-Year Review

1. Budgeted funds approved by Long Point First Nation are to be expended for the purposes identified and approved.
2. The Finance Comptroller shall provide the Service Directors/Managers with quarterly financial statements for their respective programs.
3. On a quarterly basis all Service Directors/Managers must review expenses and revenues for their respective programs and must follow-up the results in comparison with the budgets to ensure and avoid deficit.
4. The Service Directors/Managers are required to conduct a mid-year review and provide, in person, to the Chief and Council with an updated amended budget, if required, as a result of the mid-year variance report.

Budget Amendments Process

1. All Directors, Managers or authorized personnel shall review their budgets mid-year. Any additions, deletions or modifications to the budget must be presented to Chief and Council for approval.

2. Any additions, deletions or modifications to the budget require approval of the Chief and Council through a Motion or Band Council Resolution.
3. The Finance Comptroller will amend budgets within the accounting software upon Council approval.

SECTION 6 - GENERAL ACCOUNTING PRACTICES AND FINANCIAL CONTROL

Long Point First Nation in respect of its objectives shall follow sound management practices and GAAP. The aggregate set of practices and procedures will allow for the accurate, transparent and effective handling of all monies and contracts. A system of sound financial management should be characterized by the existence and proper functioning of the following attributes;

- a) A coherent set of accounting procedures and standards which reveal that LPFN monies were spent in accordance with due authority, that all transactions were recorded accurately and that a complete audit trail exists to facilitate a post expenditure review;
- b) Transparent budget mechanisms for the allocation of monies to various programs;
- c) An effective system of scrutiny of all programs;
- d) An efficient and equitable revenue raising mechanism which is effective and to the benefit of the LPFN government;
- e) Performance indicators associated with all programs so that the services with which programs are managed and their effectiveness in meeting declared targets can be measured;
- f) A decision making and approval system which limits the span of influence exercised by any one individual over a particular spending program.

Signing Authorities

Legal power delegated by Chief and Council, to appoint individuals to sign on behalf of LPFN. The signing authority authorizes specific individuals to sign one or more of the following documents; purchase orders, cheque requisitions, contracts, funding agreements, cheques. The signing authority will also indicate the maximum dollar limit for each individual, if applicable. All authorized signatories must keep all financial information acquired by virtue of being an authorized signatory confidential at all times.

1. Prior to the start of each fiscal year Service Directors/Managers are required to complete appendix #2 Delegation of Signing and Purchasing Authority for Council approval.
2. Financial signing authority shall be delegated in such a way as to ensure an appropriate division of responsibility in the disbursement process.
3. No employee who is in an acting position with the exception of the Executive Director shall be permitted to exercise the authority granted to a Service Director/Managers without Council authorization.
4. Delegation of authority may be limited or revoked by the Chief and Council. Such limitation or revocation shall be implemented via the completion of Appendix #2, Delegation of Signing and Purchasing Authority.
5. No employee shall exercise any element of financial signing in connection with any form of payment from which he/she can personally benefit or, is in a perceived conflict of interest.

6. Service Directors/Managers cannot enter into any kind of agreement which would be considered conflict of interest or is for immediate family members. All such agreements must be pre-signed by the Executive Director.
7. No employee convicted or terminated because of fraud, theft, impersonation or similar offence will have signing or purchasing authority.
8. Signing authority for Funding agreements, Contracts and bank account cheque signatories must be issued via Band Council Resolution (BCR).

Purchase Orders

A purchase order is a legal agreement to purchase goods. When a purchase order is issued by LPFN and accepted by the seller the purchase order becomes a contract between the purchaser and the seller.

1. All purchases must be made by purchase order duly signed by the proper authorities.
2. No purchase is to be made outside of Canada without the authorization of the Executive Director.
3. Purchase orders should indicate item(s) required and agreed upon price.
4. Purchase order should indicate program allocation code.
5. Service Directors/Managers must ensure that financial commitments are made within approved budgets.
6. All purchase orders require three (3) copies which are to be distributed to the following: Finance Department, Seller and Issuer.
7. Outstanding purchase orders must be reviewed regularly to verify either of the following;
 - if goods were received,
 - invoice missing,
 - if goods are on backorder,
 - cancellation of purchase order, etc.
8. Purchase orders are not required for fixed expenses such as telephone, copier, electricity, subscriptions, registrations, cable, petty cash etc.
9. Purchases of over \$500.00 and more must be approved by Finance Department & Executive Director and purchases of \$25,000.00 (twenty-five thousand dollars) require two (2) written quotations and the Executive Director must get Council approval.
10. Contract/Purchase splitting is strictly prohibited.
11. For security purposes all purchase order books must be numbered and kept under lock and key.
12. Each department will maintain used purchase order books in a secure area.

Cash Advances

A cash advance is a short term unsecured loan. This advance is issued when purchase orders are not convenient to meet the needs of a specific project. The following steps are applied with regards to the issuance of cash advances.

1. A cheque requisition duly authorized and indicating amount and purpose of the advance;
2. The individual must agree and sign Appendix 1 -- Cash Advances;

3. No other advance may be issued to the same individual until such time the first advance has been reconciled;
4. Original receipts reconciling the advance must be completed within 5 working days of cheque issuance;
5. All receipts must have the following information;
 - vendor name,
 - vendor address,
 - business number,
 - GST/PST if applicable,
 - amount paid;
6. Advances may NOT be used to pay individuals for goods or services;
7. Failure to reconcile such advance within 5 working days will result in a deduction of the full amount from any monies payable to the individual to whom the advance was issued;
8. All advances must be reconciled in detail on the cheque requisition form, with all receipts attached.

Invoices and Coding (Commercial and Individual)

A commercial invoice is a document issued by the seller indicating the product, services, quantity and agreed upon price. The commercial invoice will show Company name, business number, GST/PST if applicable, goods and/or services sold. An individual invoice is a contractual agreement between an individual and Long Point for the sale of goods and/or services. The Service Directors/Managers and the Finance department shall ensure that all transactions are properly classified so as to ensure the accuracy and integrity of its data and reports;

1. All invoices should be originals and must be approved by an authorized signatory.
2. All invoices must have the project code clearly indicated prior to being sent to Finance.
3. Invoices may or may not have the expense code indicated prior to being sent to Finance. Invoices with the expense code must meet GAAP. Finance has the authority to correct expense codes if not meeting applicable standards. The Service Directors/Managers will be provided with a notice to this effect.
4. Expense codes within the chart of accounts must meet GAAP, approval from the Financial Comptroller is required to modify, add or delete expense codes.
5. Directors/Managers will be provided a list of expense codes within the chart of accounts by the finance department immediately following any updates.
6. A journal entry is required to correct any accounting errors made. Journal entries must be authorized in writing by the sector Service Director/Manager and/or the Executive Director.
7. Prior to posting an invoice, finance employees must ensure that manual additions are mathematically correct, discounts are deducted, Long Point First Nation tax exempt status, invoice has not been previously paid, invoice has been properly approved and spending authority limits have not been exceeded.

Credit Cards and Travel Expenses

1. Credit cards of LPFN are to be provided only to the Chief, Executive Director, Executive Assistant, Director of Finance, and Directors, and these credit cards are to be used solely

- for LPFN business purposes and subject to any policy of LPFN with respect thereto. All are responsible for the use of LPFN's credit card and are liable for any charges made with the credit card. Any amount charged on the credit that are not justified with proper receipts are to be recovered by deduction on payroll or any payment made payable to the employee.
2. All statements for credit cards of LPFN shall be verified by the Financial Comptroller or his designate, and by the designate in the case of the statements for the Financial Comptroller, and accompanied by his comments and recommendations, prior to their submission for approval pursuant to section 4 below.
 3. The credit card statements and related claims of the Chief, Executive Assistant and Directors shall be subject to the approval of the Executive Director. The credit card statements and related claims of the Executive Director shall be subject to the approval of the Director of Finance and the Financial Comptroller.
 4. Payment of statements for credit cards of LPFN shall only be approved where the expenses contained therein are supported with receipts and are attributed to valid expenses incurred for business purposes.
 5. Any expense contained in a statement of a credit card of LPFN that is not approved pursuant to section 4 shall be assumed, and paid promptly, by the person who incurred the expense and notice thereof shall be provided to the Council as soon as practicable.
 6. The Director of Finance shall ensure that the credit card statements for all credit cards of LPFN, the associated claims and supporting documentation and related approvals, are submitted on a quarterly basis to the Council for its review, if needed.
 7. The Council shall be notified of any serious irregularity regarding credit card use and related claims as soon as practicable, and the Council may recommend any appropriate measures with respect thereto, including the cancellation of the credit card.

Travel Expenses:

1. On an annual basis, the Council shall recommend allowable rates of travel expenses and conditions of reimbursement to the Council, for its approval by resolution. Where there have been no recommended changes, the previous existing rates and conditions shall apply until amended by resolution of the Council.
2. Travel should be authorized only if other means of communication, such as conference calls, video conferencing are not effective nor practical.
3. The availability of funds for the purpose of the travel is a pre-requisite to the authorization of travel. In order to reduce the cost of travelling, employees are encouraged in travelling with the same vehicle for a same meeting or seminar.
4. All travel shall be pre-authorized by the Executive Director and/or departmental Directors for employees under their supervision and the entitlement of the traveler shall be determined in accordance with provisions of this policy.
5. All travel request must be submitted one (1) week in advance to the Executive Director or departmental Directors along with proper documentation (purpose of the meeting, agenda, reimbursable travel, etc..) to justify the request for travel and approval. No travel will be authorized without the proper justification.
6. Employees who have not obtain prior approval before their departure may not be reimbursed for travel expenses incurred and may be subject to disciplinary measures.
7. All travel shall be pre-authorized on the Travel Authority and advance form, completed in detail with proper documentation attached, including mode and class of transportation and

- accommodation. The travel advance shall not exceed 90% of the total estimated cost of the travel and should be requested one (1) week in advance prior to the departure.
8. The selection of the mode and class of transportation shall be made by the Executive Director, department Director or Council on the basis of the most cost effective, convenience or practicality.
 9. All travel claims shall be filled on the travel claim form within five (5) working days of returning from travel. The travel claim must be supported with the required original receipts and commercial transportation stubs. No reimbursement shall be made if the travel claim is not complete or not supported with the required receipts or justification documents. Travel claims not submitted within five (5) working days of returning from travel may be refused by the Executive Director or Council and expenses not reimbursed.
 10. Where the travel expenses for a meeting, seminar or training session, or for any other purpose, are paid for or reimbursed to LPFN by another organization, the band authorized travel will be entitled to the provisions of the present policy and will file the travel claim regardless of what is paid by the other organization. The traveller shall attach to his/her travel claim the relevant documentation from the organization reimbursing the travel expenses and must provide a copy to the finance comptroller to ensure reimbursement of the travel expense claim.
 11. All travel request for reimbursement by another organization shall made payable to LPFN.

Cheque Requisitions – Payments – Cheques

Cheque Requisitions

1. All cheque requisitions must be signed by a Service Director/Manager and duly authorized by the Executive Director or Executive Assistant. Should the Executive Director not be available, the Director of Finance may sign.
2. Original invoices and/or other supporting documentation must be attached to the cheque requisition. For cash advances, appendix 2 must accompany the cheque requisition.
3. The finance department will not process any payment if there is no program code on the cheque requisition, relevant supporting documentation, or a purchase order for amounts over \$500.00 signed by two signing authorities (Executive Director or Executive Assistant Director of Finance)

Payments

1. All expenditures shall be paid by cheque in Canadian currency. Cheques issued for US funds will take into account the daily exchange rate.
2. No payment shall be issued without proper supporting documentation and proper coding.
3. All cheques must be signed by two (2) authorized signatories.
4. Authorized signatories should not sign cheques for immediate family members.
5. It is the responsibility of the signatories to ensure that all cheques are supported with the appropriate back-up documentation and the name, date and amount are accurate.
6. Post dated cheques may be issued only upon written approval of the Director of Finance or Financial Comptroller.

7. Payments will only be processed twice a week on Wednesdays and Fridays and requisitions must have been submitted to the finance department within 48 hours. For cheque requisitions to be processed on Wednesdays, the requisition must be received on Monday and for requisitions to be processed on Fridays, it must be received by Wednesday.
8. All cheques issued to community members will be handed out by the receptionist at the administration office during regular working hours.

Cheques

1. All blank cheques are to be kept secure within the Finance department.
2. All cheque disbursements are to be made on numbered cheques.
3. All voided or cancelled cheques must be clearly marked "VOID" and kept on file.
4. Where a cheque is cancelled or lost after issuance to the Payee, the Finance department shall issue a stop payment at the bank following the appropriate procedures as directed by the bank. The finance department may take up to thirty (30) days to re-issue a lost, damaged, or stolen cheque. Uncashed and damaged cheques should be returned to finance whenever possible for replacement. Cancelled cheques must have the word "VOID" clearly indicated on the cheque when possible.
5. Financial institutions don't have to cash a cheque if it is considered "stale-dated" that is, if it is too old. A cheque is usually considered stale-dated after six months, unless it has been certified. Even though financial institutions are not obliged to cash stale-dated cheques, they may still decide to do so. Stale-dated cheques remain as a liability to the LPFN.
6. The Financial Comptroller shall review all stale-dated cheques. Steps should be taken to notify the Issuer of any cheque not cashed. The issuer will take steps to notify the payee of the outdated uncashed cheque.
7. Forged cheques will be automatically reported to the Executive Director and Chief and Council for investigation.

Employee Payroll and Contractual Work Payments

1. **Salaries** - Annual salaries for permanent employees shall be paid at the rate approved by the Council and shall adhere to Federal Labour Regulations and shall be stated in the terms and conditions of employment. Each employee's salary must be charged to their specific program.
2. Salary scales shall be approved by the Council. Any revisions to salary scales shall require council approval and be documented in the minutes.
3. Any salary adjustments for staff must be approved by the council.
4. **Salary Advances and Payroll advances** - No salary and payroll advances will be given, except when employees are going on earned annual leave, illness or death within the immediate family.
5. **Processing Payroll** – Payroll will be processed bi-weekly. A one week holdback is held by the employer. Based on bi-weekly gross earnings all required deductions must be withheld from the employee's payroll. These deductions will differ for status and non-status employees.

Employer's Share of Source Deductions - Special care must be taken to ensure that the employer's share of source deductions is accurate. These deductions will differ for status and non-status employees.

- a) For Status full-time employees the LPFN must pay the employers share of employment insurance, CSST, QPIP, group insurance and the Native Benefits Plan. For Non-Status full-time employees the LPFN must pay the employers share of employment insurance, QPP, QPIP, CSST, group insurance and the Native Benefits plan. All direct deposits will be made no later than Thursday following the completion of each bi-weekly period. The employees shall be provided with a statement of earnings and deductions made from their pay cheques.

Payroll summary - At the end of each month, an analysis of the payroll journals shall be verified and balances for the following information:

- a) Payroll deductions
- b) Employer's share of deductions and benefits.

Payroll Remittances - Before the 15th of the following month all remittances must be issued to the respective government and/or organizations.

Contractual Work Payment: All payment will be released bi-weekly as per scheduled payroll.

GST – QST

The Finance Department must ensure to file their claims regularly with each respective government office reimbursement of GST and QST. Special care must be given when entering invoices to ensure that the actual cost of the item is recorded and that the GST/QST is properly accounted for. At times invoices include GST/QST within the total price and it is the responsibility of the Finance Department to calculate these amounts and record properly. Employees working within the finance department are responsible to file the claims for reimbursement of GST/QST and no compensation will be provided to the employees since the work needs to be done during their regular working hours.

Contracts – Loans

A contract is an agreement entered into voluntarily by two or more parties, each of whom intends to create one or more legal obligations between them. The elements of a contract are the offer and acceptance by competent persons having legal capacity.

Service Contracts

1. Except where otherwise determined in writing by quorum of Chief and Council, tenders (bids) for service contracts expected to exceed \$3,000.00 will be requested from at least three (3) firms or individuals.
2. Only quorum of Chief and Council may sign Service Contracts exceeding \$3,000.00 or Service Directors/Managers having the authority to sign as per a Band Council Resolution (BCR).
3. Certain factors have to be considered when determining if a worker is an employee or a self-employed individual.

Purchase Contracts

1. Except where otherwise determined in writing by quorum of Chief and Council, tenders (bids) for purchase contracts expected **to exceed \$3,000.00** will be requested from at least three (3) firms or individuals.
2. **Only quorum of Chief and Council may sign Purchase Contracts exceeding \$3,000.00** or Service Directors/Managers having the authority to sign as per a Band Council Resolution (BCR).

Loans

1. Income Assistance advances may be provided as per the terms and conditions of the Income Assistance policy.
2. No Long Point First Nation funds will be used for the purposes of providing personal loans.
3. Long Point First Nation reserves the right to withhold 100% from any amount owed to LPFN by a member from any amount payable from community funds and/or settlements. Funeral expenses are derived from community funds and the amount needs to be fully reimbursed where applicable.

Conflict of Interest

1. Employees are expected to conduct themselves with personal integrity, honesty, neutrality, ethics and diligence in the performance of their duties. Employees are required to support and advance the interests of the employer and avoid placing themselves in situations where their personal interests could conflict with those of the employer.
2. A conflict of interest arises, generally when private interests or personal considerations may directly or indirectly affect an employee's judgment in acting in the best interests of the employer.
3. An employee failing to report actual or potential conflict of interest situations or who refuses to follow the instructions of management intended to resolve said situation will be subject to disciplinary action.
4. Service Directors/Managers cannot enter into any kind of agreement which would be considered conflict of interest or is for immediate family members. All such agreements must be pre-signed by the Executive Director.

SECTION 7 - ACCOUNTING CONTROLS

Accounting controls are methods and procedures that are implemented to help ensure the validity and accuracy of our own financial statements. The accounting controls do not ensure compliance with laws and regulations, but rather are designed to help a company comply to internal controls and policies.

Petty Cash

1. Petty cash funds may be established for office disbursements where it is impractical to issue cheques. Examples may include payments for minor purchases having a **value of less than \$20.00**.
2. Petty cash **cannot be used to cash personal cheques or for personal loans** to staff.
3. Petty cash funds will **not exceed \$300.00**
4. The Service Director/managers will issue a cheque requisition in the name of the employee responsible for managing petty cash and to the proper account requiring petty cash disbursements.
5. Petty cash expenditures must be reconciled and submitted to the Director of Finance for verification and approval. All accompanying receipts should be originals and signed by the purchaser. Receipts should identify each item purchased.
6. All receipts should be originals, signed by the purchaser, clearly identify each item purchased and have the project code indicated.
7. The Finance Controller responsible for petty cash accepts responsibility for all shortages. A Service Director/Manager may cover the shortage with a written report explaining the cause for the loss and is the result of an honest isolated error. A copy of the written report is to be provided to the Director of Finance.

Cash Controls

1. An official Long Point First Nation receipt must be issued for all cash received on behalf of the LPFN.
2. All cash received within the sectors must be delivered by hand within 5 business days to Finance with an Official Claim and copy of receipt and project code where the funds are to be recorded as revenues or reimbursements.
3. All cash funds must be kept under lock and key at all times.
4. The finance comptroller will deposit cash into the Long Point First Nation bank no less than once a week. Cheques of considerable value should be deposited immediately.
5. The finance department will not utilize cash received for deposits, for petty cash, for cash loans to employees or to change any kind of cheque.
6. Individuals who provide a **NSF cheque will be charged a \$45.00 fee** and will be **prohibited from utilizing this mode of payment** in the future.

Banking

1. The Financial Comptroller, through its finance sector, shall determine the specific provisions respecting LPFN's banking arrangements.
2. The banking arrangements shall be approved by the Chief and Council through Band Council Resolution.
3. The Management Committee shall assess the cost and quality of banking services relative to other banks not less than every five years.
4. The Long Point First Nation shall manage its cash economically and efficiently and shall seek to maximize the return on its funds.
5. A monthly bank reconciliation must be completed and reviewed by the Finance Controller/C.F.O. Any anomalies must be reported immediately to the Executive Director.

Accounts Receivable

1. Payments received as a result of an account receivable must be recorded daily.
2. The finance department must have a copy of all funding agreements to ensure that Long Point First Nation receives all funds due to the LPFN.
3. A copy of invoices for all sales of goods, rentals or services must be sent to Finance immediately. Invoices must include the name of purchaser, description of item, quantity, unit cost, sale of services, hours, work performed and total sale. Invoices must also include project code to ensure proper allocation within the finance department.
4. Long Point First Nation **reserves the right to withhold a minimum of 30% from payroll, reimbursements, except for social assistance recipients or any amount payable** if an individual has an accounts receivable for outstanding CEDO loans, revolving loans, education debts, sales of goods and/or services, equipment rentals etc., that is in arrears. **If an individual has more than one outstanding debt, the 30% withheld will be equally divided amongst the loans due.**
5. Agreements may be signed by the tenant to withhold additional funds to cover rent arrears.
6. Long Point First Nation shall **reserve the right to withhold 100% from any amount payable** to a member **if the amount payable derives from LPFN funds and/or settlements.** Funeral expenses are derived from LPFN funds and must fully be reimbursed.
7. Finance must provide a quarterly report to all Directors/Managers of all monies owed to Long Point First Nation by members.
8. A Service Director/Manager may recommend to Council the hiring of a collections officer or a collection agency to deal with accounts receivable over 36 months/3 years or on an as-needed basis.

Collection of Debts Owed to Long Point First Nation

1. The Finance Comptroller shall seek, or cause to be sought, agreement for a payment plan from each person or entity that owes money to the LPFN.
2. The Council may initiate legal proceedings to collect debts owed to the LPFN that are greater than five thousand dollars (\$5,000), more than ninety (90) days in arrears and for which the debtor has failed to agree to a repayment plan according, despite reasonable efforts to conclude such an agreement with the debtor.
3. The Director of Finance/Executive Director may set off or designate another person to set off any amount owing to the LPFN against any money owed to the debtor from the LPFN.
4. A debt or obligation owed to the LPFN, or any part thereof, may be only written off or extinguished:
 - (a) with the approval of the Council, as evidenced by resolution/motion; or
 - (b) under the authority of a general policy or directive of the Council.
5. In order to reduce the amount of debt owing to the LPFN, all full time employees of the LPFN who are tenants in the Rental Housing Program shall have their monthly rent automatically deducted off their pay via a payroll deduction. The deduction will be remitted to the Rental Housing Program

Capital Assets and Depreciation

1. Capital assets include land, buildings, furnishings, equipment and vehicles. Long Point First Nation **records all assets, valued at \$3,000 or more, with a 2-year life expectancy or more**, in its fixed asset system.
2. The cost of a capital asset may include, design fees, delivery and installation fees, related equipment (computer or vehicle with towing capabilities), renovations that increase the value of an existing building etc.
3. Finance must be provided with a copy of the invoice for all capital asset purchases to the finance comptroller within the appropriate sector for inclusion to the inventory database and for inclusion for capital assets insurance purposes.
4. Inventory of all capital assets must be completed by each service sector annually.
5. Disposal of capital assets occurs when an item becomes worthless, obsolete or is no longer of valuable use or is stolen.
6. Capital assets may be sold when they no longer provide a useful value to Long Point First Nation or upon direction from Chief and Council. Disposal of assets should be made available to registered community members first. A memo shall be sent to the community members prior to a pending sale of assets.
7. The finance comptroller must be informed when capital assets have been disposed of, sold or stolen to ensure that these items are removed from the database and to update the insurance company.

Accounts Payable

1. Accounts payables are a liability of LPFN to a supplier and must be recorded daily.
2. To ensure goods are received all invoices must be matched to a purchase order and packing slip.
3. Verification must be completed to ensure that all items have been ordered and received as per the purchase order, packing slip and invoice.

Other Liabilities

Other liabilities include notes payable, salaries payable, vacation payable, sick leave, overtime payable, employees must be balanced with the payroll clerk/account payable clerk annually and recorded in the financial statements.

General Journal

1. The journal entry is used as a supporting document for recording transactions that are not processed to the general ledger directly from accounts receivable or accounts payable within the financial software program.
2. All journal entries must be approved in writing by the Service Director/manager responsible for the programs and services affected and by the Director of Finance.
3. General Journal entries are limited to non-routine or adjusting entries.

SECTION 8 - ACCOUNTING DATA MANAGEMENT

An accounting information system is software used to collect, store and process financial and accounting data that is used by decision makers. An accounting information system is generally a computer-based method for tracking accounting activity in conjunction with information technology resources. The resulting statistical reports can be used internally by management or externally by other interested parties including government and LPFN members.

Accounting System

1. The Director of Finance and the Finance Comptroller shall ensure a proper financial accounting software is used as a tool to track and store accounting information data.
2. Accounting Software should be developed/purchased in the working language of the Service Sectors which is English.
3. The LPFN financial information database shall support business and financial reporting requirements and will include controls to ensure that the information is complete, accurate and balanced.
4. The accounting software must be able to ensure different user controls for financial accessibility.
5. The accounting software must be able to be programmed to meet the specific needs of Long Point First Nation. Any modification must be approved by the Director of Finance/Executive Director.
6. All financial data must be backed up daily and weekly backup for system outside the administration office.

Security - Finance and Financial Data

1. All financial data and information containing business transactions must be kept in separate files in locked filing cabinets.
2. Financial files have restricted access by anyone and requires the authorization of the Community Services Director/Director of Finance.
3. Access to the finance office is restricted except Council, Executive Director, Director of Finance, finance employees, the Service Directors/Managers and those authorized to be present in the area where cheques are issued.
4. Financial files shall not be removed from the finance department.
5. All original receipts and proof of purchases, contracts, work orders and invoices must be maintained in the finance files.
6. All files pertaining to the current financial year must be kept in the finance office and all outdated files more than seven (7) years must be sent to archives.
7. All files pertaining to outstanding accounts must remain in the active files.
8. In accordance to the Privacy Laws, all information that is considered personal should have restricted access and cannot be released or shared with third parties without a legal document requiring them to do so.
9. Access to personal financial files is limited to the Executive Director, Director of Finance, Finance Comptroller, and employees within the Finance Department.
10. Proper maintenance of computer software and equipment used as backup of financial data should be done periodically.
11. A digital and paper copy of the general ledger should be prepared annually and archived.

12. All financial records will be kept in archives as per the Canadian Income Tax Regulations, Books and Records Retention/Destruction.

SECTION 9 – AUDIT

Auditing is defined as a systematic and independent examination of data, statements, records, operations and performances (financial or otherwise) of an enterprise for a stated purpose. In any auditing, the auditor perceives and recognizes the propositions before him for examination, collects evidence, evaluates the same and on this basis formulates his judgment which is communicated through his audit report.

Audit Tender

1. At least two (2) financial auditors will be invited by Chief and Council in writing to tender on conducting a comprehensive audit,
2. The tender must be for a period not exceeding 5 years.

Audit Preparation

1. The Service Directors/Managers must regularly review their financial reports for any irregularities
2. The Service Directors/Managers must inform the Director of Finance of any adjustments on a monthly basis.
3. The Service Directors/Managers must ensure that there is no deficit incurred within their program. The Service Directors/Managers are accountable to Council for justifying deficits within their program and disciplinary measures can be taking by the council to correct the situation.
4. All final year-end adjusting entries must be completed no later than June 15th of each fiscal year.
5. The Director of Finance is responsible to ensure that the following records are balanced, completed, and are accessible and ready for the Auditors:
 - Applicable Policies and BCR's
 - Bank reconciliations and cancelled cheques
 - Funding Agreements, Contracts, Finance Documents
 - Tax Reports
 - General Ledgers
 - Trial Balance
 - Financial Statements

Audited Financial Statements/Year End Results

1. The Auditors must be informed that the due date for the final draft financial statements cannot be later than July 30th of each fiscal year.
2. The auditors must present a copy of all adjustments for approval.

3. A final review must be completed no later than 5 business days after receiving the 1st draft.
4. The final audited financial statements must be received from the auditor no later than July 29th of each fiscal year. A minimum of 10 copies must be provided by the auditors as well as a PDF version of the final statements.
5. The audit report for Long Point First Nation's Financial year must be completed no later than **July 30th after the end of the fiscal year**.
6. Service Directors/Managers are responsible for following-up and analyzing year-end results with funding agencies recuperating funds from their program and must reply in writing any disagreement with the funds being recovered.

Presentation of Auditor's Report and Other Reports to Members

1. The Chief and Council shall ensure that the Auditor's report is clearly presented and explained to the Members at the General Assembly.
2. The Director of Finance/Finance Comptroller shall ensure that a copy of the Auditor's report is made available at the administration office of LPFN, for inspection by Members at reasonable hours, and that a copy thereof is sent to the government funding agencies.

Department Directors shall present activity reports and related financial information regarding the activities, programs and budgetary appropriations under their responsibility to Members at the General Assembly.

COMPLIANCE AND ENFORCEMENT

Reports of Financial Irregularities and Breaches

1. Any person may inform and provide relevant details to the Executive Director, Director of Finance, Chief and Council, or to another member of the Council, where he has reason to believe that:
 - (a) an expenditure, liability or other transaction of LPFN is not authorized by or under this By-law;
 - (b) there has been a theft, misuse or other irregularity in relation to LPFN Funds or regarding accounts, assets, liabilities and financial obligations of LPFN;
 - (c) regarding person conflicts has failed of interest; to comply or with the by-law or policies of the Band;
 - (d) another provision of this By-law has been contravened.
2. If an Employee or a member of the Council or a Management Committee becomes aware of any of the circumstances described under this by-law, that person shall report it to the Executive Director, Chief, or to another member of the Council if the circumstances involve the Chief.
3. All reasonable steps shall be taken by the members of the Council to ensure that the identity of the person who makes a report is kept confidential to the extent possible.
4. A person who makes a report shall not be subjected to any form of reprisal by LPFN or by an Employee or a member of the Council or a Management Committee as a result of making that report.
5. The Council shall ensure:

- (a) that Employees and members of Management Committees are aware of their duty to report circumstances described herein;
- (b) that reports and any records prepared during any related inquiry, are recorded and safeguarded;
- (c) the fair treatment of a person against whom a report has been made;
- (d) that inquiries into reports made are undertaken in a manner that respects the requirements.

Enforcement

1. The violation by an Employee or a member of the Council or a Management Committee of any provision of this By-law may entail the imposition by the Council, as it deems appropriate and with due regard for all the circumstances including the nature and seriousness of the violation, one or several of the following sanctions:
 - (a) a reprimand;
 - (b) suspension for a period of up to 90 days in the case of Employees and members of Management Committee who are not elected officials; or
 - (c) dismissal as a member of a Management Committee and replacement by another member of the Council, in the case of elected officials.
 - (d) The violation by an Employee, including council members, of any provision of this By-law may additionally entail the imposition by the Council, as it deems appropriate and with due regard for all the circumstances including the nature and seriousness of the violation, of disciplinary measures, up to and including dismissal.
 - (e) The minutes of the Council meeting at which one or several of the sanctions provided by are approved shall mention the name of the Employee or the member of the Council or a Management Committee and describe the circumstances of the violation and the sanction imposed by the Council.
 - (f) The Council may, as it deems appropriate and with due regard to the nature and seriousness of the violation, authorize the initiation of civil legal action against any person who expends, or who authorizes or approves the expenditure of, LPFN Funds or who purports to make any financial commitment on behalf of LPFN in contravention of this By-law which results in financial loss or damage to LPFN, in addition to any criminal or penal proceedings that may be initiated with respect to such person.

APPENDIX 1 - Cash Advances from Long Point First Nation

I hereby accept complete responsibility for the cash advance issued in my name and agree to abide by the regulations regarding cash advance below.

Name: _____

Purpose of Cash Advance:

Project Code: _____

Cash Advances

A cash advance is a short term unsecured loan. This advance is issued when purchase orders are not convenient to meet the needs of a specific project.

A cheque requisition duly authorized and indicating amount and purpose of the advance;

No other advance may be issued to the same individual until such time the first advance has been reconciled;

Original receipts reconciling the advance must be completed within 5 days of cheque issuance;

All receipts must have the following information; vendor name, vendor address, business number, GST/PST if applicable, amount paid;

Advances may not be used to pay individuals for goods or services;

Failure to reconcile advance within 5 days will result in a deduction of the full amount from any monies payable (payroll, social assistance, cheque requisitions, etc....) to the individual to whom the advance was issued.

All advances must be reconciled on the appropriate forms. (see Finance for the most updated manual or electronic forms)

Applicant's Signature

Date

Approved by:

Date

APPENDIX 2 - Delegation of Signing and Purchase Authority Long Point First Nation

Name of Employee: _____

Position: _____

Date Issued: _____

Date Expired: _____

AUTHORITY GIVEN: Restrictions/Limits

Spending Authority/Purchase Orders Limit \$ _____

CEDO Loans \$ _____

Revolving Loans \$ _____

CHIEF & COUNCIL AUTHORIZATION:

Councillor _____

Councillor _____

Councillor _____

Councillor _____

Chief _____

Date _____