



K'ómoks First Nation

Finance: Insurance Policy

A Policy to provide guidance on the establishment and maintenance of an insurance program for the K'ómoks First Nation Government.

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Definitions

“Assets”	anything of value owned by the First Nation
“Asset Recognition Criteria”	criteria to be used to set the threshold for determining whether a capital asset must be included in the capital asset register.
“Assign”	transfer of duties or functions from one person to another where the former person (the assignor) retains responsibility for ensuring the activities are carried out.
“Authorization and Delegation Table”	a table approved by Council specifying the delegation and assignment authorities over decisions or activities related to the K’ómoks First Nation’s financial administration.
“Capital Assets”	tangible capital assets (physical assets) such as buildings, land, and major equipment.
“Capital Plan”	a consolidated plan or outline of expected funds and spending of all capital projects to be undertaken in a fiscal year.
“Capital Project”	the construction, rehabilitation or replacement of the First Nation’s capital assets and any other major capital projects in which the First Nation or its related entities are investors.
“Capital Project Plan”	a project management plan to carry out a capital project that includes the budget.
“Cash”	money, cheques, money orders, and equivalent forms of currency.
“Cash Reserves”	funds that a company keeps on-hand to meet short-term and emergency funding needs.
“Chairperson”	head of a meeting, department, committee, or board. The vice-chairperson acts as the head when the chairperson is not there.
“Chief Administrative Officer”	person who is responsible for leading the day-to-day administration or management of the K’ómoks First Nation and who reports directly to Council.

“Committee”	group of people appointed by Council for advising Council or conducting decision-making activities assigned by Council until or unless they are suspended or disbanded by Council.
“Contract”	legally binding agreement between two parties.
“Control”	policy, procedure, or process put in place to manage a K’ómoks First Nation government’s administration.
“Council”	elected or appointed official representatives of the K’ómoks First Nation that includes Chief, Councillors and the equivalent terminology used by the K’ómoks First Nation
“Delegation”	transfer of specific responsibilities from one person to another.
“Director of Finance”	person responsible for the day-to-day management of the K’ómoks First Nation’s finances and who reports to the Chief Administrative Officer.
“Direct Supervisor”	employee responsible for managing and overseeing the work and development of other staff.
“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.
“Financial Reporting Risk”	possibility of a significant error in financial information often caused by weak internal controls or fraud.
“Financial Statement”	formal record of all funding and property of the K’ómoks First Nation within a specific period.
“Fiscal Year”	twelve-month period used for tax or accounting purposes.

“Fraud”	wrongful or criminal act that involves lying or holding back information; this is usually done for personal or financial gain.
“GAAP”	Canadian Generally Accepted Accounting Principles, the framework of accounting guidelines, rules and procedures.
“Information”	knowledge received and any documented material regardless of source or format.
“Integrated Planning and Budgeting”	annual process of planning and budgeting activities across every level of the K’ómoks First Nation government that are linked, coordinated, and driven by the K’ómoks First Nation’s vision and strategic objectives.
“Investment”	an asset or item bought with the hope that it will gain value or provide income in the future.
“Invited Tender”	refers to a tender that is distributed to a certain number of contractors or entities who are invited to bid on a specific project or service provision. Industry standards indicate that at least three contractors should be invited to ensure that the process is fair and there is sufficient competition.
“Loan Guarantee”	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.
“Local Revenues”	term used to describe property taxes under the K’ómoks First Nations Fiscal Management Act.
“Long-Term Debt”	any debt that exceeds a period of time beyond 12 months.
“Misconduct or Wrongdoing”	breach of the K’ómoks First Nation’s Financial Administration Law including conflict of interest provisions, code of conduct, Council-approved policies and administrative procedures.
“Officer”	Chief Administrative Officer, Director of Finance, Tax Administrator or any other employee of the

	K'ómoks First Nation government designated by the Council as an Officer.
“Privacy Protection”	rules a K'ómoks First Nation government puts in place to collect, create, use, share/disclose, retain, protect and dispose of the Personal Information that it needs for its administration.
“Projection”	estimates for a future situation based on all the information available now.
“Purchase Order”	document stating the wish of a buyer to purchase something from a seller that shows the exact details of the items the buyer wishes to buy.
“Purchasing”	buying an asset or item. Also referred as “procurement” per the First Nations Financial Management Board Standards.
“Record”	information created, received, and maintained by the K'ómoks First Nation government for operational purposes or legal obligations. A record may be electronic, or hardcopy paper based.
“Recordkeeping”	how an organization creates, obtains, and manages records.
“Rehabilitation”	asset alteration, extension and renovation but does not include routine maintenance.
“Requisition”	purchase order used by the K'ómoks First Nation government when recording expenditures.
“RFP”	Request for Proposal, competitive process followed by the K'ómoks First Nation to enter into a major service contract. RFPs lay out the K'ómoks First Nation government's needs and conditions and leave it up to the potential contractors to present a proposal that shows their experience, skills and ability to carry out the contract within time and cost specifications.
“RFQ”	Request for Quotes, competitive process followed by K'ómoks First Nation when trying to obtain best price and best service-program for the Nation.

“Risk”

is defined as anything of variable uncertainty, loss or other negative event of significance that interferes or threatens to interfere with the achievement of KFN’s strategies, goals and objectives.

In insurance terms is the possibility of a loss or other adverse event that has the potential to interfere with KFN’s ability to fulfill its mandate, and for which an insurance claim may be submitted.

“Risk Tolerance”

means the degree of uncertainty the K’ómoks First Nation is willing to accept in the achievement of its goals.

“Sole Source”

contract entered into by the First Nation government without a competitive process to purchase goods and/or services.

“Special Committee”

committee formed for a specific purpose and is dissolved when that purpose has been achieved.

“Standing Committee”

committee that has an ongoing purpose.

“Tangible Capital Assets”

are non-financial assets having physical substance that:

- 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.

“Tax Administrator”

person responsible for managing the local revenues and local revenue account on a day-to-day basis, if the K’ómoks First Nation government is collecting local revenues.

“Tender Process”

refers to the process where documents outlining the requirements and specifications of a project are put in

“Terms of Reference”

the hands of prospective contractors or suppliers interested in submitting bids.

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 K’ómoks First Nation, or the number of production or similar units that can be obtained from the tangible capital asset by the K’ómoks First Nation. The life of a tangible capital asset may extend beyond the Useful Life of a tangible capital asset to the K’ómoks First Nation. 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.

“Value for Money”

best combination of price, quality, and benefits of a product or service.

1.0 Identify Significant Material Risks

The Chief Administrative Officer, with input from members of the management team, the Finance and Audit Committee and Council, will develop a list of potential significant material risks to the K'ómoks First Nation's financial assets, Tangible Capital Assets and the operations of the K'ómoks First Nation. This will include an examination of:

- i. Potential sources of liability for K'ómoks First Nation arising from its operations.
- ii. Values and use of Property and equipment.
- iii. Values and use of Assets under control of the K'ómoks First Nation.
- iv. Potential sources of Liability for individuals such as councillors, Managers and staff members of the K'ómoks First Nation.
- v. Other risk areas that could result in a loss to the K'ómoks First Nation and should be insured.

2.0 Identify and Procure Insurance Products

2.1 Chief Administrative Officer

- a) Based on the risk analysis performed will identify the risks where insurance coverage is appropriate.
- b) In accordance with the Procurement Policy, will review options from several different insurance providers and make a recommendation to the Finance and Audit Committee considering the following parameters:
 - 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.
 - iii. Independent advice on the reputation and strength of proposed insurance providers.

Where appropriate, legal advice may be sought to ensure the terms and conditions of insurance coverage are appropriate for the K'ómoks First Nation.

3.0 Approval for Insurance Coverage

3.1 Council will

review the proposed option(s) presented by the Finance and Audit Committee and the Chief Administrative Officer and document their approval.

Once approved by Council, procurement of the insurance coverage will follow the K'ómoks First Nation's Procurement and Expenditure Policies.

4.0 Maintenance of insurance coverage

4.1 Director of Finance or their designate will

- a) 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) Every 10 years circulate an RFP or RFQ for the provision of insurance services and coverages for the K'ómoks First Nation. The results of the RFP-RFQ will be presented in a report to the Chief Administrative Officer for their support and submission to the Finance and Audit Committee who will provide their recommendation to Chief and Council.

4.2 Chief Administrative Officer will

review insurance coverage with the Director of Finance on an annual basis to ensure it continues to adequately address the risks and meet the needs of the K'ómoks First Nation.

4.3 Staff

Will provide to the Director of Finance or their designate

- a) Information about any new tangible capital asset(s) being purchased or developed for the K'ómoks First Nation so that appropriate insurance coverage can be purchased to eliminate any risk or liability to the Nation.
- b) Pictures of the asset or completed project-development or gift.
- c) The cost of, serial number, and model number of any boat, vehicle, equipment or piece of equipment purchased for use by the Nation.
- d) The total end-cost for any capital project or development.
- e) A professional appraisal or fair market assessed valuation of any lands, property, buildings or other cultural artifacts found, created or given to the K'ómoks First Nation.
- f) Request a Certificate of Insurance or additional insurance for any special event being held which might expose the Nation to a risk or insurance liability.

5.0 References and Related Authorities

FMB's Financial Management System Standards

- Standard 20.0 – Risk Management

FMB's Financial Management System Standards

- Standard 19.0 – Financial Management and Controls