



K'ómoks First Nation

Finance: Annual Planning & Budgeting Policy

A policy to ensure a comprehensive planning process is established to support the on-going decision making of K'ómoks First Nation (KFN).

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Definitions

“Arrears”	unpaid, overdue debt, or an unfulfilled obligation.
“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 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.
“Budget”	a plan or outline of expected funds and spending over a specified period
“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, electronic transfers and payments or any other equivalent forms of currency.
“Cash Reserves”	funds that a company keeps on-hand to meet short-term and emergency funding needs.
“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.
“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.
“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, or budgets to spend, 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.
“Expenditure”	amount of funds spent to buy goods, services or to provide programs.
“Expenses”	amount of funds “used up or expired and recorded in over a period of time.
“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.
“HR Records”	records that contain information on an individual’s hiring, job duties, compensation, performance, and general employment history.
“Indemnity”	security or protection against a loss or other financial commitment.
“Independence”	eligibility criteria for finance and audit committee membership defined as an individual who does not have a direct or indirect relationship with the First Nation government that could, in the opinion of Council, reasonably interfere with the individual’s judgment as a member of the finance and audit committee.

	<p>an individual with a role in the financial management of the First Nation involving planning, organizing, directing or controlling of its financial activities – including budgeting, financial accounting, financial reporting, procurement and use of funds, does not meet the minimum independence requirements for finance and audit committee membership.</p>
“Information”	<p>knowledge received and any documented material regardless of source or format.</p>
“Information Security”	<p>way a K’ómoks First Nation government protects information from unauthorized access, use, modification, or destruction.</p>
“Integrated Planning and Budgeting”	<p>annual process of planning and budgeting activities across every level of K’ómoks First Nation government that are linked, coordinated, and driven by the KFN’s vision, mission and strategic objectives.</p>
“Internal Assessment”	<p>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.</p>
“Investment”	<p>an asset or item bought with the hope that it will gain value or provide income in the future.</p>
“Life-Cycle Plan”	<p>plan of the First Nation’s assets in terms of costs to buy, operate, upkeep and get rid of over a specified period.</p>
“Loan Guarantee”	<p>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.</p>
“Local Revenues”	<p>term used to describe property taxes under the <i>First Nations Fiscal Management Act</i>.</p>
“Materiality”	<p>whether a certain financial amount is significant enough to impact a reader’s decision-making choices.</p>
“Materiality Threshold”	<p>the minimum financial amount that a K’ómoks First Nation government considers significant or large enough to warrant consideration or changes in decision making choices.</p>

“Material Change”	means an event, occurrence, or a change in conditions, circumstances, an amending agreement, or other change that could result in or cause changes to the completion, fulfilment or execution of the terms of an original agreement or contract.
“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.
“Organizational Chart”	visual representation of the different positions in a First Nation government that clearly shows reporting relationships (who reports to who)
“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 financial and non-financial records.
“Rehabilitation”	asset alteration, extension and renovation but does not include routine maintenance.
“Remuneration”	salaries, wages, commissions, bonuses, fees, honoraria and dividends and any other monetary and non-monetary benefits.

“Replacement”	substitution, in whole or in part, with another of the First Nation government’s capital assets.
“Requisition”	purchase order used by the First Nation government when recording expenditures.
“RFP”	Request for Proposal, competitive process followed by the First Nation government to enter into a major service contract. RFPs lay out the 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
“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.
“Sole Source”	contract entered into by the First Nation government without a competitive process to purchase goods and/or services
“Special Purpose Report”	<p>“Special Committee” committee formed for a specific purpose and is dissolved when that purpose has been achieved.</p> <p>financial report on a specific activity required by an agreement or a law. Special Purpose reports may include requirements set as per the Financial Administration Law (FAL) such as:</p> <ul style="list-style-type: none"> • Local revenue requirements, or • Payments made by KFN to honour guarantees and indemnities, or • All debt and obligations forgiven by the Nation during the fiscal year, or • Any other report requested by Chief and Council, or the Chief Administrative Officer.
“Standing Committee”	committee that has an ongoing purpose.
“Tax Administrator”	person responsible for managing the local revenues and local revenue account on a day-to-day basis, if the First Nation government is collecting local revenues.

“Terms of Reference”	outline of the purpose and structure of a project, committee, meeting, or negotiation.
“Travel Status”	pre-approved travel on official First Nation government business by an individual’s direct supervisor; Travel Status begins from the individual’s place of work (e.g. the First Nation government office) to the approved destination and ends once they return to their place of work.
“Useful Life”	estimate of how long a capital asset is expected to be used by the First Nation government; the life of a capital asset may extend beyond the Useful Life and the life of a capital asset, other than land, is fixed (limited).
“Value for Money”	best combination of price, quality, and benefits of a product or service.
“Virtual Private Network”	VPN is a way to use public telecommunication infrastructure, such as the internet, to provide remote offices or individual users with secure access to the First Nation government’s virtual network.

1.0 Policy Statement

It is Council's policy to create a process for establishing the First Nation's short and long-term priorities and goals and linking them to operations and spending. The Nation's integrated planning and budgeting process must link and provide the relationships between related aspects of the strategic plan, multi-year financial plans, capital plans, life-cycle management program plans and annual budgets.

2.0 Purpose

The purpose of this policy is to ensure a comprehensive planning process is established to support the on-going decision making of K'ómoks First Nation (KFN). It is also to ensure KFN has sufficient resources to deliver quality services and programs to their members at a reasonable cost while supporting the achievement of meeting its short and long-term goals and strategies.

3.0 Scope

This policy applies to Council, the Finance and Audit Committee, Directors and Officers, and all employees involved in the planning and budgeting process.

4.0 Responsibilities

4.1 Council

is responsible for:

- a) reviewing and approving the annual consolidated budget and ensuring it is:
 - i. prepared in accordance with the KFN's Financial Administration Law and other applicable First Nation laws and
 - ii. provides for KFN required programs 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 planning documents including but not limited to a strategic plan, capital plan, and a multi-year financial plan.

- d) reviewing and approving budgeted funding amendments per the approved threshold amounts identified in the Authorization and Delegation Table.
- e) reviewing and approving all budget amendments.
- 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 First Nation is informed about the Strategic Plan and the mission-vision of the Nation and its correlation to the preparation of the annual budget, multi-year financial plan, projected budget deficits or projected emergency expenditures as set out in the First Nation's Financial Administration Law.
- h) establishing general budget policies such as requirements for a balanced budget and use of cash reserves.

4.2 Finance and Audit Committee

is responsible for:

- a) reviewing the draft annual budget and multi-year financial plan and recommending them to Council for approval.
- b) providing recommendations to Council respecting plans to eliminate budget deficits in a future year.
- c) reviewing draft amendments of the annual budget and recommending them to Council for approval.
- d) reviewing information within the capital plan, such as schedules and proposed budget for rehabilitation or replacement of capital assets and plans for new construction of capital assets.

4.3 Chief Administrative Officer

is responsible for:

- a) creating a planning and budgeting calendar with the Director of Finance.
- b) ensuring deadlines are met – subject to the guidelines found within KFN's Financial Administration Law.
- c) arranging necessary budgeting planning meetings with Council and the Finance and Audit Committee.

- d) reviewing draft budgets and budget amendments in consultation with the Director of Finance prior to presentation to the Finance and Audit Committee.
- e) reviewing other planning documents in consultation with the Finance and Audit Committee.
- f) communicating the approved budget to employees.
- g) conducting regular financial monitoring to compare actual income and expenditures to those budgeted.
- h) maintaining a current register of all First Nation's capital assets and arranging for annual inspections.

4.4 Director of Finance

is responsible for:

- a) establishing the format for the multi-year Operating and Capital Budget - Financial Plans.
- b) participating in Operating and Capital budget planning sessions with Council, the Finance and Audit Committee, Chief Administrative Officer, Directors and other key stakeholders.
- c) collaborating with the appropriate Directors and employees in drafting and setting multi-year Operating and Capital Budget-Financial Plan revenues and expenditures for their respective department(s).
- d) consolidating and evaluating departmental Operating and Capital Budget-Financial plan documents for accuracy, reasonableness, applicable guidelines, and anticipated revenues and resources.
- e) ensuring all Capital and Operating Budget-Financial Plan documents are prepared in accordance with the Financial Administration Law requirements and guidelines.
- f) developing revenue projections based on historical and actual funding payments to the Nation as well as from funding contracts and agreements from various key stakeholders.
- g) presenting, on an annual basis, the multi-year Operating and Capital Budgets - Financial Plans to the Chief Administrative Officer, the Finance and Audit Committee, and to Chief and Council.

- h) Implementing Operating and Capital financial monitoring, including preparing and analyzing budget versus actual financial reports for Chief and Council, the Finance and Audit Committee, the Chief Administrative Officer and KFN Staff as required.
- i) overseeing any Council approved budget amendments after the annual operating and capital budgets are approved.
- j) any other responsibilities as outlined in the Financial Administration Law.

4.5 Directors and/or Other Key Stakeholders

are responsible for:

- a) working with department support staff on drafting and setting Multi-Year Operating and Capital Budget-Financial Plan revenues and expenditures for their respective department(s) making sure those Plans are congruent with the mission, vision and strategic plans of the department and the K'ómoks First Nation.
- b) Meeting with the Director of Finance and Chief Administrative Officer to review Operating and Capital Budgets whenever required.
- c) Ensuring budget numbers are determined and set following guidelines required by external agencies or entities providing the department with revenues.
- d) Following budget timing and format protocols as set within this policy.