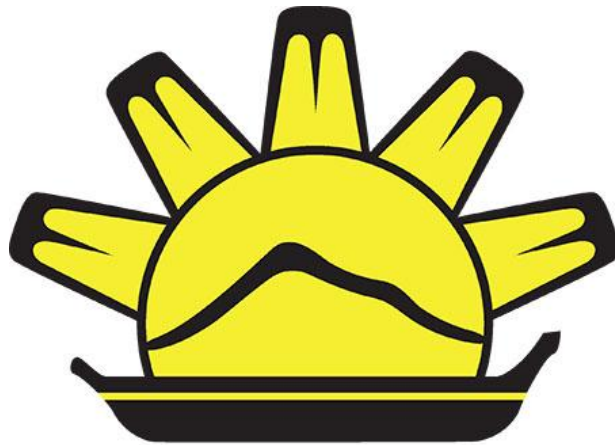


Statement of Policy and Procedure	
BCR #	2016/17-044
File Reference #	FAL-015
Issue/Effective Date	October 10, 2016

**Malahat Nation**

**Financial Management System  
Improvement Policy**

**Approved by Council on October 10, 2016**



**Malahat**

## 1. Policy

Areas for improvement in the financial management system will be managed, tracked and resolved on an ongoing basis as identified by the Director of Finance and annually through internal assessments of critical activities.

## 2. Purpose

The purpose of this policy is to provide guidance on the Malahat Nation's continual improvement of its financial management system.

## 3. Scope

This policy applies to the Chief Executive Officer, Director of Finance, Finance and Audit Committee, and the Financial Management System Assessment Committee.

## 4. Definitions

**"internal assessment"** is a review of an activity/process to determine the effectiveness and sufficiency of controls related to the specific activity or process.

## 5. Responsibilities

- (1) The Malahat Nation Council is responsible for: ensuring that the Malahat Nation takes measures as soon as practicable to rectify any gaps or areas of non-compliance between the Malahat Nation's financial management systems and practices and the First Nations Financial Management Board Standards.
- (2) The Finance and Audit Committee is responsible for:
  - (a) Reviewing reports from the Financial Management System Assessment Committee;
  - (b) Reporting to Council as soon as practicable any gaps or areas of non-compliance between the Malahat Nation's financial management systems and practices and the First Nations Financial Management Board Standards and monitoring actions taken to bring the Malahat Nation into compliance.
- (3) The Financial Management System Assessment Committee is responsible for:
  - (a) Ensuring issues or concerns identified through the internal assessment process are resolved;
  - (b) Holding an annual meeting to review the financial management system for the previous fiscal year;

- (c) Performing self-assessments of the Malahat Nation's financial management systems and practices against the First Nation Financial Management Board's Standards and monitoring to ensure that any gaps or areas of non-compliance are rectified as soon as possible;
- (d) Reporting to council, the Finance and Audit Committee, and the internal/external auditors on the results of their reviews.

(4) The Chief Executive Officer is responsible for:

- (a) Planning, scheduling, and conducting internal assessments.
- (b) Scheduling the dates for required meetings of the Financial Management System Assessment Committee;

(5) The Director of Finance is responsible for:

- (a) Ensuring issues and concerns regarding the financial management system are collected, tracked, managed, reported and resolved as required in this policy;
- (b) Participating in the Finance and Audit Committee review of financial management system.

## **6. Procedures**

### ***Financial Management System Assessment Committee***

- (1) The Financial Management System Assessment Committee will be composed of the Chief Executive Officer, Director of Finance, and relevant finance and operations staff.
- (2) The Finance and Audit Committee, Chief Executive Officer and Director of Finance will meet at least once annually to review the financial management system.
- (3) The agenda for the annual financial system review items will include, but are not limited to, the following:
  - (a) Review of the system's processes and procedures;
  - (b) Review of applicable laws for compliance;
  - (c) Review of external and internal assessment results; and,
  - (d) Review of identified process improvement opportunities including their resolution.
  - (e) Review of all committees' Terms of Reference;
  - (f) Review of Malahat Nations corporate and personnel organization charts.

- (4) The Assessment Committee must prepare a report for distribution to the Finance and Audit committee and external auditors that includes the following:
- (a) A statement of whether the financial management system has, during the review period, been operated in compliance with all applicable laws, policies, procedures and directions;
  - (b) Recommendations for any changes to those laws, policies, procedures and directions that, in the opinion of the Committee, would be beneficial to the financial management system.

## **7. Internal Assessments**

### ***Continual improvement process***

- (1) The Director of Finance will be responsible for ensuring that any concerns or issues regarding the financial management system of the Malahat Nation and brought to his/her attention are tracked, managed, and resolved on an ongoing basis.
- (2) Based on the Director of Finance analysis of the concern or issue, the following steps will be taken:
- (a) For items that relate to improvements in effectiveness, the Director of Finance will consider the cost versus benefit of implementing the changes and act accordingly;
  - (b) For any other issues, such as minor instances of non-compliance with policy, the Director of Finance will take the necessary steps to remediate and will report the findings and actions taken to the Chief Executive Officer;
  - (c) All items will be tracked and records maintained of all actions taken.
- (3) On a yearly basis, the Director of Finance will submit a report to the Finance and Audit Committee of the concerns or issues raised, actions taken, and any remaining potential process improvement opportunities..

### ***Review of Financial Administration Law***

- (1) Annually, the Finance and Audit Committee will review the Financial Administration Law
- (a) To determine if it facilitates effective and sound financial administration of the Malahat Nation, and
  - (b) To identify any amendments to this Law that may better serve this objective.
- (2) The Finance and Audit Committee will report to the Council on the results of its review including any recommendations it makes for amendments to the Financial Administration Law.

### ***Membership Information or Involvement***

- (1) In the event that recommendations from the Finance and Audit Committee require amendments to the Financial Administration Law, Council will ensure that Malahat Nation members are provided the information of any proposed amendments to the Law as required in the Financial Administration Law.

### ***Requirements Specific to Borrowing Members***

- (1) The Finance and Audit Committee will determine whether the Malahat Nation is in compliance with the First Nations Financial Management Board Standards. This will be performed through a self-assessment that compares the Malahat Nation's financial management systems and practices to the First Nations Financial Management Board's Standards.
- (2) The self-assessment should include the following:
  - (a) Identification of all significant activities and a schedule of critical dates for completion of these activities;
  - (b) Assignment of the responsibilities and authority for all significant activities;
  - (c) A description of all records to be maintained including records of response to any non-compliance.
- (3) Any gaps or areas of non-compliance between Malahat Nation's financial management systems and practices and the First Nations Financial Management Board Standards will be corrected as soon as possible.
- (4) In addition to the self-assessment process to be conducted by the Finance and Audit Committee as set out in this policy, if the Director of Finance becomes aware at any time of any circumstances that could be considered a gap or area of non-compliance between the Malahat Nation's financial management systems and practices and the First Nations Financial Management Board Standards, the Director of Finance will report these circumstances to the Finance and Audit Committee as soon as practicable along with the actions to be taken to remedy those circumstances.

## **8. References and Related Authorities**

- (1) The FMB's Financial Management System Standards
  - (a) Standard 25.0 Board Standards
  - (b) Standard 28.0 Financial Management System Improvement
- (2) The FMB's Financial Administration Law Standards
  - (a) Standard 28.0 FAL Review
  - (b) Standard 23.0 Board Standards

## **9. Attachments**

None