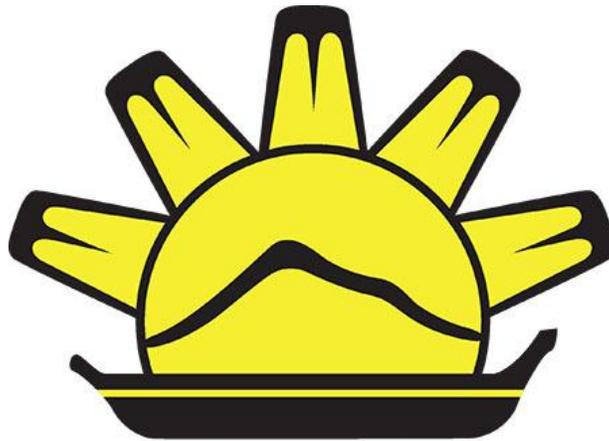


Statement of Policy and Procedure	
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Malahat Nation

**Financial and Operational Reporting
Policy**

Approved by Council on Nov 22, 2016



Malahat

1. Policy

Malahat Nations financial statements and reports will be prepared on a regular basis in accordance with Public Sector Accounting Standards. An annual operations report, including the audited annual financial statements, special purpose reports towards financial and operational goals of Malahat Nation, will be published within 180 days of the fiscal year end and will be provided to Malahat Nation members, Council, and other organizations as required.

2. Purpose

The purpose of this policy is to establish financial reporting requirements and practices to facilitate the preparation and reporting of timely, accurate and relevant financial information on which to assess progress toward goals.

3. Scope

This policy applies to all of the financial operations and activities of Malahat Nation including those operations that Malahat Nation controls. The persons affected by this policy include the Council, Finance and Audit Committee, Chief Executive Officer, Director of Finance and managers of Malahat Nation.

4. Definitions

“financial reporting risk” is the possibility of an undetected material misstatement in financial information due to the existence of ineffective internal control or fraud resulting from manipulation or alteration of accounting records, misrepresentation or intentional omissions of transactions, or intentional misapplication of accounting principles.

“financial reports list” means the list of financial statements and reports that are to be prepared on a regular basis.

“fraud risk” is the potential for an employee, agent or other person connected to the financial administration of Malahat Nation to use deception to dishonestly make a personal gain for oneself or a loss for another. This commonly includes activities such as theft, corruption, embezzlement, or bribery etc.

“PSAS” refers to Public Sector Accounting Standards of the Public Sector Accounting Board, as amended or replaced from time to time.

“internal control” is a process, effected by Malahat Nation’s Council, Finance and Audit Committee, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- effectiveness and efficiency of operations;
- reliability of reporting; and
- compliance with applicable laws and regulations.

5. Responsibilities

(1) Council is responsible for:

- (a) Reviewing the financial statements and reports and the Finance and Audit Committee's corresponding recommendations; and
- (b) Deciding whether to approve the financial reports list, the financial statements and reports.

(2) The Finance and Audit Committee is responsible for:

- (a) Reviewing the financial statements and reports and the Chief Executive Officers corresponding recommendations, and making appropriate recommendations to Council.

(3) The Chief Executive Officer is responsible for:

- (a) Determining the financial reports list contents and frequency of reporting it requires from Malahat Nation's management team;
- (b) Documenting procedures for identification of risks.
- (c) Preparing and updating the financial reports list;
- (d) Reviewing the financial statements and reports and making appropriate recommendations to the Finance and Audit Committee;
- (e) Identifying, assessing, monitoring and reporting on financial reporting risks to the Finance and Audit Committee;
- (f) Monitoring and reporting on the effectiveness of mitigating controls for the financial reporting risks and fraud risks taking into consideration the cost of implementing these controls;
- (g) Ensuring that financial reporting risk assessment and management practices have been performed in relation to quarterly and annual financial statements; and
- (h) Periodically reviewing these policies in consultation with the Director of Finance and other staff as appropriate and recommending any updates to the Finance and Audit Committee.

(4) The Director of Finance is responsible for:

- (a) Preparing the financial statements and reports in accordance with PSAS and this policy and procedure;
- (b) Assessing and managing financial reporting risk and reporting risks to the Chief Executive Officer; and
- (c) Developing and recommending procedures for identifying and mitigating financial reporting risks and fraud risks and ensuring approved procedures are followed[. / ; and]

(d) [If Malahat Nation has a loan from the First Nations Finance Authority (FNFA) that is secured by other revenues: Maintaining a complete set of all records respecting other revenues of Malahat Nation, including all records referred to in section 5 of the *Local Revenue Management Implementation Regulation* as amended by the *Financing Secured by Other Revenues Regulations*.]

(5) Managers are responsible for:

(a) Providing all requested information in relation to the preparation of financial statements and reports and the assessment and management of financial reporting risk.

6. Procedures

Financial reports list

- (1) Council and the Finance and Audit Committee, with the assistance of the Chief Executive Officer, are responsible for preparing a list of all financial statements and reports that are to be prepared on a regular basis.
- (2) The Chief Executive Officer will ensure financial reports lists include the required financial information, as well as quarterly and annual financial statements.
- (3) Financial reports prepared by the Director of Finance will be tailored to the needs of Malahat Nation's management team for monitoring purposes in the form and content recommended by the Finance and Audit Committee and approved by Council.
- (4) If Malahat Nation has borrowed money from the FNFA secured by other revenues, these other revenues must be accounted for and reported on separately.
- (5) For each report or financial statement listed, the following information must also be identified:
 - (a) A brief description or contents of the report;
 - (b) The person responsible for its preparation;
 - (c) When it is to be made available and its frequency; and
 - (d) The report's distribution list.
- (6) The Finance and Audit Committee will review and update the financial reports list quarterly and annually, and submit the list to Council quarterly and annually for their review and recommendation.
- (7) Council will review and approve the financial reports list quarterly and annually.

Financial statement preparation

- (1) The Director of Finance will prepare monthly information respecting the financial affairs of Malahat Nation and its quarterly and annual financial statements. Other financial reports that are listed in the approved financial reports list will be prepared by the person identified as responsible for its preparation.
- (2) Each quarterly financial statement will include the following for Malahat Nation and all its related bodies:
 - (a) A statement of revenue and expenditures containing a comparison to the approved annual budget;
 - (b) A statement of financial position;
 - (c) Financial institution account reconciliations;
 - (d) [Financial information for the local revenue account as required by the Financial Administration Law [and the Local Revenue Policy];
 - (e) [If Malahat Nation has borrowed money from the First Nations Finance Authority secured by other revenues: Financial information respecting these other revenues;]
 - (f) [If a Land Code is in force: Breakdown of revenue by categories contained in Malahat Nation's land code;] and
 - (g) Any other information requested by the Finance and Audit Committee or Council.
- (3) Each annual financial statement will include the following for Malahat Nation:
 - (a) The financial information and disclosures for Malahat Nation for the fiscal year prepared in accordance with PSAS;
 - (b) A special purpose report setting out all payments made to honour guarantees and indemnities;
 - (c) A special purpose report setting out the information required in section [10] of the Financial Administration Law (Reporting of Remuneration and Expenses);
 - (d) A special purpose report setting out all debts or obligations forgiven by Malahat Nation;
 - (e) [If Malahat Nation has a land code in force, a report setting out moneys of Malahat Nation derived from Malahat Nation lands, categorized and shown separately from other revenues and that includes a sub-category respecting revenues from natural resources obtained from Malahat Nation lands;] and
 - (f) Any other report required under the Act or an agreement.
- (4) Annual financial statements will be prepared according to a standard financial closing and reporting process checklist.

- (5) Annual financial statements will be signed by the Director of Finance and presented to the Finance and Audit Committee along with his / her comment(s) and recommendation(s), following the end of the fiscal year for which they were prepared.
- (6) The Finance and Audit Committee will review the annual financial statements, the accompanying information, and the Director of Finances comment(s) and recommendation(s). Subsequently, the Finance and Audit Committee will forward the financial statements, accompanying information, and its comment(s) and recommendation(s) to Council following the end of the fiscal year for which they were prepared.
- (7) Council will review the annual financial statements, the accompanying information, and the recommendation(s) of the Finance and Audit Committee and the Chief Executive Officer, and make a decision to approve or not approve the annual financial statements.
 - (a) In the event that the financial statements are not approved by Council, a documented rationale will be communicated to the responsible party(ies) for corrective action. The financial statements will be re-submitted for approval within the timeframe stated by Council.
- (8) A financial reporting record file will be created for each annual financial statement.
- (9) The financial reporting record file will be classified as confidential and secure, and maintained according to the Records and Information Management Policy and Procedure. Retention period will be seven years unless otherwise specified by council policy

Financial reporting risks

- (1) Annually, as part of the evaluation process, Chief Executive Officer will ensure that the persons engaged in the financial management system:
 - (a) Have the necessary knowledge, skills and competence to perform the services for which they have been engaged;
 - (b) Confirm in writing that they understand their responsibilities.
- (2) Changes to the accounting software (i.e. new system or major changes to the current system set-up) require authorization from the Director of Finance and consultation and communication with the Finance and Audit Committee and Council. Changes such as the addition/deletion/ modification of general ledger accounts, customer/member accounts, or vendor accounts require approval from the Director of Finance or designate.

Fiscal year

- (1) The fiscal year for Malahat Nation will be the period beginning on April 1 and ending on March 31 of the following year.

Annual Report

- (1) The Council must prepare and publish an annual report within the earlier of 180 days after the fiscal year end, or the timeline specified in the Financial Administration Law, that details the progress towards the financial and operational goals of Malahat Nation over the course of the fiscal year.
- (2) The annual report will contain, at a minimum, the following:
 - (a) A description of the services provided by Malahat Nation and its operations;
 - (b) A review of Malahat Nation's achievement towards its values, goals and objectives;
 - (c) A progress report on any established financial objectives and performance measures of Malahat Nation;
 - (d) The audited annual financial statements for the previous fiscal year including any special purpose reports.
- (3) The annual report will be made available to all members of Malahat Nation [at the principal offices of Malahat Nation, on Malahat Nation website, etc.] as required by the Financial Administration Law, and provided to all Council members, the First Nations Financial Management Board, the First Nations Finance Authority, and other organizations as required no later than 180 days after the fiscal year end.
- (4) The annual report will be published in the First Nations Gazette no later than 180 days after the fiscal year end.
- (5) The Council must ensure that a remedy process is available to Malahat Nation members who have requested but have not been provided with the annual report of Malahat Nation within the required timeframe.

7. References and Related Authorities

(1) FMB's Financial Management System Standards

- (a) Standard 14.0 Fiscal Year
- (b) Standard 19.6 Financial Reporting Risks
- (c) Standard 20.0 Financial Reporting
- (d) Standard 22.0 Annual Report

(2) FMB's Financial Administration Law Standards

- (a) Standard 18.0 Financial Reporting
- (b) Standard 20.0 Annual Report

8. Attachments

None