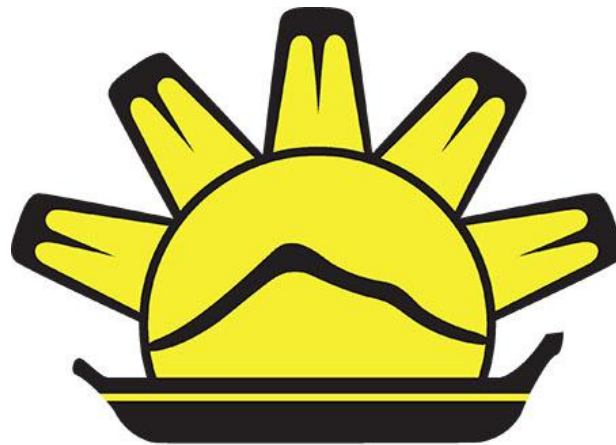


Statement of Policy and Procedure	
BCR #	2017-073
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Issue/Effective Date	Feb 02,2017

Malahat Nation

**Financial Institution Account and Cash
Management Policy**

Approved by Council on Feb 02, 2017



Malahat

1. Policy

It is Council's policy to establish effective and efficient controls for all banking activities and financial service agreements with financial institutions.

2. Purpose

The purpose of this policy is to specify authorities and responsibilities over banking activities including signing and approval authorities, opening and closing of accounts, processing transactions, borrowing funds. It is also to ensure that all financial institution accounts be operated solely for the identified purposes and by properly authorized persons, be reconciled in a timely manner, be independently reviewed and approved, be properly recorded in the book of accounts, be reported in the First Nation's financial statements, and that records be maintained of all financial institution transactions.

3. Scope

This policy and procedure applies to Council, the Chief Executive Officer, Director of Finance, Finance and Audit Committee, and any other Malahat Nation employee who has been assigned financial institution account responsibilities.

4. Definitions

"cash" is currency, cheques, money orders, and equivalent financial instruments.

"financial institutions" means the First Nations Finance Authority, a bank, credit union or caise populaire.

5. Responsibilities

(1) Council is responsible for:

- (a) approving the addition or the removal of authorized signatories for each financial institution account used by Malahat Nation;
- (b) designating the financial institutions that Malahat Nation may conduct banking activities with;
- (c) approving the establishment of an operating line of credit or overdraft account.

(2) The Finance and Audit Committee is responsible for ensuring significant irregularities or unusual reconciling items are investigated.

- (3) The Director of Finance is responsible for:
- (a) reviewing and approving monthly bank reconciliations for each financial institution account;
 - (b) ensuring that a reconciliation is performed each month for every financial institution account;
 - (c) documenting and alerting the Finance and Audit Committee of any irregularities in the reconciliation process;
- (4) The Finance Clerk is responsible for:
- (a) recording revenue deposited in the accounting system; and
 - (b) ensuring all anticipated recurring deposits have been received. The finance clerk will alert the Director of Finance when expected receipts have not been received.
- (5) The employees assigned banking duties by the Director of Finance are responsible for:
- (a) receiving cheques and cash;
 - (b) preparing cheques and cash for deposit to the appropriate financial institution account; and,
 - (c) reconciling petty cash accounts on a regular basis.
- (6) The employee designated by the Director of Finance to prepare financial institution account reconciliations is responsible for:
- (a) preparing a reconciliation for each of Malahat Nation's financial institution accounts;
 - (b) ensuring that supporting documentation and records are retained for each reconciliation; and,
 - (c) alerting the Director of Finance of any irregularities.

6. Procedures

Financial institution account management

- (1) The Director of Finance maintains correspondence and official documents relating to the opening, maintenance, and closing of all financial institution accounts.
- (2) The Director of Finance will develop a clear description of the purpose of each financial institution account and provide it to all employees who are responsible for depositing funds or reconciling the accounts.

- (3) The list of individuals with authorized signing authorities for each financial institution account will be maintained by the Director of Finance. All changes to signing authorities must be approved by Council.

Cash receipts

- (1) Cheques received will be recorded in a receipt log and endorsed (stamped) as “for deposit only” by a designated person. The log will include the date, source amount and reason for payment.
- (2) A list of anticipated ongoing deposits will be maintained and reviewed on a monthly basis. Any expected deposits that have not been deposited in the financial institution account(s) will be reported by the accountant to the Director of Finance immediately.

Petty Cash

- (1) A limited number of petty cash accounts as determined by the Director of Finance and based on business needs will be created to pay for small items when payment by cheque is not practical or possible; however every effort will be made to pay by cheque or electronic transfer.

Cheque stock

- (1) No one person or employee will be allowed to enter invoices, select invoices for payment and then print and sign cheques. At minimum, this process requires at least two individuals to ensure a minimum segregation of duties.

Credit Lines

- (1) The Director of Finance will authorize the draw down on any line of credit or overdraft facilities.

Opening a Financial Institution Account

- (1) The financial institution accounts will be created such that all non-deposit transactions (such as cheques, electronic transfers, etc.) require two signatures for approval according to the Delegated and Assigned Responsibilities Policy.

Closing a Financial Institution Account

- (1) Once the financial institution account has been closed, the Director of Finance notifies the appropriate Finance Department personnel to deactivate the account in the general ledger.

Account Reconciliation

- (1) Each of Malahat Nation’s financial institution accounts will be reconciled to the accounting system records on a monthly basis within 15 business days of the end of the month.
- (2) Reconciliation records will be retained. Documentation to support the amounts recorded on the reconciliation.

Independent Review

- (1) The Chief Executive Officer will review and approve each financial institution account's monthly reconciliation for completeness, timeliness and accuracy.

(2) Irregularities

- (1) Irregularities, such as significant reconciliations that do not balance or unusual adjustments, will be reported by the Director of Finance to the Finance and Audit Committee as soon as practical.

7. References and Related Authorities

- (1) FMB's Financial Management System Standards
 - (a) Standard 18.1 – Financial Institution Accounts
 - (b) Standard 18.2 – Account Deposits
 - (c) Standard 18.3 – Financial Institution Account Reconciliation
- (2) FMB's Financial Administration Law Standards
 - (a) Standard 16.1 – Funds and Revenues
 - (b) Standard 16.2 – Expenditures

8. Attachments

Appendix A – Financial Institution Account Reconciliation Template

Appendix A – Financial Institution Account Reconciliation Template

[◆] First Nation

Financial Institution Account Reconciliation

Month: xxxx, 20xx

Financial Institution name: ABC Bank

Financial Institution account name: xxxx, xxxxx

Financial Institution account #: 000-0000-000

GL #: 12345

Ending bank balance \$ xxxx.xx

ADD: Deposits in transit \$xx.xx xx.xx

LESS: Outstanding cheques

<u>Cheque No.</u>	<u>Amount</u>
###	xxx.xx
###	xx.xx
###	xxx.xx
Total outstanding cheques	
	xxx.xx
Adjusted bank balance	
	\$xxxx.xx

Ending general ledger (GL) balance \$ xxxx.xx

ADD/LESS: Unrecorded transactions

Recorded?

(✓)

Monthly bank fee (x.xx)

Adjusted GL balance **\$xxxx.xx**

Difference: **x.xx**

Prepared by: _____ Title: _____ Date: _____

Approved by: _____ Title: _____ Date: _____