



K'ómoks First Nation

Finance: Financial and Operational Reporting Policy

A policy to establish financial and operational reporting requirements and practices to provide timely, accurate and relevant financial and operational information to decision-makers. This will support the Nation in assessing progress towards achieving its strategic plan, goals, mission and vision.

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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 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.
“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, 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.

“Classification”	process of categorizing records in an organized way.
“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.
“Corrective Actions”	steps taken to deal with job-related behavior that does not meet agreed upon and communicated performance expectations.
“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.
“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.
“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.
“Engagement Letter”	written document prepared by the auditor that serves as a contract to confirm the audit arrangements between the auditor and the First Nation government; it is required by Canadian Generally Accepted Auditing Standards.
“Entity”	corporation, partnership, joint venture or unincorporated association or organization whose financial transactions are consolidated in the 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 over a period of time.
"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 Competency"	ability to read and understand the K'ómoks First Nation government's financial statements.
"Financial Report"	the compilation of several financial statements used for decision-making purposes.
"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. For example, a Cash Flow Statement or a Statement of Financial Position (aka Balance Sheet), or a Statement of Operations (aka Income Statement).
"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.
"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

	<p>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> <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”	knowledge received and any documented material regardless of source or format.
“Information Security”	way a First Nation government protects information from unauthorized access, use, modification, or destruction.
“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.
“Internal Assessment”	review of an activity/process by an independent 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.
“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.
“Life-Cycle Plan”	plan of the First Nation's assets in terms of costs to buy, operate, upkeep and get rid of over a specified period.
“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.
“Materiality”	whether a certain financial amount is significant enough to impact a reader’s decision-making choices.
“Materiality Threshold”	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.
“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).
“Performance Improvement Plan”	plan developed by an employee’s direct supervisor, in consultation with the employee, to address the areas for improvement/development identified during the performance review process.
“Personal Information”	information about a specific individual. In addition to common items such as an individual’s name, gender, physical characteristics, address, contact information, identification and file numbers - it also includes criminal, medical, financial, family and educational history as well as evaluative information and other details of an individual’s life.

“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.
“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 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”	<p>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.</p> <p>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.</p>
“Risk Tolerance”	<p>means the degree of uncertainty the K’ómoks First Nation is willing to accept in the achievement of its goals.</p>
“Sole Source”	<p>contract entered into by the First Nation government without a competitive process to purchase goods and/or services.</p>
“Special Committee”	<p>committee formed for a specific purpose and is dissolved when that purpose has been achieved.</p>
“Special Purpose Report”	<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”	<p>committee that has an ongoing purpose.</p>
“Tangible Capital Assets”	<p>are non-financial assets having physical substance that:</p> <ul style="list-style-type: none"> • 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 the hands of prospective contractors or suppliers interested in submitting bids.
“Terms of Reference”	is a documented statement of the mandate, objectives, purpose, scope, functions and rules under which a Committee is expected to operate.
“Unrestricted Investments”	are investments made with funds the source of which is not government transfers or local revenues.
“Useful Life”	is the estimate of either the period over which a tangible capital asset is expected to be used by the 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.
“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.

Policy Statement

It is K'ómoks First Nation's policy to establish financial and operational processes that promote transparency and accountability and to communicate to members the First Nation's progress towards achieving its goals.

Purpose

The purpose of this policy is to establish financial and operational reporting requirements and practices to provide timely, accurate and relevant financial and operational information to decision-makers. This will support the First Nation in assessing progress towards achieving its goals.

Scope

This policy applies to all financial operations and activities of K'ómoks First Nation including those operations the Nation controls. This policy applies to Council, Chief Administrative Officer, Director of Finance, Officers, Finance and Audit Committee, and all staff at K'ómoks First Nation.

Responsibilities:

Council

Is responsible for

- a) reviewing the financial statements and reports and the Finance and Audit Committee's corresponding recommendations.
- b) approving (quarterly and annually) the financial reports list, the financial statements and reports.
- c) approving the annual audited financial statements and annual Special Purpose Reports within 120 days of fiscal year end.
- d) determining the preferred level of auditor involvement for any Special Purpose Reports referred to in the Financial Administration Law.

- e) reviewing financial reporting risks and fraud risks reported by the Finance and Audit Committee and approving the implementation of internal controls to mitigate risks.
- f) approving and publishing an annual report within the earlier of 180 days after the fiscal year end or the timeline specified in the Financial Administration Law, that details the progress towards the financial and operational goals of the First Nation over the course of the fiscal year.

Finance and Audit Committee

is responsible for:

- a) determining the frequency of reporting it requires from the First Nation.
- b) reviewing the quarterly and annual financial reports and financial statements.
- c) reviewing financial reporting risks and fraud risks identified by the Chief Administrative Officer and making recommendations to Council about managing those risks.

Chief Administrative Officer, or their designate

is responsible for:

- a) monitoring and reporting on the effectiveness of mitigating controls for the financial reporting risks and fraud risks taking into consideration the cost of implementing these controls.
- b) ensuring that financial reporting risk assessment and management practices have been performed in relation to quarterly and annual financial statements.
- c) periodically reviewing these policies in consultation with the Director of Finance and other staff as appropriate and recommending any updates to the Finance and Audit Committee.
- d) Annually, as part of the evaluation process, the Chief Administrative Officer and Chief and Council will make sure individuals on the Finance and Audit Committee or the persons engaged in the financial management system:
 - have the necessary knowledge, skills and competence to perform the services for which they have been engaged.
 - confirm in writing that they understand their responsibilities.

Director of Finance or their designate

is responsible for:

- a) preparing, updating and distributing the monthly Statement of Financial Position and Statement of Operations plus any other financial statements required by staff, Chief and Council, or the Finance and Audit Committee.
- b) preparing the financial statements and reports in accordance with Canadian GAAP and this policy and procedure.
- c) reviewing the financial statements and reports and making appropriate recommendations to the Finance and Audit Committee.
- d) developing a “financial closing and reporting process checklist” for use at the end of each fiscal year, which will include procedures to mitigate financial reporting risks.
- e) assessing and managing financial reporting risk and reporting risks to the Chief Administrative Officer.
- f) developing and recommending procedures for identifying and mitigating financial reporting risks and fraud risks and ensuring approved procedures are followed.
- g) providing all requested information related to the preparation of financial statements and reports and the assessment and management of Financial Reporting Risk.
- h) when and if the K’ómoks First Nation has a loan from the First Nations Finance Authority (FNFA) that is secured by other revenues: maintaining a complete set of all records respecting other revenues of the First Nation, including all records referred to in Section 5 of the Local Revenue Management Implementation Regulation as amended by the Financing Secured by Other Revenues Regulations.

Staff or their designate(s)

Are responsible to:

- a) review and maintain the financial accuracy of their respective department financial reports and statements every month.
- b) report any transactional discrepancies or financial risks to the Chief Administrative Officer or Director of Finance.
- c) work with the Director of Finance or Chief Administrative Officer to provide financial reports and financial statements to external funding agencies requesting documentation about the use of funds provided to the Nation.