



K'ómoks First Nation

Finance: Risk Policy

A policy to provide guidance on risk management as part of the integrated planning process and ongoing governance activities of K'ómoks First Nation.

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Contents

Definitions3

Policy Statement..... 10

Purpose..... 10

Scope..... 10

Responsibilities: 10

 Council 10

 Finance and Audit Committee..... 11

 Chief Administrative Officer, or their designate..... 11

 Director of Finance or their designate..... 13

 Staff..... 13

Definitions

“Assets”	anything of value owned by the K’ómoks First Nation.
“Asset Recognition Criteria”	criteria to be used to set the threshold for determining whether a capital asset must be included in the tangible 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 K’ómoks First Nation’s capital assets and any other major capital projects in which the K’ómoks 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.
“Corruption”	the completion of any illegal or fraudulent action, or the failure to prevent any illegal or fraudulent action, or the abuse of entrusted power for private gain.
“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.
“Illegal Act”	any action which is against, contrary to, or not authorized by a law or statute.
“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.
“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.
“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 K’ómoks 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”	means the degree of uncertainty the K’ómoks First Nation is willing to accept in the achievement of its goals.
“Sole Source”	contract entered by the K’ómoks 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”	<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 K’ómoks First Nation government’s virtual network.

Policy Statement

It is Council's policy to establish a process around identifying, managing and monitoring risks related to the financial management system, and the achievement of the K'ómoks First Nation's vision, mission, strategic plan and goals.

Purpose

The purpose of this policy is to provide guidance on risk management as part of the integrated planning process and ongoing governance activities of K'ómoks First Nation.

Scope

This policy applies to Council, the Finance and Audit Committee, Chief Administrative Officer, Directors and Managers, Contractors and all other employees involved in risk management at K'ómoks First Nation.

For the purpose of this section, the for-profit business activities referred to include the following:

- *Internal - The for-profit business activities that are not a separate legal entity and stay within the management of the K'ómoks First Nation Administration.*
- *External - The for-profit business activities that the K'ómoks First Nation invests in through a separate legal entity.*

Responsibilities:

Council

Is responsible for:

- a) providing input to the annual risk assessment, including consideration of fraud risks.
- b) consideration of risks associated with investing in internal for-profit activities.
- c) reviewing, monitoring and approving the annual Nation's risk management plan and fraud risk assessment.
- d) subject to the Financial Administration Law, approving:
 - i. the undertaking of for-profit internal business activities, consolidated entities and ventures.

- ii. the investment strategy and investment risk assessment.
 - iii. lending, guarantees or indemnities.
 - iv. insurance coverage.
 - v. emergency and operations continuity plan.
- e) the monitoring of any approved for-profit internal business activity.
 - f) consideration of risks associated with investing in external for-profit business activities.
 - g) the monitoring of any approved external for-profit business activity.
 - h) establishing policies and procedures respecting the limitation or management of the risks associated with the Nation's external for-profit business activities.

Finance and Audit Committee

Is responsible for:

- a) providing input to the annual risk assessment including consideration of fraud risks and risks associated with for-profit business activities.
- b) reviewing the risk management plan and fraud risk assessment on a regular basis.
- c) providing input to the annual risk assessment including risks associated with external for-profit business activities.
- d) reviewing the monitoring reports on external for-profit business activities, if applicable.

Chief Administrative Officer, or their designate

is responsible for:

- a) establishing and maintaining a positive workplace environment which supports integrity, honesty, accountability, transparency, and risk identification and management relative to the Financial Management System utilized to achieve K'ómoks First Nation's mission-vision-strategic plan-goals.

- b) identifying and assessing risks associated with specific material business activities, lending, guarantees, indemnities, investments, general operations, financial reporting and any other fraud risks.
- c) identifying risks associated with proposed for-profit business activity, steps taken to limit the risks, approvals required to undertake for-profit business activity and monitoring of any approved for-profit business activity.
- d) reviewing and updating the risk management plan and fraud risk assessment on a regular basis.
- e) reporting any significant changes to the risk management plan and fraud risk assessment to the Finance and Audit Committee.
- f) preparing and receiving documentation that assesses the qualification and competency of individuals engaged or hired for:
 - i. the control activity process of the financial management systems.
 - ii. The delivery of services and programs to vulnerable seniors, children or other individuals (tie this to the HR Policy about hiring staff etc)to ensure the safety of those individuals receiving the service or program or living within the community.
- g) obtaining confirmation from every person(s) hired by K'ómoks First Nation that they are qualified and understand their roles and responsibilities when engaged in the First Nation's financial management system.
- h) identifying risks associated with proposed external for-profit business activity, steps taken to limit the risks, approvals required to undertake the external for-profit business activity and monitoring of any approved external for-profit business activity.
- i) reviewing the monitoring reports provided by the Director of Finance with regards to external for-profit business activities and providing to the Finance and Audit Committee for review, if applicable.

- j) Leading, managing and recording the risk identification and assessment process in a Risk Register with the Director of Finance and any other staff integral to the process of protecting the assets of the Nation or reducing KFN's risk exposure.

Director of Finance or their designate

is responsible for:

- a) ensuring all for-profit business activities are separately reported periodically to the Finance and Audit Committee.
- b) developing and recommending procedures for identifying and mitigating risks, including financial reporting and fraud risks for the annual risk management plan.
- c) monitoring the control activities and its impact on the First Nation and the risk management plan.
- d) compiling the monitoring reports for external for-profit business activities and providing to the Chief Administrative Officer for review.

Staff

Is responsible for:

- a) notifying the Chief Administrative Officer, their Director or Manager-Supervisor of any potential risk or other liability situation arising from the completion of program-service delivery.
- b) notifying the Chief Administrative Officer, their Director or Manager-Supervisor of any risk or potential risk to the Nation, its staff or its property.