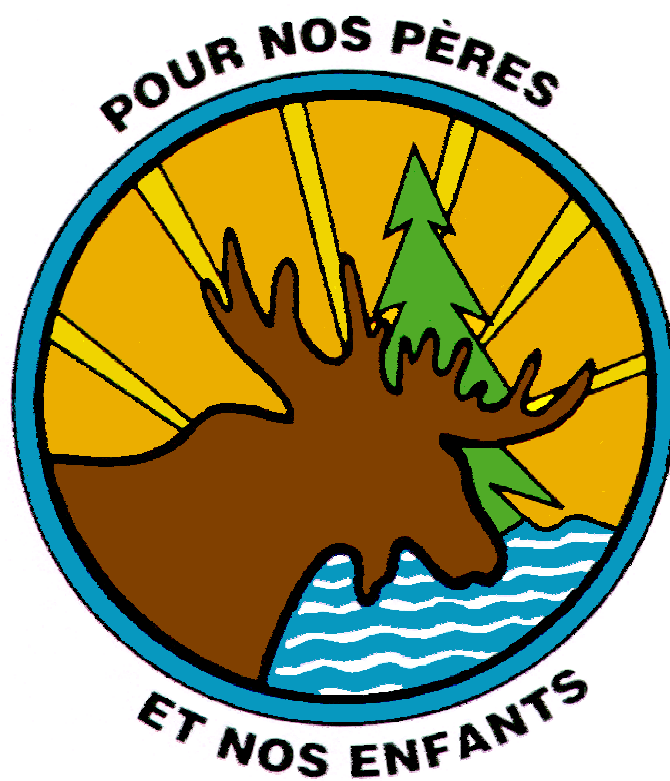


# CONSEIL DE LA PREMIÈRE NATION DES INNUS ESSIPIT



## FINANCIAL MANAGEMENT

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## **DEFINITIONS**

### Council

The Chief and councillors elected by the Innu First Nation of Essipit.

### Enterprise

An enterprise owned by the community, for which the Council is ultimately responsible.

### Organization

An administrative entity encompassing all the programs and activities dispensed by the Council and its enterprises.

### Management Table

Annual meeting of elected representatives and management committee members to review the organization's policies, examine the objectives for the past year, set objectives for the coming year, and examine the financial situation to establish budget allocation priorities.

### Community

All the people registered on the list of members of the Innu First Nation of Essipit.

### Member

A person who is registered or eligible for registration on the list of members of the Innu First Nation of Essipit.

### Management Committee

Includes the General Manager and the program and service managers who report directly to the General Manager.

### General Management

The General Manager and the staff at his office who assist him with his managerial tasks.

## Financial Services Department

The Financial Services Manager and the staff who assist him with his tasks.

### Manager

A person who is responsible for managing human, material or financial resources in one or other of the organization's major sectors and who is a member of the management committee (this definition may also apply to some of the sector leaders appointed by the General Management – e.g. the LFNC).

### Employee

A person who holds a permanent, regular or seasonal position and a person who holds a temporary, supernumerary, contractual or occasional position with the Council of the Innu First Nation of Essipit and its enterprises.

### Programs

A sector dispensing services directly to community members, including education, housing, health, buildings and infrastructures, social and economic development, etc. Or, for the purposes of this policy, to clients of the entire Enterprise sector.

### Services

Normally includes sectors such as personnel services, financial services, technical services, computer services, administrative services, secretarial services and other similar services. A service sector has the dual responsibility of managing its own activity sector and assisting and working with the managers of other sectors who are responsible for dispensing programs or providing services to community members and to Enterprise sector clients.

## **INTRODUCTION**

The purpose of this financial management policy is to provide official confirmation of the procedures, methods and directives for financial management of the operations and services of the Council of the Innu First Nation of Essipit and its enterprises. The policy reflects the growing autonomy and unequivocal right of inspection over the administration of the community's affairs.

The policies adopted by the Council to establish the needs and fields of intervention, as well as the human, financial and material resources to be assigned to each field, are extremely challenging in terms of financial planning, management and control. The Council's decision to develop accounting and financial management tools is an expression of its intention to implement the various funding agreements for its programs and services in a structured and realistic way, and to institute integrated management of the organization's enterprises.

## **INTERPRETATIVE CLAUSE**

Where the context so requires, the singular includes the plural and vice-versa.

## **1.0 OBJECTIVES**

The purpose of this policy is to formalize existing financial management practices and to improve the decision-making process by providing managers with the information they need to better measure their progress towards the achievement of predetermined objectives and to judge the results.

A further purpose of this policy is to set out the guidelines for the administrative and financial rules governing the current financial management system and all the ensuing accounting and administrative practices.

## **2.0 FINANCIAL MANAGEMENT SYSTEM**

The organizational structure of the financial system of the Council of the Innu First Nation of Essipit includes the following activities:

- 2.1 Long-term financial planning;
- 2.2 Budget preparation and development;
- 2.3 Financing of program and enterprise activities;
- 2.4 Organization and gathering of information;

- 2.5 Financial reports;
- 2.6 Monitoring, control and evaluation.

## 2.1 Long-term financial planning

The Council of the Innu First Nation of Essipit recognizes the importance of long-term planning, and therefore wishes to institute a formal long-term budget process that will allow it to plan community and enterprise needs over a longer timeframe. At the same time, long-term planning provides managers with an opportunity to assess the resources required to implement the plan and to establish priorities depending on the importance of the various projects.

For the preparation, monitoring, control and assessment of the long-term financial plan, the mechanisms already introduced for preparation and monitoring of the annual budget will be used, although care will be taken to emphasize the following points.

### 2.1.1 Five-year planning

When preparing the plan, all investment needs for programs and services must be included, in accordance with existing multi-year agreements, together with an overview of the human and financial resources required to implement the plan.

### 2.1.2 Management Table

In addition to the review of policies, objectives and the financial situation as a whole, the priority ranking exercise carried out in May of each year at the Management Table, will enable elected representatives and members of the management committee to anticipate and rank in priority order the human and financial resources required to meet the investment needs of the community and its enterprises for the short, medium and longer term.

### 2.1.3 Monitoring and updating

The long-term plan, like the annual budget, must be verified and updated annually. This will be done at the Management Table held in May, and if necessary the plan will be altered and adjusted to ensure that it is as accurate a reflection as possible of the community's needs and priorities.

## 2.2 The budget

In the Council's view, the budget is a statement of a credit allocation plan based on predetermined expenditures for the organization's various programs and services. It also reflects the financial aspect of the short, medium and long-term choices and priorities of the organization's various sectors. The budget statement must therefore include the following two components:

- All the Council's sources of revenue;
- All the expenditures relating to the functions and responsibilities of all the organization's sectors.

### 2.3 Financing

Once the financial needs of all the organization's program and enterprise sectors and services have been established, the Financial Services Manager must identify all available sources of funding and ensure that sufficient resources are available to meet the organization's needs.

### 2.4 Information

Information must be gathered and organized in accordance with generally accepted accounting principles. The data and statistics compiled will constitute a source of information to be used in formulating and producing the reports and minutes required for monitoring, control and decision-making purposes.

### 2.5 Reports

The financial reports are the principal tools used by managers to monitor the development of their respective activities, measure divergences and, where necessary, take remedial action. The Financial Services Manager must taken the necessary steps to produce sector-based financial reports for the managers of all the organization's sectors, as well as a consolidated report for the General Manager covering all the accounting and administrative activities relating to the organization's programs and services, in accordance with the following schedule:

- Monthly;
- Quarterly;
- As requested by program and service managers;
- Annually.

### 2.6 Monitoring and control

The reports mentioned in section 2.5, produced by the Financial Services Manager, provide the organization's program and service managers with an opportunity to examine the results of the current year and to make any adjustments that may be required. The consolidated reports submitted to the General Manager provide a general overview of the organization's activities, and are also a vital tool that enables the General Manager to intervene with a view to controlling expenses and making appropriate recommendations to the Council.

### **3.0 THE BUDGET CYCLE**

The budget cycle is spread over a period of eighteen (18) months and comprises the following six steps:

- 3.1 Preparation of the budget;
- 3.2 Adoption of the budget;
- 3.3 Circulation of the budget;
- 3.4 Management Table;
- 3.5 Performance, monitoring and control;
- 3.6 Analysis of results.

#### 3.1 Preparation of the budget (January 2 to March 15)

It is at this stage that the Council must analyze the needs and identify the objectives to be set in order to fulfill the requirements of and commitments to the population.

It is therefore up to the General Manager, in collaboration with the Financial Services Manager and the managers of the organization's programs and services, to initiate and coordinate a data collection exercise with a view to identifying the resources and means required to achieve the desired results. This task comprises the following four (4) steps:

3.1.1 From January 15 to 31, preparation of the following documents and information:

- 3.1.1.1 The statement of revenues and expenditures for the previous year;
- 3.1.1.2 The statement of revenues and expenditures for the nine-month period ending on December 31 of the current year (three quarterly reports);
- 3.1.1.3 Forecasts for the last three months (January – February – March) of the current year;



- 3.1.1.4 The budget adopted for the current year;
- 3.1.1.5 Capital projects to be finalized;
- 3.1.1.6 Revenues to come for the current year;
- 3.1.1.7 Reimbursements and payments to be made by March 31;
- 3.1.1.8 All documentation relating to the development of new programs and services;
- 3.1.1.9 All documentation relating to service evaluation.

3.1.2 From February 1 to 14, preparation of plans of action and results.

This step must be completed in two separate stages, namely current or recurrent programs and services, and new initiatives including special capital and human resource needs.

3.1.2.1 Current and recurrent services

- 3.1.2.1.1 Each individual manager establishes the quality and quantity of the services to be dispensed in his or her sector;
- 3.1.2.1.2 Each individual manager establishes expense forecasts for his or her sector;
- 3.1.2.1.3 The Financial Services Manager consolidates all the information received and presents it to the General Manager;
- 3.1.2.1.4 The consolidated plan is analyzed by the General Manager;
- 3.1.2.1.5 The plan is adjusted in line with the Council's policies and priorities;

3.1.2.1.6 The Council approves the consolidated plan of action.

3.1.2.2 New initiatives

3.1.2.2.1 Each individual manager establishes his or her sector's special needs for infrastructures, human and other resources;

3.1.2.2.2 Each individual manager establishes detailed costs for each new initiative in his or her sector;

3.1.2.2.3 The Financial Services Manager consolidates all the information received and presents it to the General Manager;

3.1.2.2.4 The General Manager analyzes the consolidated plan of new initiatives, based on the organization's policies, objectives and priorities;

3.1.2.2.5 The General Manager presents the consolidated plan of action to the Management Table (between May 1 and 30);

3.1.2.2.6 The consolidated plan is submitted to the Council for approval.

3.1.3 From February 15 to 28, preparation of budget forecasts.

3.1.3.1 Preparation of the "Financial Resources Plan" identifying cost centres and budget items, based on the plan approved in the preceding step;

3.1.3.2 Each individual manager submits his or her budget forecasts to the Financial Services Manager;

3.1.3.3 The Financial Services Manager consolidates the budget forecasts and presents them to the General Manager.

3.1.4 From March 1 to 20, analysis of the budget forecasts by the General Manager and Financial Services Manager

3.1.4.1 The activities of each program and service are examined in conjunction with the manager concerned, based on costs and forecasts;

Where necessary, the credits and allocations are amended and adjusted to bring them into line with

financing criteria and requirements or the Council's general policies and priorities;

- 3.1.4.2 Recommendations are formulated for presentation of the expenditure budget to the Council.

### 3.2 Adoption of the budget (March 31)

The Council must approve the budget by March 31 of each year. However, if it is not possible to meet this deadline for reasons considered to be reasonable (incomplete information, unexpected circumstances, etc.), the Council may, exceptionally, authorize provisional credit allocations for current or recurrent programs and services, and set a later date for official approval of the budget.

The final choice must be made by the Council, and must be based largely on the relevant information available to it, and the impact of the choice on the organization's policies and priorities.

In view of the importance of budget approval, and in view of the Council's obligations and commitments to the population, it is vital for the Council to devote the time and energy required for a detailed analysis of the budget proposals submitted to it, and to ensure, at one or more meetings, that the following steps are taken:

#### 3.2.1 With the General Manager

- 3.2.1.1 Analysis of the financial resource plan;
- 3.2.1.2 Statistical and accounting information for comparison purposes, from the two (2) previous years;
- 3.2.1.3 Information and historical data concerning the operations of the organization's programs, services and enterprises;
- 3.2.1.4 Consideration of the criteria relating to the identification of activity costs (financial standards for each expense item);
- 3.2.1.5 Recommendations, analysis and consensus on an allocation grid for each expense item.

### 3.2.2 With the managers

- 3.2.2.1 Examination of the activities of each program, service and enterprise;
- 3.2.2.2 Consideration and analysis of the basic costs relating to the operations of each sector;
- 3.2.2.3 Proposal and analysis of any amendments required as a result of monetary or material constraints or to reconcile the activities with the organization's policies and priorities.

### 3.3 Circulation of the budget (April 1 to 15)

As soon as the budget has been approved by the Council, the General Manager must distribute it without delay to all managers, with appropriate comments, so that the managers are aware of the budgets that have been approved and any comments or recommendations, and are able to begin implementation of the budget as quickly as possible, in line with this Policy.

### 3.4 Management Table (May 1 to 30)

The Management Table exercise involves the organization's elected representatives and managers, and serves the following purposes:

- 3.4.1. Review the goals for the past year in light of the Council's policies, and set goals for the coming year;
- 3.4.2. Examine the financial situation for all the organization's activities;
- 3.4.3. Establish the availability of financial resources for all or some of the new initiatives proposed by elected representatives and by program and service managers;
- 3.4.4. Approve the long-term financial plan;
- 3.4.5. Review the long-term financial plan every year.

### 3.5 Performance, monitoring and control (April 1 to March 31)

The Financial Services Manager must meet each manager individually, at the beginning of each financial year, to explain the nature of his or her budget and answer any questions or concerns.

The General Manager must ensure that every individual manager and leader in the organization is aware of his or her responsibility in achieving the anticipated results with due respect for the rules and procedures set out in this Policy.

The General Manager is also responsible at all times for ensuring that budgets are balanced, and for forecasting trends based on actual expenses. To enable the General Manager to do this, the Financial Services Manager must coordinate, prepare and submit the following reports:

- A quarterly financial report, along with comments and recommendations relating to any divergences. The General Manager then presents this report to the Council, so that it can make any decisions that may be required;
- Formal or informal ad-hoc reports at the request of the General Manager or members of the Council.

The organization's activities may be affected by certain unanticipated events such as changes of policy, new allocations, reduced financing, new projects and so on, requiring adjustments to managerial and control habits. In such cases it is up to the Council to establish the appropriate financial management method, based on the spirit and the letter of this Policy.

### 3.6 Analysis of results (April 1 to July 20)

At the end of the financial year, the Financial Services Manager must prepare a financial report containing:

- A statement of revenues and expenses;
- A statement of accumulated surpluses (deficits) during the year;
- A statement of changes in the financial position of the organization.

The financial report must be audited by an external auditor appointed by the Council, who must submit a report, along with the financial statements, to the General Manager by July 20, expressing his or her opinion of the Council's situation and its operating results for the past year.

The General Manager then submits the financial report, along with the auditor's report, to the Council for approval, before presenting it to the population at a special meeting.

## 4.0 GUIDELINES FOR ADMINISTRATIVE AND FINANCIAL RULES

The guidelines set out in this Policy cover the following fifteen (15) responsibilities:

- 4.1 Budget allocations and reallocations;
- 4.2 Budget variance reports;
- 4.3 Processing of commitments and budget availability;
- 4.4 Payments and issuing of cheques;
- 4.5 Debit account accounting;
- 4.6 Delegation of the power to sign financial documents;
- 4.7 Equipment purchase and rental;
- 4.8 Management of material goods;
- 4.9 Remuneration;
- 4.10 Business travel;
- 4.11 Auditing;
- 4.12 Contracts and bids;
- 4.13 Borrowings and investments;
- 4.14 Loans to individuals;
- 4.15 Deficit management.

### 4.1 Budget allocations and reallocations

#### 4.1.1 Budget allocations

The purpose of the budget allocation process is to inform the organization's managers of the resources available in each sector. Allocations are based on the budget proposals made by managers, and must be confirmed before the beginning of the financial year.

#### 4.1.2 Budget reallocations

Budget reallocations are made throughout the year, within a single administrative unit, between administrative units or out of a reserve constituted by management or by the Council. Reallocations are normally made following requests for additional funds made by managers for a variety of reasons, including unanticipated events and changes to the policies and priorities of the Council or of management. For control purposes, requests for reallocations can be divided into the following categories:

- Essential, uncontrollable needs;

- Desirable needs;
- Recurrent needs;
- Non-recurrent needs.

## 4.2 Budget variance reports

Budget variance reports are vital management tools that provide important information for the Council's decision-making process, thus allowing the Council and its managers to maximize the use of the organization's financial resources.

The Financial Services Manager is responsible for coordinating and producing the financial reports, with assistance and collaboration as required from the managers. The nature and frequency of the reports to be submitted by individual managers, and the consolidated report for the Council, are as follows:

- 4.2.1 Monthly: A report containing the budget, expenditures and commitments and any variances between the two;
- 4.2.2 Quarterly: A report similar to the monthly report, but also containing comments and recommendations on how to correct the variances;
- 4.2.3 Ad-hoc: Reports produced when specific information is required by the Council or by management;
- 4.2.4 Annually: A full financial report that must be audited by an external auditor.

The monthly and quarterly reports are used to establish current or projected surpluses and deficits. They therefore assist the Council and the managers in determining fund reallocations, enabling them to maximize the use of the available credits in the best interests of the community.

#### 4.3 Processing of commitments and certificates of budgetary availability

The Financial Services Manager must keep a register containing details of all the financial commitments of every sector. The individual directors must then ensure that their commitments are accurately entered in the register. Although commitments are recorded separately from expense accounts, all data relating to the commitments must be considered when calculating the budget balance and drawing up the forecasts for the budget variance reports.

Before making a budget commitment, managers must be certain that sufficient budgets are available. It is up to the Financial Services Manager to introduce a control method that will allow him or her to certify that funds are available before signing a contract, purchase order or any other form of expense or commitment.

#### 4.4 Payments and issuing of cheques

##### 4.4.1 Payments

The procedure for approving, verifying and processing requests for payment is as follows:

- 4.4.1.1 All invoices must be paid promptly, no later than 30 days after receipt, to avoid interest;
- 4.4.1.2 The organization must take advantage of the discounts offered by certain suppliers for quick payment of their invoices;
- 4.4.1.3 All invoices must be sent to the Financial Services Department immediately upon receipt;
- 4.4.1.4 Before payment, all invoices must be checked by the authorized person, who must ensure that the related goods and services have in fact been received, that the price is correct and that there are no errors on the invoice;
- 4.4.1.5 If an invoicing error is discovered, the manager in question must contact the supplier at once to correct the problem;
- 4.4.1.6 All payments must be entered immediately in the computerized accounting system.



#### 4.4.2 Issuing of cheques

The issuing of cheques is a logical step in the process of paying accounts. Regardless of the reason for which a cheque is issued (payroll, purchases of goods and services, education, social assistance, health, etc.), the following procedure must be followed:

- 4.4.2.1 All cheques must be numbered for accounting purposes;
- 4.4.2.2 Every cheque must have a stub on which the relevant details can be written;
- 4.4.2.3 Blank cheques must be kept under lock and key in a safe place;
- 4.4.2.4 Payment must be stopped on all cheques that are lost or stolen;
- 4.4.2.5 All cheques not cashed within six (6) months of being issued must be cancelled, and new cheques issued upon request by the recipient;
- 4.4.2.6 All cheques must be signed by the Financial Services Manager and the General Manager or, in the absence of the latter, by an authorized representative of the Council.

#### 4.5 Debit account accounting and recovery procedures

##### 4.5.1 Debit accounts

- 4.5.1.1 All invoices for goods and services provided, and all disbursements in the form of loans and advances, must be entered immediately in the accounting ledgers as accounts receivable;
- 4.5.1.2 Travel and petty cash advances are made as part of everyday operations;
- 4.5.1.3 Other types of advances must be approved in advance by management or by the Council, and must be entered in a special ledger as accounts receivable;
- 4.5.1.4 The Financial Services Manager must prepare and submit periodic reports to inform the managers of the current status of debit accounts.

#### 4.5.2 Recovery of accounts owed

Each individual manager must take appropriate steps, in conjunction with the Financial Services manager, to collect monies or other debts owed to the Council, using normal collection procedures in the following order:

- 4.5.2.1 Issuing of an invoice;
- 4.5.2.2 Monthly statement of account;
- 4.5.2.3 Telephone call;
- 4.5.2.4 Meeting with the debtor;
- 4.5.2.5 If the above steps are unsuccessful, application of more assertive measures (with the Council's permission), including:
  - 4.5.2.5.1 Voluntary deduction from monies owed by the Council to the debtor;
  - 4.5.2.5.2 Use of a recovery firm where appropriate;
  - 4.5.2.5.3 Voluntary settlement;
  - 4.5.2.5.4 Enforcement of guarantees, where appropriate;
  - 4.5.2.5.5 Legal proceedings;
  - 4.5.2.5.6 Writing off.

#### 4.6 Delegation of the power to sign financial documents

The power to sign financial documents is delegated to the managers who are responsible for managing budgets, and to the Financial Services Manager. The delegation of power must be set out in a delegation instrument approved by the Council and containing the following information:

- 4.6.1 The names of the positions and the individuals to whom power has been delegated;
- 4.6.2 The types of power delegated, and the fields of activity;
- 4.6.3 Limitations on the powers delegated, as follows:
  - P = Full power
  - \$ = Hundreds of dollars
  - k = Thousands of dollars
  - m= Millions of dollars
- 4.6.4 Chronologically, the power to sign documents is granted in the following sequence:

- 4.6.4.1 Power to certify credits;
- 4.6.4.2 Power to spend;
- 4.6.4.3 Power to request/authorize payments;
- 4.6.4.4 Power to sign cheques;
- 4.6.4.5 Power to sign contracts;
- 4.6.4.6 Power to sign funding agreements;
- 4.6.4.7 Power to contract loans.

4.6.4.1 Power to certify credits

This power is delegated to the Financial Services Manager, who is the only person in the organization authorized to inform managers that sufficient credit is available before an expense is initiated.

4.6.4.2 Power to spend

This power is delegated to authorized managers, and enables them to initiate expenses – i.e. to sign documents relating to the expense, including order vouchers, travel authorizations, contracts, hiring of employees, leases, mortgages, loans, etc.

4.6.4.3 Power to request/authorize payments

This power is delegated to authorized managers and allows them to request that a payment be made, provided they are able to certify, on the request form, that the goods have been received or the services rendered, and that the invoiced price is in conformity with the contractual document or deed.

4.6.4.4 Power to sign cheques

This power is delegated to the Financial Services Manager and to the General Manager and his or her replacement, and allows them to sign cheques in response to requests for payment. Before signing a cheque, the Financial Services Manager must ensure that:

- 4.6.4.4.1 Sufficient money is available to cover the cheque;

- 4.6.4.4.2 The payment has been authorized by the manager in question, who is duly authorized to do so;
- 4.6.4.4.3 The policies, directives and procedures have been respected.

Once the cheque has been signed, the Financial Services Manager must send it to the General Manager, or to his or her replacement, to be countersigned, thus confirming that the expense is justified. The General Manager or replacement then returns the signed cheque to the Financial Services Department, which forwards it to the recipient in the usual way.

#### 4.6.4.5 Power to sign contracts

This power is delegated to program and service managers as part of their responsibility, allowing them to meet the needs of their sectors in terms of purchases of goods and services, and rental of supplies, equipment and materials, within the limits stipulated in section 4.7 of this Policy.

#### 4.6.4.6 Power to sign funding agreements

This power is delegated only to people authorized by the Council, who are appointed by resolution. It includes, among other things, the signature of various agreements such as:

- 4.6.4.6.1 Financial transfer agreements (annual or five-year);
- 4.6.4.6.2 Sector-based funding agreements;
- 4.6.4.6.3 Partnership agreements (e.g. SOCOM);
- 4.6.4.6.4 Self-government agreements (in this case, consent is required from a majority of the population, in a referendum, before the Council may ratify this type of agreement).

#### 4.6.4.7 Power to contract a loan

This power is delegated only to people authorized by the Council, who are appointed by resolution. A new resolution is required for each loan, and must stipulate, among other things:

- The reasons for the loan;
- The type of loan;
- The amount of the loan;
- The term of the loan.

#### 4.7 Equipment purchase and rental

The Council intends to continue its current practice of supporting and encouraging the local economy. As far as possible, it gives priority to the use of local and regional suppliers over suppliers from outside the region.

An acquisition or rental process for materials, equipment and supplies must be introduced to ensure that the organization's needs are met at competitive prices, in order to obtain maximum value for every dollar spent.

Accordingly, program, service and enterprise managers must clearly identify their purchase and rental needs by providing the following information:

- A description of the good or service required, and the date on which it is required;
- The reasons why it is required;
- An estimate of the cost, and the budget item;
- Confirmation that funds are available;
- Authorization from the immediate superior.

The following procedures apply, depending on the nature and scope of the expense.

##### 4.7.1 Purchases of less than \$500

The manager or the person in charge may contact suppliers at their discretion, by telephone.

##### 4.7.2 Purchases between \$500 and \$4,999

The manager or the person in charge must contact at least two suppliers, either in person or by telephone, except where he or she

is certain that the selected supplier offers the best quality/price ratio in the circumstances. In both cases, the manager or person in charge must write down the reasons for his or her choice of supplier before placing the order.

#### 4.7.3 Purchases of \$5,000 to \$24,999

The manager must issue an official call for bids and must contact at least two suppliers in writing. He or she must then examine the bids received, notify the suppliers of the outcome, and place the order with the supplier offering the best conditions in terms of quality and price.

#### 4.7.4 Purchases of \$25,000 or more

Managers must comply with the contract awarding policy adopted by the Council.

#### 4.7.5 Rental of equipment, materials and vehicles

For rental periods of less than 60 days, the manager must request a price from at least two suppliers and ensure that the transaction takes place at the best possible cost and in the best possible conditions.

For intermittent but regular rentals, or for continuous rentals of more than 60 days or, exceptionally, for yearly rentals, the manager must request formal bids from at least three suppliers before entering into an agreement with the supplier offering the most advantageous price and conditions.

### 4.8 Material goods management

#### 4.8.1 All the organization's material goods must be managed in accordance with the life cycle principle, from acquisition to maintenance to eventual disposal

All goods purchased must be entered in a stock system that will facilitate the management of their life cycle. Details to be recorded include acquisition, repairs, maintenance, distribution and alienation.

All the organization's managers must first use material goods from stock to meet their needs, in order to rationalize and reduce costs.

All the organization's employees must take good care of the materials entrusted to them, and must maintain those materials in such a way as to protect them from improper use or misuse.

Responsibility for the management of material goods is divided as follows.

- 4.8.1.1 Managers of programs, services and enterprises:
  - 4.8.1.1.1 Keep a register of all material goods in their sectors;
  - 4.8.1.1.2 Authorize in writing all transactions relating to material goods in their sectors – i.e. additions, withdrawals, transfers, loans and disposals;
  - 4.8.1.1.3 Coordinate proper and rational use of goods in stock;
  - 4.8.1.1.4 Recommend remedial measures if materials are misused or lost, in order to ensure better stock control;
  - 4.8.1.1.5 Inform employees of their obligation to protect and maintain material goods.
  
- 4.8.5.2 Employees
  - 4.8.5.2.1 Use and maintain the material goods made available to them in the course of their duties, as a reasonable person would, in accordance with the recommendations of the manufacturers and suppliers;

4.8.5.2.2 Inform their immediate superior of any defect, breakage, loss or destruction of the material goods in their possession.

4.8.5.3 Financial Services Manager

4.8.5.3.1 Coordinate the application and enforcement of measures relating to the management of material goods;

4.8.5.3.2 Develop and implement a stock system and the forms required to maximize the management and control of the organization's material goods;

4.8.5.3.3 Raise awareness among the managers of the benefits of proper material goods management;

4.8.5.3.4 Take the necessary steps to ensure that the organization's material goods receive adequate insurance coverage;

4.8.5.3.5 Once every five years, carry out a full inventory of all the goods in each of the organization's sectors, to ensure conformity with the main register, and report any differences to the General Manager.

4.9 Remuneration

4.9.1 Council members

The remuneration of Council members is based on common practice in the community, and is established as follows:

4.9.1.1 An amount of \$300 is paid to the Chief, in the form of fees, at the end of every month;

4.9.1.2 An amount of \$200 is paid to each councillor, in the form of fees, at the end of every month;

4.9.1.3 In addition, monetary compensation is granted to every elected member of the Council who incurs a loss of income as a result of his or her official Council obligations and activities.



## 4.9.2 Employees

4.9.2.1 The remuneration of employees in the senior executive, intermediate executive, technical and professional, administrative support and labourer categories is established pursuant to the personnel remuneration policy and must be in compliance with the current salary scale.

## 4.10 Business travel

### 4.10.1 General

The expenses of employees and Council members who must travel as part of their duties are reimbursed at the rates stipulated in the Council's travel policy, even where the travel is at the request of an outside organization whose reimbursement rates are different from those of the Council.

In such circumstances, the person travelling must submit a request for reimbursement in compliance with current policy, informing the Financial Services Manager of the name and reimbursement conditions of the organization responsible for the travel. The Financial Services Manager, on behalf of the Council, then submits a request for reimbursement to the organization in question. Payment of the reimbursement automatically becomes the property of the Council.

In all cases, travel must be justified in advance, and every person who travels is required to use the most economic form of transport.

### 4.10.2 Approval

Travel by Council members and the General Manager must be approved by the Council.

Travel by managers and other employees must be authorized by the immediate superior. Where the immediate superior is absent, the normal hierarchical line is followed, ending ultimately with the Council itself.

#### 4.10.3 Reservations

A person considering travel must notify the management secretary at the earliest opportunity. The secretary then takes steps to make the necessary reservations for accommodation. He or she will take care of transportation only if it is necessary to travel by air or rent a vehicle, or to ensure maximum use of personal vehicles in cases where several people are able to travel together.

Once all the arrangements have been made, the person concerned must leave contact information with the receptionist, prior to departure. Contact information includes the person's itinerary, accommodation, departure and arrival times, locations and times of meetings, and telephone numbers where the person may be contacted in emergencies.

#### 4.10.4 Other questions

Employees and Council members must refer to the Council's Travel Policy (Appendix 1) for details of rates, eligible expenses, authorization, forms and other conditions.

### 4.11 Auditing

Within four (4) months after the end of the financial year ending on March 31, the Financial Services Manager must produce an annual financial report that must, in turn, be audited by a professional external firm appointed by the Council. The main purpose of the audit is to meet the following goals:

4.11.1 To prove to members of the community that the financial resources are managed and administered responsibly, in compliance with this financial management policy;

4.11.2 To prove to the main funding providers, including government, para-government, Aboriginal and other organizations, that their standards, conditions and requirements have been met.

The General Manager and the managers of programs, services and enterprises must make themselves available to answer the auditor's questions and provide explanations and vouchers where required. The audit report, along with the auditor's comments and recommendations, must be prepared in accordance with generally accepted accounting practices, and must contain the following information:

- The auditor's report;
- The statement of income and expenditures;
- The statement of surpluses and deficits;
- The balance sheet;
- The statement of changes in the financial situation;
- Notes to the financial statements;
- Recommendations on the Council's financial position, or on the organization's accounting methods and processes.

Initially, the auditor must submit a preliminary version of his or her report to the General Manager and to the Council. After considering and, where appropriate, incorporating the comments received, the auditor, after a final verification, then submits the report to the Council by June 30, for approval. The report is then signed by the Chief and the councillors, before being presented to the population at a special meeting, and submitted to the appropriate government agencies before July 31.

Lastly, the Council is required to institute an appropriate structure and system to ensure that any required remedial action is taken within six (6) months, i.e. before December 31 of the current year, in response to the auditor's recommendations and the comments and suggestions made by the population at the special meeting called to present the financial statements and the auditor's report.

#### 4.12 Contracts and bids

The organization's managers, as part of their duties, regularly call on suppliers to provide goods and services, rent equipment and materials, and implement various infrastructures. In doing so, they must comply with sections 4.6.5 and 4.7 of this Policy, or refer to the Council's policy on calls for bids, and must comply with the following two principles:

- 4.12.1 As far as possible, give priority to local and regional suppliers;
- 4.12.2 Obtain maximum value for every dollar spent.

#### 4.13 Loans and investments

In the course of its operations, the Council of the Innu First Nation of Essipit may, for a variety of reasons, contract short, medium or long-term loans in order to meet its goals and fulfill the needs of the community.

In addition, to maximize the use of the financial resources at its disposal, it may make short, medium and long-term investments in order to increase its revenues or solidify the community's financial base.

## 4.13.1 Loans

### 4.13.1.1 Short-term

This type of loan must be stipulated in the cash budget and should be used only to provide the cash needed to meet the organization's obligations on time. It may take the form of a line of credit or a term note negotiated with the Council's financial institution.

The need for this type of loan is decided by the Financial Services Manager, who must, before making a recommendation to the General Manager:

- Examine the need, based on the activities to be carried out;
- Establish the conditions and term of the loan.

### 4.13.1.2 Medium and long-term

#### A) Reasons for the loan

The Council, in pursuing its mission and fulfilling its responsibilities, may contract medium and long-term loans, for the following reasons among others:

- 1) Carrying out community infrastructure projects;
- 2) Fulfilling a guarantee given to a financial institution;
- 3) Investing in the development of existing enterprises;
- 4) Acquiring new enterprises as sole owner or in partnership;
- 5) Complying with a ruling issued by a court of justice;
- 6) Satisfying a ministerial order;
- 7) Meeting community needs or dealing with unexpected situations, provided they are justified by the higher interests of the community.

B) Responsibilities

a) Program and service managers

In collaboration with the Financial Services Manager, draws up a detailed description and establishes the budget required to meet the obligation or cover the proposed project, as follows:

- 1) Provide a detailed description of the reasons for the loan;
- 2) Indicate the amount of the proposed loan;
- 3) Indicate the term of the proposed loan;
- 4) Suggest the most advantageous type of loan;
- 5) Identify all available funding sources;
- 6) Justify the project to the General Manager and show that there is a need for a medium or long-term loan;
- 7) Recommend that the General Manager proceed with the loan.

b) General Manager

- 1) Examine the file as a whole and read the recommendations made by the program or service manager concerned;
- 2) Ensure that the project complies with the community's policies and goals, and is consistent with the Council's priorities;
- 3) In collaboration with the Financial Services Manager, assess the advantages and disadvantages of taking out a loan;
- 4) Inform the Council of the need for a loan, in order to obtain its agreement in principle;
- 5) Work on the loan procedure with the Financial Services Manager, as follows:

- 5.1 Hand over the task of preparing the file to the Financial Services Manager;
- 5.2 Send the file, with the Financial Services Manager's comments, to the selected financial institution;
- 5.3 Examine the proposed conditions and interest rates;
- 5.4 Negotiate the conditions and interest rate in order to obtain the best possible arrangement for the community;
- 5.5 Submit the project and recommendations to the Council for approval;

c) Financial Services Manager

- 1) Help the General Manager with the examination of the file;
- 2) Assess the financial impacts for the organization;
- 3) Prepare the loan application in accordance with the selected financial institution's requirements;
- 4) Draw up the resolution for signature by the Council;
- 5) Examine the loan conditions and terms.

d) Council

- 1) Work with the General Manager to analyze the project for which the loan would be required;
- 2) Consult the population to ensure that the project is consistent with the Council's policies and priorities;
- 3) Authorize the General Manager or his or her replacement to proceed with the loan application;
- 4) Adopt a resolution to approve the loan agreement with the selected financial institution;
- 5) Inform the general assembly of the steps taken.

C) Contestation and appeal

Any person who is entered on the list of community members and who wishes to contest a decision of the Council on the grounds of alleged fraud, conflict of interest or any other reason likely to harm the community's interests, may do so by setting out the reasons for the contestation as follows:

- 1) Verbally, at a general assembly;
- 2) In writing, in a letter addressed to the Council;
- 3) By availing himself or herself of the Council's policy concerning the settlement of complaints and the processing of disputes.

#### 4.13.2 Short-term investment

The Council's goal in making a short-term investment (i.e. an investment for a period not exceeding one year) of its occasional temporary surpluses is to generate interest income in a secure fashion, for the benefit of the community's programs and services.

Short-term investments normally take the form of term deposits with the local Caisse populaire or any other financial institution selected by the Council.

When making a short-term investment, the Financial Services Manager must:

- Examine the financing needs of the Council's activities on a monthly basis, to determine if a temporary surplus is available;
- Identify the period for which the surplus will be available;
- Check investment opportunities and market rates;
- Examine the financial risks;
- Determine the term of the investment;
- Make recommendations to the General Manager;
- Regularly monitor the state of the investment and submit a monthly report to the General Manager.

#### 4.13.3 Investments

##### 4.13.3.1 Economic investments

The Council may make economic investments in addition to the investment expenditures stipulated in the annual program and service budget, in order to create jobs and increase the collective wealth. The investments in question may include:

- o Consolidation and purchase of commercial and industrial enterprises;



- Shareholdings in for-profit or non-profit corporations;
- Infrastructure constructions;
- Development and improvement of commercial community services (e.g. daycare).

#### 4.13.3.2 Contestation and appeal

The procedure and forms of recourse are identical to those stipulated for medium and long-term loans in Section 4.12.1.2.

### 4.14 Loans and sureties

#### 4.14.1 Conditions and approval

Specifically, loans or sureties may be granted to community members or community enterprises, or to individuals and organizations related thereto. In every case, however, the loan or surety must be approved in advance by the Council, which must ensure that the debt is protected as far as possible by a substantial guarantee of equal or superior value to the amount of the loan or surety. The guarantee may take the following forms, among others:

- A) Movable or immovable property;
- B) A guaranteed certificate of deposit or another type of investment;
- C) Assignment of the cash surrender value of a life insurance policy;
- D) A qualified guarantor;
- E) A life insurance policy covering the amount of the loan or surety.

#### 4.14.2 Process and terms

Whenever an application for a loan or surety is received by the General Manager or by the Council, the following procedure applies:

##### 4.14.2.1 Justification

Every case is judged on its own individual merits, and only the Council, upon a recommendation by the General Manager, is empowered to approve the reasons for Council intervention.

##### 4.14.2.2 Responsibilities

###### A) General Manager

Meet with the person concerned in order to learn more about the situation, identify the reasons for the loan or surety and examine any available alternative solutions before making a formal recommendation to the Council, including the following information:

- 1) A description of the reasons for the loan or surety;
- 2) The amount of the loan or surety;
- 3) The term and reimbursement conditions, including costs and interest rates;
- 4) The consequences, for the Council, of default;
- 5) The completed agreement form, to be signed by the parties.

###### B) Financial Services Manager

- 1) Where necessary, help the General Manager to analyze the application;
- 2) Establish the source of the funds and any impact on the Council's cash yield;

- 3) Prepare the agreement form to be signed by the parties;
- 4) Draw up a resolution to be approved and signed by the Council;
- 5) Monitor the loan or surety, to ensure compliance with the terms and conditions agreed upon by the parties.

C) Council

- 1) Based on the General Manager's recommendations, work with the General Manager to analyze the loan or surety application, as follows:
  - a) Ensure that the loan or surety, if approved, will not be detrimental to the community;
  - b) Adopt a resolution to approve the agreement between the parties;
  - c) Authorize the General Manager, or his or her replacement, to proceed with the loan or surety.

#### 4.15 Cash reserve

To prevent high short-term borrowing costs and be able to deal with unexpected events, the Council must, in future, maintain a separate cash reserve, in the form of short-term savings, the minimum level of which is set at five percent (5%) of the organization's total budget. This goal should be achieved gradually, by 2008, and be maintained at that level in subsequent years.

If the Council is forced to use all or part of its cash reserve as a result of significant investments or circumstances beyond its control, it must take steps to reconstitute the reserve to its minimum level within three (3) years.

#### 4.16 Deficit management

##### 4.16.1 Basic rule

The Council has always had a zero deficit policy, and has no intention of changing it, except in the exceptional circumstances contemplated in section 4.16.2 below.

However, if due to circumstances beyond its control the Council is faced with a number of exceptional situations likely to generate a deficit in the current year, the deficit must not exceed the equivalent of five percent (5%) of the operating budget of all the community's enterprises.

In every case where the Council is forced to approve an operating budget deficit in the current year, it must, at the same time, take steps to introduce the measures required to restore the situation as soon as possible, out of the operating budget for the following year, or for the following three (3) years at most.

#### 4.16.2 Exceptions

The following exceptional cases may trigger current year operating budget deficits:

- 1) Inaccurate forecasts of revenues or expenditures, or both;
- 2) A contingency related to a sudden increase in the number of units for social assistance or education;
- 3) Special emergency measures;
- 4) Unanticipated operating expenses generated by a new enterprise (an unavoidable acquisition opportunity);
- 5) Any other unexpected situation generating justifiable expenses in line with the Council's policies and priorities.

## **5.0 DISCLOSURE AND TRANSPARENCY**

In accordance with the Access to Information Policy, all documentation relating to this policy, including the long-term financial plan, the annual budget and the Council's financial priorities, are available to members of the community, upon request or at the general assembly.

## 6.0 COMING INTO FORCE AND AMENDMENTS

This policy will come into force upon being adopted by the Council, at a regular meeting, and any subsequent amendments will come into force in the same way.



## Appendix 1

### ESSIPIT MONTAGNAIS COUNCIL

#### TRAVEL POLICY

##### 1. General Directives

*All employees are subject to the reimbursement rates of the Council of the Innu First Nation of Essipit*, even if the organization that arranged the meeting offers different expense reimbursement rates. If the cost of the trip is to be reimbursed by the organization that arranged the meeting, the surplus or deficit caused by the difference between the organization's rates and the Council's rates is the property of, or is covered by, the Band Council and not by the traveller.

In addition, all applications for reimbursement of travel expenses that are payable by outside organizations must be sent to the Accounting Department, and the cheque issued by the outside organization must be made out to the Council of the Innu First Nation of Essipit, and not to the traveller.

Travel must always be justified by Band business. The number of representatives traveling for each meeting or workshop must be taken into account. To keep costs down, as few people as possible must travel, and the most economic itinerary must be selected.

##### 2. Approval of travel

The Band Council will approve travel by the Chief, the councillors and the General Manager.

Travel by other employees must be authorized by their immediate superior. If the immediate superior is absent, the employee must approach the next person in the normal hierarchical line (up to the General Manager and the Council itself as a last resort).

### **3. Reservation methods for travel**

Travel reservations must be made by the management secretary. As far as possible, employees must use the most economic itineraries and transporters.

Where air travel is involved, the secretary must be informed as quickly as possible, so that she can make the necessary arrangements (tickets reserved in advance are generally less expensive).

The person's itinerary must be given to the management secretary and the receptionist. The itinerary should include the address of the hotel or accommodation, the place, date, time and purpose of the meetings, along with the name of a resource person, the flight number, the departure and arrival times (where applicable), and telephone numbers for the places the person will be visiting, so that he or she may be contacted in an emergency.

### **4. Travel advances**

Where appropriate, managers may authorize advances for travel on Band or enterprise business. The advance must not exceed the anticipated cost of the trip (travel, meals, accommodation and other expenses). The employee must complete a travel advance application form in order to obtain an advance. The advance will then be deducted from the total reimbursement requested by the employee at the end of the trip. If the amount of the total reimbursement requested by the employee is less than the amount of the advance, the employee must reimburse the difference forthwith. No further travel advance will be authorized until the first advance has been fully reimbursed.

The employee must produce a statement of the expenses incurred during the trip, within five days of his or her return. If the employee fails to account for any advance received, the General Manager may authorize the Accounting Department to recover the amount of the advance from the employee's wage.

### **5. Travel allowances**

- **Transportation allowance**

The allowance for use of a person vehicle is 37 cents per kilometre for normal travel on asphalt roads, and 45 cents per kilometre for travel on forest roads (gravel).

Employees who use their personal vehicles as part of their duties must hold a valid driver's permit. Insurance covering work travel is also recommended (employees should contact their insurers for details).

An employee who regularly uses his or her personal vehicle for work purposes and work assignments on and off reserve may receive a fixed weekly or monthly allowance agreed upon by the employee and the manager and approved by the General Manager. Where applicable, the members of the Band Council should be informed of such an allowance. An agreement must be signed and a copy placed in the employee's file.

- **Meal allowance**

The cost of meals taken by official Band representatives will be paid if the meals are taken during official Band activities, provided receipts are presented. The maximum allowance for each meal is as follows:

- Breakfast	:	9.00 \$
- Lunch	:	14.00 \$
- Dinner	:	22.00 \$
<hr/>		
- Total/day	:	45.00 \$

- **Accommodation allowance**

1. Reasonable hotel costs will be paid upon presentation of receipts.
2. The allowance for accommodation in a private residence is **\$20** per night.

- **Incidentals (occasional expenses)**

An allowance of **\$6** per night will be paid to cover incidental (occasional) expenses incurred during a trip away from the employee's regular domicile.

1. All persons who travel as official Band representatives must complete applications for travel advances and expenses using the forms provided, and must present vouchers.
2. Where a person travelling as an official Band representative elects to travel by car to a destination that is also accessible by air, the Band will reimburse the cost of the least expensive form of transportation.
3. Band delegates attending meetings and workshops:



- a) Must attend all sessions in a professional way;
- b) Must present a written report of the meeting or workshop to the management secretary, who will then distribute it to the people concerned.