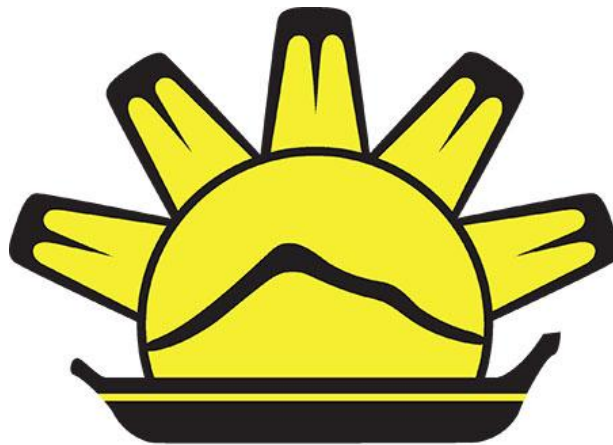


Statement of Policy and Procedure	
BCR #	2016/17-070
File Reference #	FAL-023
Issue/Effective Date	January 19, 2017

Malahat Nation

Long-Term Debt Policy

Approved by Council on Jan 19, 2017



Malahat

1. Policy

All proposals for funding through long-term debt obligations will be submitted to the Finance and Audit Committee for review and recommendation and to Council for review and approval and will be supported by a financing proposal. Long-term debt obligations will be recorded, monitored, reconciled and reported to Council quarterly through the Finance and Audit Committee and any exceptions or issues identified and resolved

2. Purpose

The purpose of this policy is to establish an effective and accountable borrowing framework for Malahat Nation.

3. Scope

This policy applies to the Chief Executive Officer, Director of Finance, Tax Administrator, Finance and Audit Committee, Council, and those persons with the authority to recommend or approve long-term debt.

4. Definitions

“PSAS” means Public Sector Accounting Standards established by the Public Sector Accounting Board, as revised or replaced from time to time.

5. Responsibilities

(1) Council is responsible for

(a) Reviewing and approving any proposed long-term debt financing, including the terms and conditions, recommended by the Finance and Audit Committee.

(2) The Finance and Audit Committee is responsible for

(a) Reviewing any long-term debt financing proposal report presented by the Chief Executive Officer and Director of Finance and recommending a course of action to Council;

(3) The Chief Executive Officer is responsible for

(a) Reviewing any long-term debt financing proposal report prepared by the Director of Finance and recommending a course of action to the Finance and Audit Committee.

- (4) The Director of Finance or delegate (in conjunction with the Tax Administrator for local revenue account related debts) is responsible for
- (a) Monitoring borrowings, loans and payments in respect of each capital project
 - (b) Preparing any long-term debt financing proposal report for each proposed financing and presenting it to the Chief Executive Officer for review and comment,
 - (c) Ongoing monitoring and management of all long-term debt obligations, including timely payments, maintaining sufficient documentation, and performing regular reconciliations of debt transactions, and
 - (d) Reporting and disclosing the long-term debt obligations in the financial statements in accordance with PSAS, the Financial Administration Law and any agreements under which the long-term debt obligations were incurred.

6. Procedures

Determination of need and evaluation of options

- (1) The Director of Finance will work with the Chief Executive Officer to outline the various financing options available to Malahat Nation once the need and amount of funding required is determined.
- (2) The Director of Finance (and members of the finance team under the supervision of the Director of Finance as appropriate) will prepare a long-term debt financing proposal report which includes the following:
 - (a) Need for financing and alternatives considered;
 - (b) Evaluation of available financing options;
 - (c) Requirement for consultation with members of Malahat Nation before any capital project-related debt is incurred by Malahat Nation.

Approval

- (1) The Chief Executive Officer, Director of Finance or delegate will present the long-term debt financing proposal report to the Finance and Audit Committee for their review. The Finance and Audit Committee will review the report and make a recommendation to Council on whether to incur the long-term debt and which option it recommends.
- (2) Council will review the long-term debt financing proposal report and accompanying recommendations. Subject to the Financial Administration Law, Council will vote on whether to

approve the requirement for entering into a long-term debt obligation. If the requirement to incur debt is approved, Council must also approve, through a Band Council Resolution, the terms and conditions of the long-term debt financing option that will be used.

Management and monitoring of debt obligations

- (1) The Council will manage and monitor the long-term debt obligation.
- (2) The Director of Finance or delegate will manage and monitor the long-term debt obligation by:
 - (a) Ensuring that timely payments are made according to the terms and conditions/repayment schedule of the long-term debt obligation;
 - (b) Performing quarterly reconciliations between Malahat Nation's financial records and statements from the lender.

Reporting

- (1) The Director of Finance will ensure that the long-term debt obligation is reported to the Finance and Audit Committee in the financial statements in accordance with PSAS and any requirements of the Financial Administration Law.

Records management

- (2) The Director of Finance or delegate will ensure that records pertaining to each long-term debt obligation are created, maintained and retained in accordance with the Records Management Policy. For each long-term debt obligation, the following will be documented:
 - (a) The loan agreement and any ancillary agreements;
 - (b) The long-term debt financing proposal report on which Council based its decision;
 - (c) Documented Council approval and required membership information or involvement;
 - (d) An interest and principal repayment schedule (if applicable) that includes the dates of all payments required under the loan agreement or plan for extinguishing the debt;
 - (e) The cost of borrowing including interest payments and service or other charges;
 - (f) The purpose for which the long-term debt has been incurred;

7. References and Related Authorities

(1) FMB's Financial Management System Standards

(a) Standard 18.5 Debt

(2) FMB's Financial Administration Law Standards

(a) Standard 16.3 Borrowing

8. Attachments

None