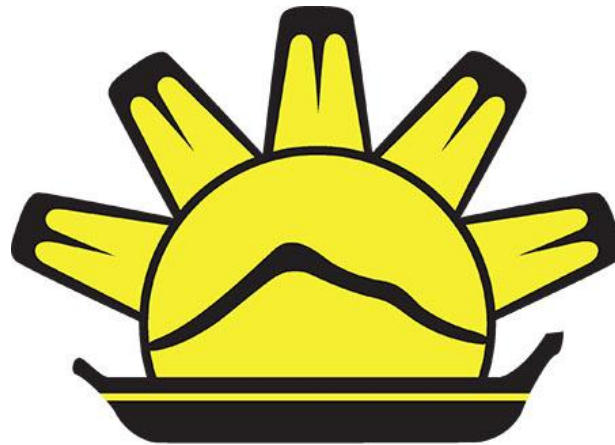


Statement of Policy and Procedure	
BCR #	2016-014
File Reference #	FAL-004
Issue/Effective Date	April 23, 2016

Malahat Nation

Annual Budget and Planning Policy

Approved by Council on April 22, 2016



Malahat

1. Policy

It is Council's policy to establish an annual planning and budgeting process that is integrated with the operational and long-term strategy of the Malahat Nation.

2. Purpose

The purpose of this policy is to ensure that a comprehensive planning process is established to support the on-going decision making of the Malahat Nation.

3. Scope

This policy applies to Council, Finance and Audit Committee and employees of the Malahat Nation involved in the planning and budgeting process.

4. Definitions

"annual integrated planning process" refers to the annual process whereby all planning and budgeting activities throughout every level of the organization are effectively linked, coordinated, and driven by Malahat Nation's vision and strategic objectives.

"Planning Documents" are the combination of a strategic comprehensive plan, capital budget, multi-year financial plan, and annual budget.

5. Responsibilities

(1) Council is responsible for:

- (a) reviewing and approving the annual budget and ensuring that it was prepared in accordance with the Malahat Nation's Financial Administration Law and other applicable Malahat Nation laws, is based on plausible assumptions and provides for required program and services;
- (b) Reviewing and approving any circumstances that are expected to create a budget deficit including consideration of any recommendations from the finance and audit committee on plans to eliminate the budget deficit in a future period;
- (c) Reviewing and approving other Planning Documents including but not limited to a strategic plan, comprehensive plan, capital budget, and a multi-year financial plan;
- (d) reviewing and approving any changes or amendments to the annual budget or other planning documents;
- (e) establishing specific goals and service priorities to guide resource and allocation decisions during the budget planning sessions;
- (f) ensuring that a process is in place to address membership priorities in the Strategic Plan and other Planning Documents as appropriate;

- (g) ensuring that the membership of the First Nation is informed about or involved in the preparation of the annual budget, multi-year financial plan, forecast budget deficits or forecast extraordinary expenditures as set out in the First Nation's Financial Administration Law;
 - (h) establishing general budget policies or guidelines such as requirements for balanced budget and use of cash reserves.
- (2) The Finance and Audit Committee is responsible for:
- (a) Reviewing the draft annual budget and multi-year financial plan and recommending them to Council for approval;
 - (b) Providing recommendations to Council respecting plans to eliminate any budget deficit in a future year;
 - (c) Reviewing any draft amendments of the annual budget and recommending them to Council for approval;
 - (d) Reviewing information, schedules and proposed budget for rehabilitation or replacement of tangible capital assets and plans for new construction of tangible capital assets.
- (3) The Chief Executive Officer is responsible for:
- (a) arranging early budgeting planning sessions with Council and other key stakeholders essential in developing the budget;
 - (b) arranging and staffing planning sessions for the development of other key planning documents;
 - (c) ensuring that the budgeting calendar is met;
 - (d) reviewing draft budgets in consultation with the Finance and Audit Committee;
 - (e) reviewing other draft planning documents in consultation with the Finance and Audit Committee;
 - (f) Communicating the approved budget to management and line staff;
 - (g) Conducting regular financial monitoring to compare actual income and expenses to those budgeted;
 - (h) Maintain a current register of all Malahat Nation's tangible capital assets and arrange for an annual inspection of them.
- (4) The Director of Finance is responsible for:
- (a) creating a budget development calendar and ensuring deadlines are met – subject to Malahat Nation's Financial Administration Law;
 - (b) establishing the format for draft budgets;
 - (c) participating in budget planning sessions with Council, the Finance and Audit Committee, Chief Executive Officer and other key stakeholders;

- (d) collaborating with department heads in setting draft expenses for their department;
- (e) preparing the draft budget or consolidating and evaluating draft budgets from department heads for accuracy, reasonableness, applicable guidelines, and anticipated resources in accordance with Section 26 of the Financial Administration Law;
- (f) developing revenue forecasts based on reviews of fiscal transfer agreements and collaboration with other officers on own source revenues forecasts;
- (g) presenting draft annual budgets to the Chief Executive Officer and to the Finance and Audit Committee on an annual basis;
- (h) Implementing financial monitoring, including preparing and analyzing budgeted versus actual revenue and expense reports for the Finance and Audit Committee use and overseeing any Council approved budget amendments, after the annual budget is approved;
- (i) Make forecasts and prepare budgets for tangible capital assets; and
- (j) Any other responsibilities as outlined in the Financial Administration Law.

6. Procedures

Annual Integrated Planning Process

- (1) An annual planning session will be held within 6 months prior to the start of the fiscal year being planned for. The planning session will generally include:
 - (a) Council members, members of the Finance and Audit Committee, the Chief Executive Officer, the Director of Finance, and other representatives from Department or functional areas of business;
 - (b) establishment or communication of current year and 4 year operational goals and objectives based on priorities established by Council in consultation with membership;
 - (c) presentation of budget development calendar;
 - (d) establishment or update of key budgetary assumptions, budgetary constraints, and cost drivers for current year and the 4 year plan ;
 - (e) establishment or update of a multi-year capital plan schedule to ensure the effective management of capital assets which identifies and prioritizes expected needs, costs, and expected sources of financing;
 - (f) establishment or update of strategies, goals and objectives for the strategic plan – the plan that details the Malahat Nation’s longer term priorities and the plan for resources needed to meet the objectives of the plan.

Budget

- (1) Based on the annual integrated planning session, the initial operating budget estimates will be prepared and the 5 year Capital budget estimates will be prepared or updated accordingly;
- (2) Budget assumptions will be documented and updated throughout the budget preparation process with budget adjustments made as required;
- (3) Capital budgeting estimates should include all capital improvement projects (purchase, construction, or renovation of physical facilities) and all capital equipment expenditures;
- (4) Any projected deficit must be accompanied by a report that outlines the contributing factors and circumstances and the plan by which it will be eliminated in a future year;
- (5) Human Resources will provide detailed financial information on staffing and benefits for each department;
- (6) The draft budget will be presented for discussion at a Finance and Audit Committee meeting. The Committee may accept the estimates as presented or request amendments, within the context of the operating objectives and the strategic plan;
- (7) Where a projected deficit exists, the Finance and Audit Committee will provide recommendations to Council on plans to eliminate the budget deficit in a future year;
- (8) The final draft budget recommended for approval to Council by the Finance and Audit Committee will be approved by Council no later than March 31st of the fiscal year proceeding the budget year;
- (9) The draft budget must meet the requirements of Malahat Nation's Financial Administration Law and the integrated planning process must comply with the schedule for planning activities set out in that Law.

Strategic Plan

- (1) Based on the annual integrated planning session, a comprehensive and holistic strategic plan will be prepared that will include :
 - (a) Developing a community vision that provides the guiding principle of the plan;
 - (b) Developing a community priorities list (e.g. housing, education, etc.);
 - (c) Setting a realistic timeframe to implement the plan;
 - (d) Identifying the requirements to implement the plan (i.e. using legislative tools of governance and public finance to support activities or the need to acquire additions to reserve, or invest in new businesses to generate additional revenues);
 - (e) Determining how the implementation of the plan will be resourced.
- (2) The plan should include community input on the vision and priorities.

- (3) The draft strategic plan will be presented for discussion at a Finance and Audit Committee meeting. The Committee may accept the plan as presented or request amendments, within the context of the operating objectives and the vision and priorities of the Malahat Nation.
- (4) The final multi-year financial plan recommended for approval to Council by the Finance and Audit Committee will be approved by Council as a formal planning document no later than March 31st of each fiscal year.

Multi-Year Financial Plan

- (1) Based on the annual integrated planning session, a multi-year financial plan that has a planning period of five years comprised of the current fiscal year and the four succeeding fiscal years will be prepared that will also include the following:
 - (a) revenue projections by major revenue type that demonstrate trends in existing revenue streams;
 - (b) in respect of projected revenues sets out separate amounts for income from taxes, fees and charges, transfers from Canada or a provincial or territorial government, grants and business operations and proceeds from borrowing;
 - (c) in respect of projected expenditures, sets out separate amounts for payments, including payments of principal and interest on debt, payments required for capital projects as defined in the Financial Administration Law, payments required to address any deficits and payments for all other purposes;
 - (d) is based on projections of revenues, expenditures and transfers between accounts;
 - (e) in respect of transfers between accounts, sets out the amounts from the tangible capital asset reserve account;
 - (f) reserves/fund balances that estimate the available reserves available to help short-term fiscal shortfalls or unanticipated or planned expenditures;
 - (g) shows all categories of restricted cash;
 - (h) indicates whether in any of the five (5) years of the plan a deficit or surplus is expected from the projected revenues and expenditures that year; and
 - (i) a cover sheet that describes the broad assumptions and judgments used in the developments of the plan.
- (2) The draft multi-year financial plan will be presented for discussion at a Finance and Audit Committee meeting. The Committee may accept the plan as presented or request amendments, within the context of the operating objectives and the strategic plan.
- (3) The final multi-year financial plan recommended for approval to Council by the Finance and Audit Committee will be adopted as a formal planning document no later than March 31st of the each fiscal year.

Adjustments to the Plans and Budgets

- (1) An annual adjustment process in the Budget Calendar will be included to adjust the plans and budgets.
- (2) The circumstances to make adjustments to budgets are limited to substantial change in the forecasted revenues or expenses of the Malahat Nation or in the expenditure priorities of the Council; which may include the following:
 - (a) External factors that impact funding arrangements;
 - (b) impacts related to capital project adjustments;
 - (c) unforeseen changes to budget assumptions;
 - (d) Council approved changes to priorities or operating objectives.
- (3) Proposed amendments to the strategic plan or multi-year plan will be brought forward to the next annual planning session.
- (4) Significant time-sensitive adjustments should be brought to the Finance and Audit Committee for review and recommendation to Council.
- (5) On or before June 15 of each year the Director of Finance must prepare and submit to the Finance and Audit Committee for review a draft amendment of the component of the annual budget respecting the Malahat Nation's local revenue account.
- (6) On or before June 30 of each year, the Finance and Audit Committee must review the draft amendment of the component of the annual budget respecting the Malahat Nation's local revenue account
- (7) No later than July 15 of each year, the Council must approve the amendment of the component of the annual budget respecting the Malahat Nation's local revenue account

7. References and Related Authorities

- (1) FMB's Financial Management System Standards
 - (a) Standard 15.0 – Integrated Process
 - (b) Standard 16.0 – Financial Plans
 - (c) Standard 17.0 – Budgets
 - (d) Standard 24.3 – Life-cycle Planning
 - (e) Standard 24.4 – Capital Project Plans
- (2) FMB's Financial Administration Law Standards
 - (a) Standard 14.0 – Financial Plans
 - (b) Standard 15.0 – Budgets

8. Attachments

Appendix A – Sample planning and budgeting schedule template

Appendix A – Sample planning and budgeting schedule template

Task	Individual(s) responsible	Deadline
Plan and hold annual planning kickoff meeting to present major budget policies, multi-year financial plan direction and guidelines for the strategic plan.	Chief Executive Officer, Director of Finance, Finance and Audit Committee, Council	November 15
Inspect and review of all tangible capital assets to establish or update information.	Chief Executive Officer, Director of Finance	November 30
Each Department prepares a thorough analysis and projection of all expenses for the budget year	Department Heads; Director of Finance	December 1
Consolidate all draft budgets including capital budget into one master budget;	Director of Finance	December 15
Multi-year plan and strategic plan developed or updated.	Chief Executive Officer, Director of Finance, appointed employees &/ members of Malahat	December 15
Schedule of annual routine maintenance, other than rehabilitation, for tangible capital assets. Five (5), ten (10) and thirty (30) year forecasts for the estimated cost for rehabilitation or replacement of the tangible capital assets. The proposed budget for rehabilitation and replacement of tangible capital assets for the next fiscal year.	Director of Finance, Finance and Audit Committee	December 31
Senior management reviews draft budgets, multi-year plan, and strategic plan and discusses (iterative process) with Director of Finance	Chief Executive Officer, Director of Finance, Chief Administrative Officer, Tax Administrator	January 15
Present budget, multi-year plan, and strategic plan to Finance & Audit Committee for review, discussion, and modification.	Director of Finance, Chief Executive Officer, Finance & Audit Committee	January 31
Incorporate Finance & Audit Committee changes to any of planning documents	Director of Finance, Chief Executive Officer, Finance & Audit Committee	February 15
Inform the membership or involve the membership in consideration of the annual budget and the multi-year financial plan as required in the Financial Administration Law or Council policy including giving notice to the membership of the Council meeting when the budget and multi-year financial plan are presented for approval.	Chief Executive Officer, Director of Finance	March 1

Task	Individual(s) responsible	Deadline
Council receives budget/ multi-year plan / strategic plan and recommendation from the Finance and Audit Committee. Council approves budget/multi-year plan/strategic plan based on recommendation from the Finance and Audit Committee.	Finance and Audit Committee, Council	March 31
Distribute approved budget and strategic plan to Department Heads and any other appropriate staff.	Director of Finance	April 15
Prepare and submit to the Finance and Audit Committee for review a draft amendment of the component of the annual budget respecting the local revenue account.	Director of Finance	June 15
Finance and Audit Committee reviews the draft amendment of the component of the annual budget respecting local revenue account and recommend an amendment to the annual budget to the Council for approval.	Finance and Audit Committee	June 30
Council approves amendment of the component of the annual budget respecting the local revenue account.	Council	July 15