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**LIIDLII KUE FIRST NATION
OPERATIONS
AND
POLICIES AND PROCEDURES
MANUAL**

SECTION THREE:

Financial Management Policies and Procedures

April 2014

DRAFT

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Preamble

The Liidlii Kue First Nation Chief and Council are responsible for leading an effective government and protecting the organization and employees from harm. One of the ways these responsibilities are discharged is through current financial management policies and procedures that are followed by all members of the First Nation government.

All members of the Liidlii Kue First Nation Council must know and follow the Financial Management Policies and Procedures. The Chief works with the Liidlii Kue First Nation Executive Director to ensure that they are followed in the operations of Council. The Liidlii Kue First Nation Executive Director is responsible for day-to-day financial management in accordance with approved policies and procedures. These responsibilities are discharged with the support of the Financial Comptroller.

The Financial Management Policies and Procedures apply to the Liidlii Kue First Nation Council and operations which includes Kids Corner. They do not apply to Nogha Enterprises or any other Liidlii Kue First Nation organization that operates as a separate entity with its own policies and procedures.

Policy Number: 3.00:01
Issued Date: April 2014

POLICY Policy and Procedures Development and Changes

The creation of a new financial policy or changes to existing ones will be approved by the Liidlii Kue First Nation Council.

PROCEDURES

1. The Executive Director will discuss policies and/or procedures with employees to ensure a clear understanding of the purpose of a new policy or procedure, or changes to an existing one.
2. The Liidlii Kue First Nation Council will then be consulted on all proposed financial policy or procedure matters to obtain specific input and perspectives.
3. All requests to create or amend a financial policy will be submitted in draft form along with a rationale to the Liidlii Kue First Nation Council.
4. All financial policies will be approved by the Liidlii Kue First Nation Council prior to implementation.
5. The Liidlii Kue First Nation Council will prepare and distribute all policy and procedure additions and amendments, and ensure that the policy manual is kept current to reflect Liidlii Kue First Nation Council and Executive Director decisions on policies and procedures.

RESPONSIBILITY

Executive Director

Policy Number: 3.10:01
Issued Date: April 2014

POLICY Accounting and Financial Reporting

All Liidlii Kue First Nation funds will be accounted for according to generally accepted accounting principles and practices.

PROCEDURES

1. Information required for fair presentation of the Liidlii Kue First Nation's financial position, results of operations, and changes in financial position will be presented in monthly financial reports and year-end financial statements.
2. Financial reports and statements will be prepared in such form and use such terminology and classification of items that ensures significant information is readily understandable.
3. Where assets are pledged as security against liabilities, the nature and where practicable the carrying value of such assets, will be disclosed.
4. Monthly income and balance statements and cash statements will fairly report the results of operations for that period.

RESPONSIBILITY

Executive Director

Policy Number: 3.10:02
Issued Date: April 2014

POLICY Compliance and Orientation

Liidlil Kue First Nation Council Members and employees will receive an orientation to, and will govern themselves within the scope of these Financial Management Policies and Procedures while acting on behalf of the Liidlil Kue First Nation.

PROCEDURES

1. Within three months of election to office, Liidlil Kue First Nation Council members will be given an orientation to these policies and procedures to ensure that they are familiar with and are able to comply with the scope of authorities under which the Liidlil Kue First Nation operates.
2. Within one month of taking employment with the Liidlil Kue First Nation, employees will be given an orientation to these policies and procedures to ensure that they are familiar with and are able to comply with the scope of authorities under which the Liidlil Kue First Nation operates.

RESPONSIBILITY

Executive Director

Policy Number: 3.10:03
Issued Date: April 2014

POLICY Administration Budget

The Liidlii Kue First Nation Council will review and approve budget submissions for administration one month prior to each fiscal year end.

PROCEDURES

1. The Executive Director is responsible for the preparation of all working papers and the final draft of the administration budget.
2. The Executive Director will discuss a draft budget with the Liidlii Kue First Nation Council to ensure that the Council is fully informed and in agreement.
3. The Executive Director will present a final budget to the Liidlii Kue First Nation Council for approval.
4. Approval of all budgets will be given by means of a formal resolution at a legal meeting of the Liidlii Kue First Nation Council.
5. The resolution approving the administration budget will be recorded in the Council meeting minutes.

RESPONSIBILITY

Executive Director

Policy Number: 3.10:04
Issued Date: April 2014

POLICY Insurance

The Liidlii Kue First Nation Council will ensure that there is insurance coverage for all aspects of its work and that this coverage is maintained annually and in accordance with the requirements of individual contractual agreements.

PROCEDURE

1. According to the terms of individual contracts, the Liidlii Kue First Nation Council will put in place the necessary insurance coverage.
2. The Liidlii Kue First Nation will provide insurance coverage in the areas of:
 - a) Directors', Officers', and Employee Liability including for employees of Kids Corner.
 - b) General Blanket Bond – Crime.
 - c) Bonding of Employees Handling Liidlii Kue First Nation funds.
 - d) Composite Mercantile:
 - Buildings and Contents.
 - Office Contents.
 - Tenants Legal Liability.
 - Comprehensive General Liability.
3. The Liidlii Kue First Nation will have documentation on file for individuals approved to use personal vehicles for Liidlii Kue First Nation purposes showing evidence of the required insurance coverage, provided at the individual's own expense.
4. The cost of 2a, b, c, and d should be considered as part of the operating costs of each individual program.
5. All equipment, furnishings, and other capital assets will be covered for their full replacement value against all risks of loss or damage.
6. Protection or loss of any capital asset is primarily the responsibility of the program manager at the site at which the asset is located.
7. Additional insurance coverage will be obtained for a specific value of any equipment which is required to be taken off the program site.

RESPONSIBILITY

Executive Director

Policy Number: 3.10:05
Issued Date: April 2014

POLICY **Gifting**

The Chief, Council members, Elders, and/or staff may give or receive gifts on behalf of Liidlii Kue First Nation if proper procedures are followed.

PROCEDURES

1. Gifts may only be given by the Liidlii Kue First Nation Council based on a resolution duly recorded at a legal Council meeting.
2. Core funds for Liidlii Kue First Nation operations will not be used for gifting.
3. Gifts must support Liidlii Kue First Nation goals and be consistent with Dene laws, values, and principles.
4. As much as possible, a written receipt should be received for all gifts.
5. As much as possible, written receipts should state the name of the gift recipient, the purpose of the gift, and if applicable, the charitable number of the recipient.
6. The Liidlii Kue First Nation Chief, Council Members, Elders, and/or employees may receive gifts on behalf of the Liidlii Kue First Nation but all financial or material gifts become the property of the Council.
7. Gifts to the Liidlii Kue First Nation may be financial, material, services, and/or in-kind goods or services.
8. Anyone making a financial gift to the Liidlii Kue First Nation should be encouraged to issue a cheque payable to the Liidlii Kue First Nation.
9. A receipt will be issued for all financial gifts.
10. All financial gifts will be recorded as income.
11. The Liidlii Kue First Nation will verbally thank and/or issue a written letter or public notice of thanks to individuals and organizations gifting the Liidlii Kue First Nation Chief, Council member(s), Elders, and/or employees.

RESPONSIBILITY

Executive Director

Policy Number: 3.10:06
Issued Date: April 2014

POLICY Spending Authority

Spending authority is established by the Liidlii Kue First Nation to reflect the organizational structure, and operational logic and efficiencies. For the purposes of this policy:

1. Routine Purchases are purchases of goods or services as defined in a contribution agreement. These exclude such items as salaries, wages, payroll benefits, or other items which are fixed for the term of the agreement.
2. Non-Routine Purchases are defined as unanticipated, unbudgeted purchases which are necessary to achieve the program objectives. Examples of these types of expenditures are maintenance of buildings/program site or equipment which is above the spending limit of the program. All non-routine purchases require documentation from the program funding agency giving approval for the purchase. Supporting documentation will be attached to the requisition for payment.
3. Fixed assets are defined as items having a useful life benefiting more than one period. This would include items such as vehicles, equipment, furniture, or any major purchase (over \$500) of a tangible object.

PROCEDURES

1. The Executive Director is responsible for all core Liidlii Kue First Nation spending approved in the annual budget including authorization of purchase orders, cheque requisitions, and travel claims.
2. Extraordinary funds infused into the core to achieve a zero balance will require a resolution of the Liidlii Kue First Nation Council.
3. In the case of uncommitted funds or funds not approved in the annual budget, the Executive Director will have spending authority to a maximum of \$5,000. Any amount exceeding \$5,000 will require Chief and Council approval.
4. In exceptional circumstances (e.g., where a Liidlii Kue First Nation resolution cannot be achieved in time to agree for example to expenditure of excess federal government funds by the end of the fiscal year), the Executive Director will provide a rationale to the Chief and Council for any expenditure exceeding the \$5,000 limit.
5. Each program manager is responsible for managing the budget approved for the program in accordance with the guidelines provided in the contribution agreement for the program and Liidlii Kue First Nation Financial Management Policies and Procedures.
6. Program managers must adhere to the requirements stipulated by funding agencies with respect to spending including the purchase of capital assets.
7. Routine ordering may not be delegated.
8. Employees will not order items for personal use through Liidlii Kue First Nation accounts.
9. Requests for payment with accompanying purchase order and all reimbursements including travel reimbursement will be approved by the Executive Director.

RESPONSIBILITY

Executive Director

Policy Number: 3.10: 07
Issued Date: April 2014

POLICY Purchase Orders

All commitments to spent funds for goods and services will be authorized by means of an approved purchase order.

PROCEDURES

1. The need for goods or service will be made known to the Executive Director in the form of a purchase order itemizing the goods and/or services needed and the cost of the same.
2. The Executive Director will review the purchase order and question the person originating it about the availability of funds to cover the cost of goods and services itemized on the purchase order, and ensure that the goods/services fit within the scope of the operational budget for which they are being requested.
3. With the above conditions being met, the Executive Director will sign the purchase order.
4. All purchase orders will be signed by the Executive Director prior to any purchase being made.

RESPONSIBILITY

Executive Director

Policy Number: 3.10:08
Issued Date: April 2014

POLICY Bank Accounts

The Liidlii Kue First Nation will maintain such bank accounts as are deemed necessary for the successful administration and operation of the First Nation government.

PROCEDURES

1. At a legal meeting, the Liidlii Kue First Nation Council will pass a resolution to identify a bank and the establishment of the necessary bank account(s) for their operations.
2. By resolution, the Liidlii Kue First Nation Council will identify the people with signing authority on the bank account(s).
3. The bank will be advised in writing of all decisions that the Liidlii Kue First Nation Council makes with reference to the status of the bank account (s) it holds and/or changes to signing authorities for the bank account (s) it holds.
4. Misuse of information, funds, or authority by those with signing authority for the Liidlii Kue First Nation bank account(s) will be grounds for immediate suspension of their signing authority and the basis of a review and disciplinary action by the Liidlii Kue First Nation Council.

RESPONSIBILITY

Executive Director

Policy Number: 3.10:09
Issued Date: April 2014

POLICY On-line Banking

To facilitate operations, telephone and/or internet access to the Liidlii Kue First Nation bank accounts may be established. Access to Liidlii Kue First Nation bank accounts will be restricted.

PROCEDURES

1. On-line banking will be used primarily for facilitating transactions and the information flow necessary for timely financial reporting.
2. Payroll may be set up as a direct transfer from a Liidlii Kue First Nation bank account to an employee's personal account.
3. Electronic payroll will be authorized in writing prior to transfers taking place.

RESPONSIBILITY

Executive Director

Policy Number: 3.10:10
Issued Dates April 2014

POLICY Accounts Payable and Receivable

The Liidlii Kue First Nation will maintain an accounts payable and receivable ledger.

PROCEDURES

1. Accounts due will routinely be paid out bi-weekly or within thirty (30) days of receipt of a valid invoice and accompanying purchase order.
2. All payables will be approved by the Executive Director.
3. Kids Corner will follow guidelines provided in its user manual with respect to accounts receivable.
4. All receivables will be recorded and processed within five days of receipt.
5. Liidlii Kue will not charge interest on accounts receivable unless interest is a provision of the contribution or service agreement. In these cases, the interest rate and calculation of interest charges will form part of the agreement.

RESPONSIBILITY

Executive Director

Policy Number: 3.10:11
Issue Date: April 2014

POLICY Long Distance Phone Calls

All long distance telephone calls must be related to the work of Liidlii Kue First Nation.

PROCEDURES

1. Each employee will keep a log of their telephone calls that identify the person called and a brief statement of the reason for the call.
2. Personal long distance calls are prohibited.
3. The cost of any long distance call not related to Liidlii Kue First Nation business will be collected through a deduction to the payroll or honorarium of the individual identified in the telephone log as making the call.

RESPONSIBILITY

Executive Director

Policy Number: 3:10:12
Issued Date: April 2014

POLICY Duty Travel Expenses

The Liidlii Kue First Nation reimburses Council members and employees for allowable expenses associated with authorized duty travel.

PROCEDURES

1. The Liidlii Kue First Nation Chief and Council are responsible for decisions about travel on behalf of the First Nation government.
2. As spokesperson for the Liidlii Kue First Nation, the Chief is responsible for all travel although this responsibility may be shared with Councillors or employees as required or appropriate.
3. All travel on behalf of the Liidlii Kue First Nation must be pre-authorized. The Chief's travel will be pre-authorized by Council.
4. All travel advances will be calculated based on expected transportation, accommodation, and per diem expenses as set out in Treasury Board guidelines and authorized by the Executive Director.
5. If a person chooses to travel by a method other than that prescribed by the Liidlii Kue First Nation or chooses above standard accommodation or travel arrangements, and if these choices involve additional cost, then the person traveling is responsible for the additional expenses.
6. A detailed travel expense claim with original receipts must be submitted to the Finance Manager within five days of the completion of the trip.
7. The Liidlii Kue First Nation will pay travel claims within ten days of the claim being filed.
8. In cases where travel advances exceed the amount of the travel claim, funds in the amount of overages must be repaid to the Liidlii Kue First Nation within five days of the completion of the trip.
9. Travel expenses received from another source by the person traveling on behalf of the Liidlii Kue First Nation will be deducted from the amount of the travel claim. In cases where funds received from another source exceed the amount of the travel claim, the excess funds will be remitted to the Liidlii Kue First Nation within five days of the completion of the trip.
10. Meals and incidentals will be reimbursed without receipt according to current Treasury Board allocations.
11. Mileage for personal vehicle travel will be paid at current Treasury Board rates for prior approved personal vehicle travel.
12. Prior approval for car rentals at destinations must be obtained. Car rentals will be approved only if it can be substantiated that the cost will be less than the cost of taxicab fares.

RESPONSIBILITY

Executive Director

Policy Number: 3.10:13
Issued Date: April 2014

POLICY Credit Cards

In cases where purchases cannot be expensed by purchase order, Liidlil Kue First Nation will provide a credit card for these expenses.

PROCEDURES

1. A credit card payment request form will be completed and authorized prior to credit card use.
2. The credit card payment receipt will be attached to the payment request form and submitted to the Executive Director by the 10th day of the month following use of the credit card.

RESPONSIBILITY

Executive Director

Policy Number: 3.20:01
Issued Date: April 2014

POLICY Audited Financial Statements

An annual audit will be conducted of Liidlii Kue First Nation financial records.

PROCEDURES

1. The Liidlii Kue First Nation Council retains the right to engage an independent auditor to audit financial records.
2. Audited financial statements will be submitted directly to the Liidlii Kue First Nation Council for review.
3. Upon acceptance of the audited statements, the Liidlii Kue First Nation Council will approve them by resolution.
4. A signed copy of the audited financial statements will be filed with the Liidlii Kue First Nation's financial records and presented to registered Liidlii Kue First Nation members at an annual general membership assembly.

RESPONSIBILITY

Liidlii Kue First Nation Council

Policy Number: 3.20:02
Issued Date: April 2014

POLICY Disposal of Financial Records

The Liidlii Kue First Nation Council will dispose of financial records in accordance with standard practices set out by the Canada Revenue Agency.

PROCEDURES

1. The following identifies the period that each financial documentation(s) will be retained:

General Ledger Listing	-	7 years
Audited Financial Statements	-	7 years
Cheque Requisitions A/P	-	7 years
Bank Statements	-	7 years
Program Contracts (Originals)	-	3 years
Payroll Registers	-	7 years
Terminated Employees	-	7 years
Journal Entry Records	-	7 years
A/P Batch Journals	-	2 years
A/P Posting Journals	-	2 years
G/L Batch Journals	-	2 years
G/L Posting Journals	-	2 years
A/P Cheque (3 rd copy)	-	2 years
G/L Produced Monthly Financial Reports	-	2 years
2. A log of documents to be shredded and disposed of will be prepared for the Executive Director's approval.
3. Once approved, the documents will be shredded.
4. As the document is shredded, the item shredded will be initialled in the document log.
5. The initialled log of shredded documents will be filed for a period of one year.

RESPONSIBILITY

Executive Director

Policy Number: 3.20:03
Issued Date: April 2014

POLICY **Digital and Electronic Information**

The Liidlii Kue First Nation ensures the security of all digital and electronic data and computer systems and manages and disposes of digital and electronic information including financial information in accordance with standard practices and requirements set out by the Canada Revenue Agency and in relevant legislation such as the *NWT Archives Act* and the *NWT Access to Information and Protection of Privacy Act*.

PROCEDURES

1. Electronic and digital information refers to all written materials and records of transactions or any combination of transactions by telephone, computer, over the Internet, or by any other automated means.
2. All electronic and digital information will be kept secure and only those authorized by the Executive Director will have access to Liidlii Kue First Nation data and computer systems.
3. All digital and electronic financial records will be maintained in an accessible, readable, and usable format and the data will be linked to the supporting source documents.
4. In all cases, digital and electronic files will be archived or backed up properly and adequately to meet record keeping responsibilities and obligations.
5. As required, all digital and electronic records retained in an encrypted or proprietary back-up format will be restored as needed, to an accessible state to meet member, funder, and/or legal requirements.
6. Active and back-up copies of digital and electronic financial records will be stored in a secure location.
7. All digital and electronic financial records will be retained in a readable format for a period of six years from the end of the latest year to which they relate, even if a paper copy is available.

RESPONSIBILITY

Executive Director

Policy Number: 3.20:04
Issued Date: April 2014

POLICY Investment Income

The Liidlii Kue First Nation has the authority to direct extraordinary funds and investments, and establish trust accounts.

PROCEDURES

1. The Liidlii Kue First Nation Council will make decisions regarding extraordinary funds, investments, and the establishment of trust accounts based on thorough research and through resolution at a legal meeting.
2. All decisions related to investment income of \$250,000 or more will involve a special membership meeting to seek guidance from registered members of the Liidlii Kue First Nation. The Council will make every effort to respond to members' guidance.
3. The Liidlii Kue First Nation Council will report to the membership on investments and trust accounts at each annual general membership assembly.

RESPONSIBILITY

Liidlii Kue First Nation Council

Policy Number: 3.20:05
Issued Date: April 2014

POLICY: Assets Register

The Liidlii Kue First Nation accounting system will maintain an assets register.

PROCEDURES

1. All equipment purchased with Liidlii Kue First Nation funds is Council property.
2. Program managers are responsible for the custody of the equipment purchased for and used in the program.
3. The assets register provides an up-to-date and readily accessible record of equipment owned and its current dollar value.
4. The assets register is used as a basis for acquiring replacement funding for capital equipment.
5. All equipment with a cost value of \$500 or greater and with a life expectancy of one year or more will be recorded in the assets register.
6. The information recorded in the assets register will contain:
 - name of the item;
 - cost value;
 - date of purchase;
 - depreciated value;
 - model name and number;
 - serial number;
 - location of where the item is housed;
 - assets register number (ARN); and
 - condition (good, okay, or poor).
7. An ARN will be placed on all new items.
8. Equipment which is worn out or obsolete and which must be replaced by equipment which will perform the same function may be traded in on new equipment or sold as surplus.
9. The ARN will be updated accordingly and/or on an ongoing basis.
10. The proceeds of disposal are normally credited to the account originally charged when the item was purchased. Declarations involving credits to other accounts require the prior approval of the Executive Director.

RESPONSIBILITY

Executive Director

Policy Number: 3.20:06
Issued Date: April 2014

POLICY Amortization

The Liidlii Kue First Nation will amortize assets based on the straight line method.

PROCEDURES

1. The service policy life will be:
 - a) Furniture and equipment: 5 years
 - b) Vehicles: 3 years
 - c) Computers/Electronics: 1 years
2. The service policy life includes the year of purchase.
3. Assets will not be amortized in the year of disposal.

RESPONSIBILITY

Executive Director