

SOR/77-139
Feb 11, 1977

REGULATIONS RELATING
TO THE
FINANCIAL ADMINISTRATION
OF THE
BATCHEWANA BAND

B.C.R. # 218
Approved at Council
Meeting Oct. 1, 1975
By Law # 4.

4.1 General

4.1.1 These Regulations will be referred to as the BATCHEWANA BAND COUNCIL FINANCIAL ADMINISTRATION REGULATIONS and will come into force upon the passing of a Resolution of the Council of the Band.

4.1.2 in these regulations;

- a) "Receipts" means all monies received by virtue of the Band's operations under Sections 64 and 69 of the Indian Act. By-laws of the Band and from such other sources as may be authorized from time to time;
- b) "Disbursements" means all monies paid out by a person authorized by the Band Council to pay out monies on behalf of the Band or any member thereof;
- c) "Band" or "Member of a Band", or "Council of the Band" will have the same meaning as in the Indian Act;
- d) "Fiscal Year" means the twelve month period in which the Council of the Band carries out projects for which it has prepared a Budget. For the purposes of these Regulations, the Fiscal Year will be from April first to March thirty-first following;
- e) "Revenue" means funds which the Council of the Band expects to receive within a given Fiscal Year whether such funds are actually received or not;

2/ Regulations relating to Financial Administration

- (f) "Expenditure" means funds which the Council of the Band expects to pay out during a given Fiscal Year whether or not such funds are actually paid out;
- (g) "Contract" is an agreement between parties for the construction or repair of any work; the purchase of any item, commodity, equipment, goods, materials or supplies; the performance of a service of any kind; and for the purposes of these regulations an agreement for which a tender has been called;
- (h) "Tender" means a signed offer - for the performance of any work, purchase of any item, commodity, equipment, goods, materials or supplies or the performance of a service of any kind - in reply to public advertisement in a newspaper or notices posted in a conspicuous place;
- (i) "Progress Payment" means a payment made by or on behalf of the Band under the terms of a contract in respect of a portion of the work done under the contract prior to the completion of the whole work to be done under the contract;
- (j) "Contracting Authority" means the Council of the Band;
- (k) "Department" has the same meaning as in the Indian Act.

4.1.3 These Regulations are to apply to all financial transactions of the Band by virtue of the authority granted under Sections 64 and 69 of the Indian Act, By-laws of the Band and such other authorities as may be granted by the Department to the Band Council from time to time.

4.1.4 It will be the responsibility of the Band Administrator duly appointed by the Band Council, to ensure the implementation of these regulations so that:

/3 Regulations relating to Financial Administration

- (a) a complete record of all financial transactions is provided in a form suitable for management and audit purposes;
- (b) money and property controlled by the Band is protected to enable the Band to meet its financial responsibilities and to foster a reliable reputation in the business community;
- (c) Band employees who handle Band assets are protected by giving them proper direction for the performance of their duties;
- (d) Public and/or Band funds for which the Band is responsible are safeguarded.

4.2 Bookkeeping System

- 4.2.1 An adequate bookkeeping system is to be maintained to record all financial transactions affecting assets, liabilities, Band equity, receipts and expenditures.
- 4.2.2 The bookkeeping is to be on the double entry system and is to be maintained on an accrual basis.
- 4.2.3 The books of account are to consist of a General Ledger and the appropriate Journals. Individual accounts for revenues and expenditures, cash position and details of changes in assets, liabilities and Band Equity is to be recorded in the general ledger. This ledger is to be up-dated monthly by recording therein the information accumulated in the daily records.

/4 Regulations relating to Financial Administration

4.3 Filing System

- 4.3.1 An adequate filing system is to be established for the retention of minutes of all Band Council meetings, Band Council Resolutions, copies of all vouchers and documents including bank statements and cancelled cheques which support the transactions recorded in the bookkeeping system:

4.4 Receipt of Funds

- 4.4.1 A consecutively pre-numbered receipt is to be prepared in duplicate for all monies received by the Band. The original receipt is to be issued to the payor; the duplicate copy is to remain in the Receipt Book and is to be retained as a permanent record of the date and amount received, the source and the purpose or reason for the payment to the Band.
- 4.4.2 All monies received are to be kept intact in a safe place and the Band Administrator is to take all the necessary precautions for the safekeeping of all funds received until they are deposited to the proper account of the Band in a chartered bank designated by the Council of the Band.
- 4.4.3 All monies received are to be deposited in the bank as soon as possible and at no time less frequently than once a week.
- 4.4.4 Funds received by the Band are not to be deposited to the credit of an individual; any payments to individuals are to be through the appropriate disbursement records.

(5/ Regulations relating to Financial Administration

4.4.5 Funds held in trust by the Band are to be deposited in a separate Band Trust Account designated for that purpose.

4.4.6 Any transfer of funds to the Receiver General of Canada are to be made through the local District Office of Indian Affairs for designation to the proper account.

4.5 Purchases

4.5.1 All purchases are to have the approval of Council.

4.5.2 No purchase is to be approved unless funds are provided within the Band budget.

4.5.3 Council may, by resolution, appoint an employee to sign Purchase Orders for approved purchases on their behalf to a maximum of \$300.00, the limit to be at the discretion of the Council, providing:

- a) the necessary funds are in the community budget;
- b) the purchases are required for a community program, or for the administration; and
- c) a report on purchases made is presented to Council at the next regular Council meeting.

Purchase Orders in excess of \$300.00 are to be authorized in writing by Council. The appointment of an employee to sign Purchases Orders shall not in any way absolve the Council of the responsibility for the control of purchases.

/6 Regulations relating to Financial Administration

- 4.5.4 Pre-numbered Purchase Orders are to be prepared in triplicate, approved and issued for all purchases of supplies and services. Council may dispense with this requirement in the case of normal recurring accounts such as Hydro, Telephone and Petty Cash reimbursements.
- 4.5.5 The distribution and use of the pre-numbered Purchase Orders is to be as follows:
- a) The original is to be forwarded to the supplier;
 - b) The first copy is to be attached to the supplier's invoice and is to be used for verification of quality, quantity, price and total charge by supplier, before being forwarded for approval of payment;
 - c) The second copy is to remain in the Purchase Order book in numerical order and retained for internal control purposes.

4.6 Approval of Payments

- 4.6.1 All payment of accounts are to be approved by Council resolution or by an approved motion recorded in the minutes prior to payment, with the exception of those provided for under 4.6.2 following.
- 4.6.2 With the approval of Council the Band Administrator may be authorized to approve payments; the limit to be established at the discretion of Council, subject to a maximum of \$300.00 for any one account, and for which funds have been provided in the Band's budgets. All such payments are to be brought to the attention of Council, for their approval, at the next regular meeting. Such approval is to be by Band Council Resolution, or by an approved motion recorded in the minutes of the Council meeting.

/7 Regulations relating to Financial Administration

- 4.6.3 No cheques are to be issued in payment of any account unless goods have been received, as evidenced by a signed delivery slip, or unless services have been rendered.
- 4.6.4 Where practical, all accounts are to be paid on or before the due date to take advantage of all possible discounts.
- 4.6.5 Where progress payments are made in connection with any contract, the Band Administrator shall hold back an amount equivalent to 10% of the contract price until the job has been completed to the satisfaction of the overseer of the contract.
- 4.6.6 The Council shall not approve any expenditure, expend or commit funds which are not provided for in the budget.
- 4.6.7 The Council shall not make any loans to Band members from Government of Canada Contributions or appropriations, or from Capital Funds. The Council shall not guarantee any loans for Band Members.
- 4.6.8 Band Council Resolutions authorizing payments shall be recorded in the minutes of Council meetings, such minutes to be signed by Council members and retained as a permanent record available for inspection.
- 4.6.9 All salaries, wages and other remuneration for Band officials and employees, full or part-time, are to be established by Council resolution in relation with program funds available.
- 4.6.10 Payment periods and pay days will be established by Council resolution.

/8 Regulations relating to Financial Administration

4.7 Disbursements

- 4.7.1 No disbursement or payment is to be made without certified supporting documentation such as invoice, voucher, purchase order, etc.
- 4.7.2 All disbursements are to be by cheque except for those payments made through the petty cash fund.
- 4.7.3 With the approval of Council, a petty cash fund may be established, not in excess of FIFTY DOLLARS (\$50.00) for the purpose of paying small incidental expenses.
- (a) A petty cash receipted invoice or voucher is to be completed for each disbursement made, and at any time the total of such invoices or vouchers and the remaining cash must balance to the fund total.
 - (b) Replenishment of the petty cash fund is to be by cheque and is to be made as required, but in no case less than once a month.
 - (c) Reimbursement of the fund is to be in the amount of total invoices and vouchers on hand and is to be charged to expenses detailed therein.
 - (d) Responsibility for the custody of the petty cash fund is to be vested in one designated employee.
- 4.7.4 All cheques issued against the Band's Bank account(s) are to be on the form prescribed by the Council and are to be pre-numbered for periodic accounting of all numbers.
- 4.7.5 The Council shall authorize three persons, two Band staff employees and one member of Council to sign cheques drawn on its account.

/9 Regulations relating to Financial Administration

- 4.7.6 All cheques are to be signed by at least two of the authorized persons.
- 4.7.7 All signing officers are to be bonded.
- 4.7.8 No Band cheques are to be signed in blank, nor are they to be post-dated.
- 4.7.9 All cheques are to show the proper amount as well as description of payment and/or period covered before being presented with the appropriate supporting vouchers to the authorized signing officers.
- 4.7.10 A record of the receipt of all blank cheques received by the Band is to be kept on file.
- 4.7.11 Where a payee reports that a cheque has not been received, or where subsequent to its delivery the cheque was lost, destroyed or stolen, the matter is to be referred immediately to the appropriate bank and a stop payment is to be placed on the cheque.
- 4.7.12 A duplicate or replacement cheque is not to be issued until the payee enters into a written agreement whereby the payee agrees to return the original cheque to the Band should it later be received by or delivered to the payee.
- 4.7.13 Cheques issued on the Band's bank account and which are not cashed six months after the date of issue are to be cancelled and re-issued only upon identification and demand of the proper payee. The procedures outlined in 4.7.11 and 4.7.12 are to be followed before a new cheque is issued.
- 4.7.14 All monetary transactions are to be entered promptly in the appropriate Band records.

/10 Regulations relating to Financial Administration

4.8 Tenders/Contracts

- 4.8.1 An invitation to tender must be extended by the contracting authority and three (3) tenders should be received when possible, before any contract is let.
- 4.8.2 The invitation to tender, either by advertisement or poster, must indicate:
- (a) The date and hour of closing;
 - (b) Sufficient details from which comparable bids can be made;
 - (c) The date, hour and place tenders will be opened; and
 - (d) If a security deposit is required.
- 4.8.3 The Council may require a security deposit of 10% of the total value of the contract from the tenderers in a form that is in accordance with the practice normally accepted by the Federal Government.
- 4.8.4 The tendering period shall not be less than five (5) full days (Sundays and holidays excluded).
- 4.8.5 Where the contract is expected to exceed \$100.00, written tenders shall be invited. Where a contract is not expected to exceed \$100.00, and it is in the interest of the Band to do so, the Band Administrator may be authorized by resolution of the Council to call for tenders by telephone or other personal contact.
- 4.8.6 All tenders shall be returned in a sealed envelope, addressed to the Band Administrator, at Band Administration Office, clearly marked "Tender for...." on the lower left-hand corner and the date and time of receipt shall be recorded on the unopened envelope of tender when received.

(/11 Regulations relating to Financial Administration

- 4.8.7 Upon receipt, the sealed tenders shall be deposited in a safe place until the time for the opening of bids.
- 4.8.8 At the appointed time the Band Administrator, or his alternate, shall open all tenders received, in the presence of the Chief and an appointed member of Council. In the absence of the Chief, another Councilor may be appointed.
- 4.8.9 When all tenders are opened it shall be the duty of the Band Administrator to read aloud all tenders, giving the name of the tenderer and the amount of his bid.
- 4.8.10 The name of the tenderer, project, date of bid and amount shown must be recorded in a book provided for this purpose and marked "Record of Tenders".
- 4.8.11 At the next regular or special meeting of the Council of the Band, the Band Administrator shall place before the Council all tenders received and it shall be the responsibility of the Council to review the tenders and award the contract.
- 4.8.12 The lowest tender received shall be accepted unless the Council deems it in the best interest of the Indian community to do otherwise.
- 4.8.13 Where the lowest tender is not accepted, a quorum vote of the Council of the Band is required before awarding the contract, and the reasons shall be recorded on the resolution awarding the contract.
- 4.8.14 Upon acceptance of a tender, a binding contract shall be signed by both parties and shall become part of the records of the Band.

12/ Regulations relating to Financial Administration

- 4.8.15 Awarding of Contracts shall be by resolution or by recorded approved motion of the Council.
- 4.8.16 Federal or Provincial labour regulations shall be used as a guide in all labour contracts.
- 4.8.17 Tenders shall not be invited for employment contracts to fill vacancies on Band staff. Employees shall be engaged by Council on the basis of ability and merit.
- 4.8.18 The Council shall be responsible for supervision of the execution of all contracts, and will appoint one person to act on their behalf to inspect work, services rendered, or goods supplied by the contractor.
- 4.8.19 Where progress payments are to be made in connection with any contract, the Band Administrator shall hold back an amount equivalent to 10% of the contract price until the job has been completed to the satisfaction of the contracting authority or their engineer.

/13 Regulations relating to Financial Administration

4.9 Travel

- 4.9.1 All travel for which reimbursement of expenses will be made is to be subject to approval by Council.
- 4.9.2 In the case of an employee whose duties require a day to day travel, Council may, by resolution or by recorded approved motion, approve such travel within predetermined limits as specified.
- 4.9.3 Travel expenses for all employees shall be paid to submission of an itemized account of the claim. Treasury Board regulations may be used as a guide, but cannot be exceeded.

4.10 Inventories

- 4.10.1 Physical inventory records shall be maintained for all equipment, buildings vehicles, and other assets where the original purchase price exceeded \$100.00 whether or not the item has been fully depreciated or charged to operating expenses.
- 4.10.2 The write-off of items carried on inventory may only be done by Band Council Resolution.
- 4.10.3 The Band Council shall be responsible for obtaining adequate insurance coverage to protect these assets on a continuing basis, against loss or destruction, through fire, theft, etc.
- 4.10.4 A physical count and check-off shall be completed annually.

4.11 Budgets

- 4.11.1 The Council shall be responsible for the preparation of an annual community budget which shall be reviewed and approved by Band Council Resolution at a special Council meeting. Funds surplus at year end will remain in the Band's bank account to apply against the cost of this program in the ensuing year.
- 4.11.2(a) With the exception of core funding, library and recreation contributions, any surplus and deficits in Accountable Contributions are to be balanced against each other at the Fiscal Year end.

() /14 Regulations relating to Financial Administration

- 4.11.2 (b) A net surplus will be deducted from remittances of contributions for the new Fiscal Year. However, where a surplus is in a special continuing program, it may be carried forward for use in the following fiscal year.
- (c) A net deficit must be absorbed within the Band's own funds and equity accounts. In exceptional cases, the Department may decide to cover a specific deficit in Accountable Contributions if it was caused by circumstance beyond the control of the Band.
- (d) Library and recreation surpluses or deficits will revert directly to the Band's equity accounts.
- (e) Any Core Fund surplus at the end of a fiscal year may be retained for spending the following year within the five designated categories. No reduction will be made from the next year's allotment.
- (f) Any Core Fund deficits at year-end must be absorbed within the Band's own funds and equity account.
- 4.11.3 If the Band does not undertake the administration of the program in the ensuing year, all surplus shall revert to the Federal Government Consolidated Revenue.
- 4.11.4 Funds provided to the Band in the form of a contribution for a specified program shall not be expended on any other program or for any other purpose except as provided for in sub-section 4.11.5.
- 4.11.5 Only with the approval of the Regional Director, following submission of a Band Council Resolution, may funds be transferred from one program to another to meet requirements.
- 4.11.6 The adopted budget shall be submitted to the Region by the appointed date and in the appointed form as required by current regulations.

/15 Regulations relating to Financial Administration

4.12 Accounting General

- 4.12.1 Bank reconciliations are to be prepared at the end of each calendar month, upon receipt of bank statements and cancelled cheques from the bank.
- 4.12.2 Monthly financial statements in the format prescribed by Council shall be prepared from the information contained in the General Ledger after completion of postings for the month. These statements are to include actual receipts and expenditures for the month and are to show a comparison of current balances for each activity with budget estimates. Where appropriate, a copy of the disbursement journal is to be presented to Council who will review this journal and the financial statements for the Band, and sign the same as acknowledgement of their approval.
- 4.12.3 Monthly listings of Accounts Receivable and Accounts Payable are to be prepared and balanced to General Ledger control accounts where applicable.
- 4.12.4 Reports as described in 4.12.1 to 4.12.3 are to be submitted to the Band Council for their information and approval by the 15th day of the following month.

/16 Regulations relating to Financial Administration

4.13 Committees

- 4.13.1 Wherever possible, the Band Administrator will maintain the book of account for the appointed Committee. When the financial function of a Committee is separate from the regular administration of the Band, the Committee will issue a statement reflecting the financial transactions of the Committee to the Band Administrator who will consolidate this in his monthly financial presentation to the Band Council. Funds received by the Committee will be turned over to the Band Administrator at least once weekly and the Band Administrator will deposit these funds in the Band's bank account.
- 4.13.2 Any expenditure to be made by the Band Administrator on behalf of the Committee must be authorized in writing by the Committee prior to payment of the account.

4.14 Audit

- 4.14.1 A yearly audit of the Band's records is to be carried out as provided for by Order-in-Council under Section 69 and any By-law made under the Indian Act. The Band Council shall be responsible for the submission to the Department by June 30th following the end of the fiscal year, March 31st, audited financial statements in triplicate reporting the financial position of the Band as at March 31st and the results of its operations for the previous year.

/17 Regulations relating to Financial Administration

- 4.14.2 These financial statements and the supporting accounting records shall have been subjected to audit review.
- 4.14.3 Local circumstances will determine whether the public accountant (auditor) is engaged by the Band or the Department. At the request of Band and with the consent of the Department, the services of Departmental Financial Officers may be made available to perform the audits. The auditor is to be appointed by Band Council Resolution at the commencement of each fiscal year.
- 4.14.4 Audit fees, if required, shall be provided for in budget submissions.
- 4.14.5 The following terms of reference shall apply to the audit appointment:
- a) The financial statements shall report on all Band financial activities and enterprises.
 - b) There shall be no limits placed on the scope of the auditor's investigation, and he shall be supplied with all the information he requests.
 - c) The auditor shall have the right of access at all reasonable hours to the accounting records, supporting vouchers and documents, including minutes of Band Council meetings, and he is entitled to require from the Band Staff and members of Council and any Committee thereof such information and explanations as in his opinion is necessary to enable him to carry out the audit.
 - d) The examination shall be in accordance with accepted auditing practices and shall include a general review of accounting procedures and such tests of accounting records as the auditor considers necessary in the circumstances.
 - e) The financial statements shall be prepared on the accrual basis and are to consist of:
 - 1. Balance Sheet and Statement of Revenue and Expenditures for each Band fund or enterprise, with budget comparisons where possible;

/18 Regulations relating to Financial Administration

2. Details of Surpluses and/or Deficits for each funded program; and
3. A consolidated Balance Sheet and Statement of Revenue and Expenses.

f) The auditor shall express an opinion as to the fairness of the financial statements as a reflection of the financial position of the Band as at March 31st, and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a consistent basis. If the auditor is unable to express an opinion, he shall give reasons for his failure to do so with recommendations for improvement.

4.14.6 The audited financial statements shall be signed by the Chief and Band Administrator or its acceptance recorded through a Band Council Resolution. The statements shall be available for examination by any Band member.

4.14.7 The Chief and Band Administrator, with the agreement of the Department, shall implement the recommendations made by the auditors.

/19 Regulations relating to Financial Administration

4.15 Responsibility for Observance
of Financial Regulations

4.15.1 The Chief, Council and all employees of the Band are responsible for ensuring compliance with these Financial Administration Regulations.

4.16 Amendments to Financial Regulations

4.16.1 These Financial Administration Regulations may be amended by a two-thirds majority vote of the Council of the Band, subject to approval of a Band Council Resolution by the Department.

These regulations shall come in to effect on the first day of October 1975.

Signed at the Batchewana Indian Band Office
27 Gran Street, RR#4
Sault Ste Marie, Ontario

CHIEF John M. Corbiere October 7/75

COUNCILLORS Harry Jones October 7/75

Harvey Bell October 7/75