HORSE LAKE FIRST NATION

Financial Management Policy

DRAFT

Reviewed and Approved by the Council this ___ day of _____, 20___.

Reviewed and Approved by the Nation Administrator this __ day of _____, 20___.

HORSE LAKE FIRST NATION
Financial Management Policy

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Horse Lake First Nation (HLFN)
Financial Management Policy

WHEREAS the Horse Lake First Nation proposes to pass a policy for the financial management of the Horse Lake First Nation;

NOW THEREFORE the Council of the Horse Lake First Nation at a duly convened meeting enacts the Financial Management policy.

Definitions

1 In this policy:

(a) "Agency" means a society, association or business that is completely or partly owned by the Horse Lake First Nation and is governed either by the Council or by a separate board that reports to the Members and may include societies, non-profit corporations, or corporations.

(b) "Agreement" means any written contract between the Horse Lake First Nation and any other party or parties, including the federal government, a provincial government, or a third party, pursuant to which money is to be paid to the Horse Lake First Nation.

(c) "HLFN" means the Horse Lake First Nation.

(d) "HLFN Funds" means all money belonging to the Horse Lake First Nation that is received or collected by a HLFN employee or Officer and includes:

i. revenues generated or collected by the Horse Lake First Nation or an Agency including revenue, capital and other trust accounts; and

ii. transfers and contributions from an External Funder; and

iii. funds borrowed by the Horse Lake First Nation or an Agency or received by the Horse Lake First Nation or an Agency through the issue of sale of securities or other direct indebtedness.

(e) "HLFN Meeting" means an open meeting of the Horse Lake First Nation. Members.

(f) "HLFN Property" means all property belonging to the Horse Lake First Nation. or an Agency.

(g) "Capital Asset" means an asset with a value of over $2,000 which has an expected life span of more than one (1) year. The asset will be considered a single Capital Asset if it is made up of several lower-cost items that are necessary to make up a single working Capital Asset.

(h) "Chief" means the duly elected Chief of the Horse Lake First Nation..

(i) “Nation Administrator” means the person hired by the Council to oversee the Horse Lake First Nation administration.

(j) “Chief Financial Officer” means the person hired by the Council to oversee the financial management of the Horse Lake First Nation.

(k) “Contractor” means a person hired by a Department to complete specific tasks or projects.

(l) “Council” means the Chief and Councillors of the Horse Lake First Nation established by a custom election code or under section 74 *of the Indian Act*.

(m) “Councillor” means a duly elected Councillor of the Horse Lake First Nation.

(n) “Consolidated Fund” means the total of all Horse Lake First Nation Funds received and deposited at a bank, credit union, Alberta Treasury Branch or trust company in accordance with Part 4 of this policy.

(o) “Department” means a business or administrative division or unit of the Horse Lake First Nation established in the Horse Lake First Nation organization chart and under the direction of a Program Manager, the Nation Administrator or the Chief Financial Officer.

(p) “Elected or Appointed Official” means the Chief, Councillors and persons appointed to any committees or boards of the Horse Lake First Nation or its Agencies.

(q) “Employee” means all categories of Horse Lake First Nation staff, including full-time, part-time, casual, temporary and seasonal employees.

(r) “Expenditure Officer” means a person delegated authority to certify expenditures on behalf of the Horse Lake First Nation in accordance with sections 10, 11 and 13 of this policy.

(s) “External Funder” means a government department or agency, a non-profit group, or a corporation that provides funding other than a loan to the Horse Lake First Nation or an Agency.

(t) “Members” means the Members of the Horse Lake First Nation whose names appear on the Horse Lake First Nation list maintained by the Horse Lake First Nation.

(u) “Program Manager” means a person appointed by the Horse Lake First Nation to supervise and oversee the operation of an approved and budgeted program and be accountable for the results of and reporting on the program.

(v) “Resolution” means a motion of Council that has been approved by a Quorum of Councillors present at a duly convened meeting.

(w) “Volunteer” means a person donating their time to a task, project or organization.

Part 1: Purpose, Application, Liabilities and Offences

Purpose

2 This policy is enacted for the following purposes:

(a) to govern the receipt, management and expenditure of Horse Lake First Nation Funds;

(b) to govern the use of Horse Lake First Nation Property;

(c) to establish proper and fair management of the HLFN's finances,

(d) to establish a clear system of accountability and financial reporting on the finances and operations of Horse Lake First Nation Departments and Agencies to the Members and to External Funders as required, and

(e) to establish clear roles and responsibilities for Horse Lake First Nation financial decision makers.

Application

3 (1) This policy and all policies, procedures, and directives approved under section 4 of this policy apply to:

1 the Council and all of its committees,

2 all HLFN Departments (Service Areas) and Agencies, and

3 all Elected or Appointed Officials, Employees, Contractors and Volunteers involved with HLFN Departments and Agencies.

(2) All violations of this policy and related policies, procedures and directives will be dealt with in accordance with sections 5 and 6 of this policy.

Financial Policies and Procedures

4 (1) The Council may adopt financial policies to further define the HLFN's financial management system.

(2) Before being presented to Council for approval, the financial policies must be reviewed by the Chief Financial Officer.

(3) The Nation Administrator and the Chief Financial Officer shall be responsible for keeping all Agencies, Departments and Employees informed of current financial policies.

(4) The Chief Financial Officer may make procedures and issue directives regarding the day-to-day financial administration of the HLFN's Departments and Agencies in order to:

(a) implement this policy and related financial policies, and

(b) carry out the Chief Financial Officer's powers and duties

Offences

5 An Elected or Appointed Official, Employee, Contractor or Volunteer involved with a Department and Agency who:

(a) contravenes this policy; or

(b) by misconduct or by negligence causes or contributes to the:

(i) misapplication, loss, theft or misuse of HLFN Funds, or

(ii) misapplication, loss, theft, misuse, damage or destruction of HLFN Property; or

(c) obstructs or hinders a person in the exercise or performance of that person's powers or duties under this policy is guilty of an offence and liable upon investigation and determination by the Nation Administrator to a penalty in accordance with section 6 of this policy.

Investigation & Penalties

6 If, after an investigation and hearing, the Nation Administrator finds a person guilty of an offence, the Nation Administrator may impose one of the following penalties as appropriate and, in the case of HLFN Employees, in accordance with the HLFN Employee Manual:

(a) for a first offence or an offence involving $500 or less, censure and an order to pay the HLFN an amount equal to the person's share or responsibility for the misapplication, loss, theft, misuse, damage or destruction;

(b) for a second offence or an offence involving $1,000 or less, suspension from work or Council, portfolio or committee duties for 30 days without pay and an order to pay the HLFN an amount equal to the person's share or responsibility for the misapplication, loss, theft, misuse, damage or destruction;

(c) for a third offence or an offence involving more than $1,000, removal from public office or termination of employment or contract and an order to pay the HLFN an amount equal to the person's share or responsibility for the misapplication, loss, theft, misuse, damage or destruction.

Part 2: Roles and Responsibilities

Council

7 Council shall conduct HLFN business in a sound financial manner and carry out the duties outlined in Schedule "B" of the *Customary Election Regulations of the Horse Lake First Nation*.

Nation Administrator

8 (1) The Nation Administrator is the senior administrative officer of the HLFN administration. Accountable to the Council and the Members, the Nation Administrator shall promote and manage the efficient, effective and ethical use of HLFN Funds, HLFN Property and assets by:

(a) overseeing all Department and Agency operations to make sure that internal controls are implemented and maintained;

(b) coordinating HLFN, Department and Agency planning processes to make sure that strategic and operational plans are prepared and followed;

(c) setting rules for personnel and administration that expand on and implement approved policies and procedures;

(d) investigating offences as outlined in Parts 5 and 6 of this policy.

(e) working with the Chief Financial Officer to:

i. ensure that this policy and HLFN financial policies and procedures are enforced and applied uniformly across all Departments and Agencies;

ii. set financial rules that expand on and implement approved policies and procedures;

iii. co-ordinate, monitor and review all operations, expenditures and revenues;

iv. develop an annual budget for submission to the Council, in accordance with Part 5 of this policy;

v. ensure that monthly and quarterly reports and financial statements are provided to the Council, as outlined in Part 6 of this policy;

vi. manage Expenditure Officer designations; and

vii. ensure that all HLFN Agencies, Departments and Employees are kept informed of current financial policies.

(2) In carrying out these responsibilities, the Nation Administrator has full authority to give instructions and directives to Program Managers and other HLFN Employees.

Chief Financial Officer

9 (1) The Chief Financial Officer is the senior financial officer of the HLFN. Accountable to the Council, the Chief Financial Officer shall promote and manage the financial operations of the HLFN to ensure the security of HLFN assets and the effective use of HLFN Funds by:

(a) planning and controlling all aspects of financial management and administration including:

i. accounting functions;

ii. receipt of HLFN funds;

iii. monitoring of expenditures including purchase orders, contracts, work and service orders, payroll, and travel expenses;

iv. financial and cash flow management;

v. banking practices;

vi. financial records and reporting;

vii. investment management;

viii. debt and deficit management;

ix. grant management, and

x. budget and audit processes.

(b) recommending financial policies to the Council;

(c) developing and maintaining financial plans;

(d) making procedures and issuing directives regarding day-to-day financial administration;

(e) developing an annual budget for submission to the Council, in accordance with Part 5 of this policy;

(f) making sure that Departments and Agencies operate within approved budgets;

(g) making sure the guidelines and requirements set by External Funders are followed;

(h) ensuring that monthly and quarterly reports and financial statements are provided to the Council, as outlined in Part 6 of this policy;

(i) approving Expenditure Officer designations;

(j) making sure that the HLFN adequately manages its risks to ensure continued operations;

(k) maintaining secure and accurate financial records;

(l) approving all disbursements of HLFN Funds made by Council or Expenditure Officers in accordance with this policy and HLFN policies and procedures on disbursements;

(m) pursuing recovery of debt owing the HLFN unless:

i. the debt has been written off; or

ii. the debt is not legally recoverable, or

iii. it is not economical to pursue recovery.

(n) working with the Nation Administrator to:

i. ensure that this policy and HLFN financial policies and procedures are enforced and applied uniformly across all Departments and Agencies;

ii. set financial rules that expand on and implement approved policies and procedures;

iii. coordinate, monitor and review all operations, expenditures and revenues;

iv. develop policies and procedures for personnel and administration for submission to Council; and

v. ensure that all HLFN Agencies, Departments and Employees are kept informed of current financial policies.

(2) In carrying out these responsibilities, the Chief Financial Officer has the authority to:

(a) provide advice and direction to Program Managers in implementing the financial management system,

(b) withhold payments that are not properly validated and obtain the necessary approvals before processing payments, and

(c) carry out internal audits of Departments and Agencies to make sure all revenues and expenditures comply with this policy and other financial policies, procedures and directives.

Expenditure Officers

10 Expenditure Officers designated by the Chief Financial Officer are responsible for obtaining value for money from programs and services provided by:

(a) making sure the programs and services under their control follow this policy and other financial policies, procedures and directives;

(b) authorizing all financial transactions within their delegated area of responsibility;

(c) making sure that the required funds are allocated and are in the right budget code before authorizing a transaction, and

(d) making sure program or service delivery does not suffer because of the misuse of HLFN Funds under their control.

Program Managers

11 Program Managers, whether they are Expenditure Officers or not, are responsible for:

(a) maintaining proper financial management and internal controls, as defined by the Council, the Chief Financial Officer and the Nation Administrator , of the programs and services under their control so that program or service delivery does not suffer because of the misuse of HLFN Funds,

(b) providing the operations or financial information requested or required by the Nation Administrator or the Chief Financial Officer; and

(c) Assisting the Nation Administrator and the Chief Financial Officer in carrying out their duties and responsibilities under this policy, the financial policies established by the Council and the procedures and directives established by the Chief Financial Officer.

Part 3: Expenditure Control

Designation of Expenditure Officers

12 (1) The Chief Financial Officer, on the recommendation of the Nation Administrator, shall designate one or more Program Managers or Employees of the HLFN to act as Expenditure Officers for each Department or Agency.

(2) The designation shall state:

(a) the budget and budget codes from which the Expenditure Officer may certify and submit expenditures for approval; and

(b) the maximum amount of expenditure the Expenditure Officer may certify and submit for approval.

(3) The Chief Financial Officer, on the recommendation of the Nation Administrator, may alter, suspend or terminate an Expenditure Officer designation.

Expenditure Officer Certification of Expenditures

13 Before an expenditure can be approved, an Expenditure Officer designated to administrate the funds against which the proposed expenditure is to be charged shall certify that:

(a) in the case of an expenditure charged against budgeted funds, the proposed expenditure is for a purpose authorized by the annual budget and other required planning documents,

(b) in the case of an expenditure made on an emergent basis, there is money available for the purpose of making the expenditure;

(c) the proposed expenditure:

i. is to be made under a written contract approved in accordance with this policy that states the amount of the proposed expenditure in total or as an amount per unit, or

ii. is an amount that an Expenditure Officer has certified is fair and just,

(d) in the case of a proposed expenditure for goods or services, the goods or services have been received, and

(e) the amount of the proposed expenditure is accurate.

CEO and CFO approval of expenditures

14 (1) All expenditures must also be approved by the Nation Administrator based on the budgets approved by the Council.

(2) Before approving an expenditure, the Chief Financial Officer shall ensure that:

(a) the proposed expenditure is properly certified by an Expenditure Officer with a designation for the budget line of the expenditure;

(b) in the case of an expenditure charged against budgeted funds, the proposed expenditure is for a purpose authorized by the annual budget and other required planning documents;

(c) in the case of an expenditure made on an emergent basis, there is money available for the purpose of making the expenditure;

(d) in the case of an expenditure made pursuant to a contract, the expenditure meets the terms of the contract and an invoice has been provided to the Horse Lake First Nation;

(e) the proposed expenditure does not contravene this policy or a policy, procedure or directive made pursuant to this policy, and

(f) in the case of a disbursement that is not an expenditure, that:

i. there is money available for the purpose of the disbursement,

ii. the proposed disbursement is properly certified by an Expenditure Officer with a designation for the budget line of the disbursement, and

iii. the disbursement does not contravene this policy or a policy, procedure or directive made pursuant to this policy.

Resolving Disputes

15 (1) If there is a disagreement between the Chief Financial Officer and an Expenditure Officer respecting the budgeted funds or account to which an expenditure or disbursement should be charged, the Nation Administrator shall decide the matter.

(2) If the Nation Administrator is unable to resolve a disagreement regarding an expenditure, the matter may be referred to the Council. After reviewing the matter, the Council may:

(a) refuse the expenditure; or

(b) approve the expenditure if it complies with HLFN bylaws and policies; or

(c) direct the Chief Financial Officer and the Expenditure Officer to make the expenditure complied with HLFN bylaw and policies and then approve it; or

(d) direct the Chief Financial Officer and the Expenditure Officer to resolve the matter themselves within a specified time frame.

Part 4: Banking Arrangements and Receiving HLFN Funds

Bank accounts

16 (1) The HLFN shall establish and maintain bank accounts at a chartered bank, credit union, Alberta Treasury Branch, or Canadian trust company incorporated or chartered in accordance with the laws of a province or Canada as required for the receipt, custody or transmission of HLFN Funds. The Council shall approve the opening of all bank accounts by Resolution.

(2) If required for proper financial management of HLFN Funds, Council may approve a Department or Agency opening and maintaining a separate bank account at a chartered bank, credit union, Alberta Treasury Branch, or Canadian trust company incorporated or chartered in accordance with the laws of a province or Canada.

(3) The Chief Financial Officer shall have access to account information of all bank accounts that receive or disburse HLFN Funds.

Deposits at financial institutions

17 (1) The Chief Financial Officer shall ensure that all money, cheques, or other negotiable instruments received on behalf of the HLFN are deposited in the appropriate HLFN account in a timely manner.

(2) The Chief Financial Officer may re-allocate funds from one bank account to another for program and service delivery according the approved annual budget, if required for short-term cash management of HLFN Funds, or for other purposes approved by the Council.

Failure to account for HLFN Funds

18 (1) If the Chief Financial Officer has reason to believe that an Elected or Appointed Official, Employee, Contractor or Volunteer involved with a Department or Agency:

(a) has received HLFN Funds and not deposited them in the appropriate HLFN account, or

(b) has received HLFN Funds and not accounted for them, or

(c) possesses HLFN Funds applicable to a purpose and has not applied them to that purpose

the Chief Financial Officer may cause a notice to be served on that person or the person's representative requiring the person within a time period set out in the notice to:

i. pay over or account for the HLFN Funds, or
ii. apply the HLFN Funds in the manner set out in the notice and provide the Chief Financial Officer with proof that the HLFN Funds have been appropriately applied.

(2) The notice in subsection (1) may be served by delivering a copy of it to the person to whom it is addressed or by mailing it by registered mail to the person's last known address.

(3) If a person fails to comply with a notice served under subsection (1), the Chief Financial Officer shall establish an account between the HLFN and that person in the amount not paid over, accounted for or applied, and the Chief Financial Officer may, at his or her discretion, charge interest on the whole or a part of the amount from a date as the Chief Financial Officer may determine.

(4) The HLFN may proceed to recover the amount not paid over, accounted for or applied and all interest accrued as debt due from the person on whom the notice was served under subsection (2).

Part 5: Annual Budget

Budget Purpose& Form

19 (1) The HLFN shall establish and follow an annual budget process that provides the following:

(a) a plan of what will happen and when with its associated revenues and expenditures,

(b) financial and non-financial performance measurements for HLFN programs, services and activities, and

(c) internal controls by which Council, management and employees can track and assess the use of HLFN Funds, HLFN Property and assets.

(2) The budget must clearly set out:

(a) the total amount of HLFN Funds likely to be required to operate all Departments and Agencies and meet all other financial commitments (e.g., loan repayments);

(b) an estimate of the total amount of receipts and receivables for each Department and Agency for the budget period;

(c) the total amount of HLFN Funding to be made available to or received by each Department or Agency during the budget period;

(d) the activities, programs, services or goods to be provided or produced by each Department or Agency during the budget period; and

(e) the remuneration of Council including salary or honoraria and travel and other expenses.

Budget Priorities & Deadlines

20 (1) The Chief Financial Officer, with the assistance of the Nation Administrator, will oversee the preparation of the annual budget on behalf of Council for each fiscal year.

(2) The Council will issue priorities and direction for all Departments and Agencies to use in preparing the annual budget and other planning documents for the following year by December 31.

(3) The Chief Financial Officer will issue deadlines and budget templates for all Departments and Agencies to follow by January 15.

Budget Approval

21 (1) Each Program Manager shall prepare a program budget for the operation of their program, and submit the prepared budget to the Chief Financial Officer. For each program budget, the Chief Financial Officer may increase allocation of funds, reduce allocation of funds, or reallocate funds to different programs or sectors. The Chief Financial Officer shall work with the Nation Administrator to consolidate program budgets into an annual budget for submission to the Council by February 15.

(2) For each program budget, the Council may increase allocation of funds, reduce the allocation of funds, or reallocate funds to different Departments, programs or services.

(3) Council shall present the annual budget to the Members at a Special HLFN Meeting by March 15.

(4) Council must approve the annual budget before the start of the fiscal year to which the budget applies. The annual budget must be approved by Resolution before March 25.

(5) Approval of the annual budget by Council gives general authority to the Departments and Agencies to expend funds, generate revenues, and carry out the activities detailed in their budget and planning documents.

Budget amendments

22 (1) The Chief Financial Officer shall review all requests for budget variances, amendments and transfers between budget lines. The Chief Financial Officer will provide a written recommendation to the Nation Administrator. The Nation Administrator may approve variances, amendments and transfers up to $5,000 or 3% of the total budgeted expenditures for the Department, whichever is lower. The Chief Financial Officer shall submit a recommendation for a Resolution to Council for all other requests for budget variances, amendments and transfers.

(2) Budget amendments must not cause the annual budget to exceed the total deficit limit established in section 37 (2) of this policy.

Budget available

23 A copy of the annual budget must be:

(a) available for a Member to inspect during HLFN administration office hours; and

(b) provided to a Member upon a request made to the Chief Financial Officer and upon payment of a reasonable photocopy fee if required by HLFN policy or procedure.

Part 6: Financial Reporting and Audits

Monthly Reports

24 By the 24th day of each month, the Chief Financial Officer shall provide to the Council the following reports for the previous month:

(a) a revenue and expenditure report,
(b) a projected revenue and expenditure report,
(c) a balance sheet,
(d) a projected balance sheet,
(e) an aged accounts payable report,
(f) an aged accounts receivable report,
(g) a cash flow analysis, and
(h) a variance report

Quarterly Reports

25 By the 24th day of July, October and January, the Chief Financial Officer shall provide to the Council the following reports for the previous quarter:

(a) a revenue and expenditure report,
(b) a revenue and expenditure report projected to March 31,
(c) a balance sheet,
(d) a projected balance sheet,
(e) an aged accounts payable report,
(f) an aged accounts receivable report,
(g) a cash flow analysis,
(h) a variance report, and
(i) a record of all budget amendment decisions.

Financial Statements

26 (1) By the 24th day of April, the Chief Financial Officer shall provide to the Council the following reports for the previous fiscal year:

(a) a revenue and expenditure report,
(b) a balance sheet,

(c) an aged accounts payable report,
(d) an aged accounts receivable report,
(e) a cash flow analysis,
(f) a variance report, and
(g) an updated Capital Asset register

(2) The items in subsection (1) are the annual financial statements for the HLFN and shall be provided to a Member upon a request made to the Chief Financial Officer and upon payment of a reasonable photocopy fee if required by HLFN policy or procedure.

Auditors

27 By March 15 of each year, the Council shall appoint an independent auditing firm to audit the books and records of the HLFN and its Agencies in accordance with Generally Accepted Auditing Standards. The Auditors must be recognized as Members of a professional accounting association registered in Alberta.

Access to Information

28 The auditors must be granted access to all information required to complete the audit and shall be assisted in their audit by Elected and Appointed Officials, Program Managers and Employees of the HLFN.

Review & Approval

29 The audited financial statements and the management letter shall be reviewed by the Chief Financial Officer, the Nation Administrator and the Council. The Council shall approve the audited financial statements and the management letter by Resolution by July 31 of each year.

Presentation & Publication

30 The Council shall present the audited financial statements and the auditor's report to the Members at a HLFN Meeting no later than October 21 of each year.

Audit Available

31 A copy of the audited financial statements and auditor's report must be:

(a) available for a Member to inspect during HLFN administration office hours, and
(b) provided to a Member upon a request made to the Chief Financial Officer and upon payment of a reasonable photocopy fee if required by HLFN policy or procedure.

Reports & Audits of HLFN Agencies

32 (1) Corporations or commercial entities owned by the HLFN shall submit to Council all of the items listed in section 26(1) of this policy within 30 days of the end of the corporation or commercial entity's fiscal year. The reports and statements must be in a form and contain the information required by the Chief Financial Officer and the Nation Administrator.

(2) All HLFN-owned corporations and commercial entities shall submit their audited financial statements and annual reports to the Council by July 31.

(3) The audited financial statements and annual reports of Corporations or commercial entities owned by the HLFN shall be reviewed and consolidated with the HLFN's audited financial statements.

Part 7: Contracts and Tenders

Contracts & Tenders

33 (1) The Council may establish policies and procedures and the Chief Financial Officer may issue directives governing standards to be observed when contracts are entered into by the HLFN where those contracts relate to:

(a) the acquisition, management, use or disposition of property; and/or

(b) the buying or selling of goods by or to the HLFN, and/or

(c) the rendering of services by or to the HLFN.

(2) Capital purchases up to $50,000 may be made by a Department or Agency if approved in the Annual Budget. Tendering is recommended but not required.

(3) Capital purchases in an amount greater than $50,000 but less than $500,000 which were approved in the Annual Budget must be completed by invitations to tender.

(4) Capital purchases greater than $500,000 must be made by public tender.

(5) All tenders/proposals received shall be reviewed against an evaluation criteria list. The contract bidder or proposal proponent who best meets the evaluation criteria shall be recommend to receive the contract, subject to approval of the Council.

(6) The lowest tender need not be accepted if the Council deems it is in the best interests of the HLFN to accept a higher tender because the higher tender:

(a) provides a better quality of product or service, or

(b) provides economic benefits to the HLFN, and

(7) Approval of a tender under section 33 (6) requires a Resolution which shall contain the reasons for the decision.

(8) Any contracts drawn up and signed between the HLFN and a contractor must clearly state all requirements of the contract in detail. The contract should contain a provision for the HLFN to hold back a minimum of ten per cent (10%) of the contract amount, subject to the contractor complying with all contract deliverables.

(9) Should the HLFN not have the expertise to execute any part of the procedures outlined in this Section, the HLFN reserves the right to hire outside experts/consultants to assist the HLFN in carrying out these procedures.

(10) Subject to this policy, all tenders shall comply with the policies and procedures approved by the Council, and shall be offered to the general membership through regular community meetings.

Part 8: Financial Administration

Capital Assets

34 (1) The Chief Financial Officer shall maintain a listing of Capital Assets for depreciation and planning purposes. The listing shall be verified once a year with a physical count of assets and adjusted accordingly. Items that have been disposed of or deemed obsolete must be detailed in a separate listing and deleted from the Capital Asset listing.

(2) The Chief Financial Officer shall retain for review by the auditors the Capital Assets listing and all related documents including count sheets and a list of disposed or obsolete assets.

Debt

35 (1) All loans and loan repayments taken on by the HLFN shall be included in the Annual Budget or submitted as an amendment to the annual budget. The Chief Financial Officer shall review all loan and loan repayment budget items to make sure there are sufficient funds available before approving a loan.

(2) All loans entered into by the HLFN and its Agencies must be approved by Council by a Resolution.

(3) All the terms and conditions of loan agreements shall be strictly enforced.

(4) A breach, or anticipated breach, of a term or condition of a loan must be immediately reported to the Chief Financial Officer. The breach must be reported and a recommendation for remedial action presented to the Council at the next Council meeting.

Agency Debt

36 (1) If an Agency has the power to borrow money secured by issuing securities or debentures, the Council shall appoint an exclusive agent for the purpose of negotiating and determining the terms and conditions of the borrowing. The Agency has no power to negotiate the loan except through the appointed agent.

(2) Council may approve Agency borrowings secured by the issuing of securities and debentures only after the Chief Financial Officer has reviewed the terms and conditions of the borrowing and submitted a recommendation to Council.

(3) If an Agency has the power to borrow money by way of overdraft or line of credit, the Chief Financial Officer may prescribe the manner in which the money may be raised or used.

Deficits

37 (1) Subject to subsection (2) Council, the Chief Financial Officer, the Nation Administrator , or an Expenditure Officer shall not commit to an expenditure that will cause a program, service, Department or Agency as the case may be to:

(a) spend more than the total confirmed revenues available to that program, service, Department or Agency, or

(b) spend more money than provided for in the applicable budget line of the program, service, Department or Agency's annual budget.

(2) Budget variances and transfers shall be permitted only if approved in accordance with section 22 of this policy. The cumulative deficit for the HLFN shall not exceed seven per cent (7 %) of the total annual budgeted revenues of the HLFN.

(3) If a debtor deficit occurs in a program, service, Department or Agency, the Chief Financial Officer and Nation Administrator shall develop a debt or deficit recovery plan for the review and approval of Council.

(4) Council shall inform the Members about the debt or deficit recovery plan at a HLFN Meeting and shall present updates on the status of a debt recovery plan at every HLFN Meeting until the debt is paid.

(5) The Chief Financial Officer and Nation Administrator are responsible for implementing the approved debt or deficit reduction plan.

Surpluses

38 (1) If a program, service, Department or Agency believes it will not spend all the funds identified in its annual budget or it will end the fiscal year with a surplus, the program, service, Department or Agency shall submit a recommendation on the use of the funds the Chief Financial Officer. The recommendation must be submitted at least 30 days prior to fiscal year end, and must request that the Council order the funds to:

(a) apply to the spending commitments in the Annual Budget approved for the next fiscal year for the program, service, Department or Agency; or

(b) be paid out immediately to meet financial commitments; or

(c) be placed in the Consolidated Fund and apply them to a deficit or debt; or

(d) be placed in the Consolidated Fund for re-allocation in accordance with the Council's budget priorities for the next fiscal year.

(2) Subsection (1) does not apply if the funds were provided by an External Funder and the Agreements, transfers or contracts require the money to be returned.

(3) The Chief Financial Officer shall review the recommendation and submit it to Council for final approval in time for the Council to make a decision under subsection (1) before the end of the fiscal year in which the funds were not spent or the surplus was generated.

Grants, Loans & Loan Guarantees

39 (1) The Council may approve a loan, a loan guarantee or a grant to a Member or Agency only if:

(a) a budget line exists in the annual budget for the purpose of providing such a loan or grant and sufficient funds remain in the budget line;

(b) written terms and conditions for the grant or loan which reasonably protect the interests of the HLFN have been agreed to in writing by the Member or Agency; and

(c) the Member or Agency has agreed in writing to a repayment schedule and penalties for non-payment in the case of a loan.

(2) Loan guarantees must be reported in the audited financial statements.

(3) The Chief, Councillors, the Chief Financial Officer and the Nation Administrator may not be approved for grants, loans, or loan guarantees.

Part 9: Conflict of Interest

Conflict of Interest

40 Chief and Council shall follow the Conflict of Interest Guidelines outlined in Schedule "C" of the *Customary Election Regulations of the Horse Lake First Nation*.

41 If a person requires clarification as to whether a conflict of interest exists or might occur, the person shall meet with the Chief Financial Officer or submit a written description of the concern to the Chief Financial Officer for a ruling before entering into the possible conflict of interest.

42 The Chief Financial Officer may request that:

(a) a person provide a detailed list of the benefits received directly or indirectly by the person as a result of a breach of the conflict of interest provisions, and

(b) the person shall reimburse the HLFN for an amount up to the value of the benefits listed in clause (a).

Part 10: General

Fiscal Year

43 (1) The fiscal year of the HLFN administration and all its Departments and Agencies shall be April 1 to March 31, except as otherwise noted in this section.

Coming into Force

44 This policy shall come into force when Council passes a Resolution approving the policy.

Amending the Policy

45 (1) This policy may be rescinded, added to or otherwise altered only by a Resolution approving the amendments.

(2) The Council shall review the policy for necessary changes once each fiscal year.