



K'ómoks First Nation

Finance:

Financial Institution Account and Cash Management Policy

The K'ómoks First Nation (KFN) Finance: Financial Institution Account and Cash Management Policy is to specify authorities and responsibilities over banking activities including signing and approval authorities, opening and closing of accounts, and processing transactions. Having control over access to, and the management of, the K'ómoks First Nation's bank accounts limits the chance of loss of funds.

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Table of Contents

- 1.0 Policy Statement..... 6**
- 2.0 Purpose 6**
- 3.0 Scope..... 6**
- 4.0 Responsibilities..... 6**
 - 4.1 Council..... 6**
 - 4.2 Finance and Audit Committee 6**
 - 4.3 Chief Administrative Office..... 7**
 - 4.4 Director of Finance..... 7**
 - 4.4 Employees Assigned Banking Duties 8**
 - 4.5 Employees Preparing Bank Reconciliations 8**

Definitions

“Assign” transfer of duties or functions from one person to another where the former person (the assignor) retains responsibility for ensuring the activities are completed.

“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.

“Cash” money, cheques, money orders, electronic transfers and payments or any other equivalent forms of currency.

“Classification” process of categorizing records in an organized way.

“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.

“Conflict of Interest” situation of personal gain at the expense of others.

“Control” policy, procedure, or process put in place to manage a K’ómoks First Nation government’s administration.

“Cost” amount of funds to be paid or spent to obtain something.

“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.

“Debt” something that is owed or due.

“Deficit” shortage that occurs when an organization spends more funds than it has on-hand over a period of time.

“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 directly to the Chief Administrative Officer.

“Direct Supervisor” employee responsible for managing and overseeing the work and development of other staff.

“Eligibility Criteria” requirements set by Council which must be met by an individual to be considered independent and eligible to be appointed to the Finance and Audit Committee.

“Entity” corporation, partnership, joint venture or unincorporated association or organization whose financial transactions are consolidated in the K’ómoks First Nation government’s financial statements in accordance with GAAP.

“Financial Competency” ability to read and understand the K’ómoks First Nation government’s financial statements.

“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 of time.

“Fiscal Year” twelve-month period used for tax or accounting purposes.

“Fraud” wrongful or criminal act that involves lying or holding back information; 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.

“Information Security” way a K’ómoks First Nation government protects information from unauthorized access, use, modification, or destruction.

“Internal Assessment” review of an activity/process by an independent K’ómoks First Nation staff member (i.e. an individual not responsible for or involved in the activity) to determine the effectiveness of that specific activity or process.

“Investment” an asset or item bought with the hope that it will gain value or provide income in the future.

“Materiality” financial amount that the K’ómoks First Nation government considers significant, typically large amounts; the materiality threshold is the minimum financial amount that a K’ómoks First Nation government considers significant.

“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.

“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 financial and non-financial records.

“Risk” possibility of a loss or other negative event that could threaten the achievement of a K’ómoks First Nation government’s goals and objectives.

“Special Committee” committee formed for a specific purpose and is dissolved when that purpose has been achieved.

“Special Purpose Report” financial report on a specific activity required by an agreement or a law.

1.0 Policy Statement

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

2.0 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, and processing transactions. Having control over access to, and the management of, the K'ómoks First Nation's bank accounts limits the chance of loss of funds.

3.0 Scope

This policy applies to Council, the Finance and Audit Committee, Officers, and employees assigned financial institution account responsibilities.

4.0 Responsibilities

4.1 Council is responsible for:

- a) approving the addition or the removal of authorized signatories for each financial institution account used by the K'ómoks First Nation.
- b) approving requests by the Chief Administrative Officer or their designate of the opening and closing of bank accounts.
- c) designating the financial institutions that the K'ómoks First Nation may conduct banking activities with.
- d) approving the establishment of an operating line of credit or overdraft account.
- e) approving the transfer of funds between financial institution accounts subject to the threshold guidelines found within the Authorization and Delegation Table.

4.2 Finance and Audit Committee is responsible for:

- ensuring significant irregularities or unusual reconciling items are investigated.

4.3 Chief Administrative Officer is responsible for:

- a) approving the creation and maintenance of financial bank accounts.
- b) Approving the transfer of funds between financial institution accounts subject to the threshold guidelines found within the Authorization and Delegation Table.

4.4 Director of Finance is responsible for:

- a) representing the K'ómoks First Nation when interacting with financial institutions.
- b) maintaining a list of individuals with authorized signing authorities for each financial institution account.
- c) approving and coordinating the maintenance of bank accounts.
- d) coordinating with the Chief Administrative Officer, the transfer of funds between financial institution accounts.
- e) assigning banking duties and ensuring that adequate segregation of duties is maintained.
- f) ensuring physical safeguards are implemented regarding the handling of cash and blank cheques.
- g) ensuring all funds received by the K'ómoks First Nation are deposited as soon as practicable into the appropriate accounts.
- h) approving and completing an independent review of monthly bank reconciliations for each financial institution account.
- i) completing a monthly reconciliation of every K'ómoks First Nation financial institution account(s).
- j) documenting and alerting the Finance and Audit Committee of any bank reconciliation irregularities.
- k) monitoring and projecting the K'ómoks First Nation's cash position.
- l) managing the K'ómoks First Nation's short-term liquidity and working capital including credit line facilities.

4.4 Employees assigned banking duties by the Director of Finance are responsible for:

- a) receiving cheques and cash.
- b) preparing cheques and cash for deposit to the appropriate financial institution account.
- c) reconciling petty cash accounts on a regular basis.
- d) recording revenue deposited in the Nation's accounting system.
- e) ensuring all anticipated recurring deposits have been received.

4.5 Employees preparing Bank Reconciliations as designated by the Director of Finance are responsible for:

- a) preparing a reconciliation for each of the financial institution bank accounts.
- b) ensuring that supporting documentation and records are retained for each bank account reconciliation.
- c) alerting the Director of Finance of any irregularities.