

K'ómoks First Nation Financial Administration Law, 2014
Approved by the Council on March 3, 2014

K'ÓMOKS FIRST NATION

FINANCIAL ADMINISTRATION LAW, 2014

TABLE OF CONTENTS

PART I - Citation	1
PART II - Interpretation and Application	1
PART III - Administration	6
<i>DIVISION 1 - Council</i>	<i>6</i>
<i>DIVISION 2 - Finance and Audit Committee</i>	<i>7</i>
<i>DIVISION 3 - Officers and Employees</i>	<i>12</i>
<i>DIVISION 4 - Conduct Expectations</i>	<i>15</i>
PART IV - Financial Management	17
<i>DIVISION 1 - Financial Plans and Annual Budgets</i>	<i>17</i>
<i>DIVISION 2 - Financial Institution Accounts</i>	<i>19</i>
<i>DIVISION 3 - Expenditures</i>	<i>20</i>
<i>DIVISION 4 - General Matters</i>	<i>22</i>
<i>DIVISION 5 - Borrowing</i>	<i>23</i>
<i>DIVISION 6 - Risk Management</i>	<i>25</i>
<i>DIVISION 7 - Financial Reporting</i>	<i>29</i>
<i>DIVISION 8 - Information and Information Technology</i>	<i>33</i>
PART V - Capital Projects	34
PART VI - Miscellaneous	38
SCHEDULE – K'omoks First Nation Conflict of Interest Policy	42
PART I - Interpretation	42
PART II - Councillors and Committee Members	43
PART III - Officers and Employees	45
PART IV - Contractors	47

WHEREAS:

A. Pursuant to section 9 of the *First Nations Fiscal Management Act*, the Council of a First Nation may make laws respecting the financial administration of the First Nation; and

B. The Council of the K'ómoks First Nation considers it to be in the best interests of the K'ómoks First Nation to make a law for such purposes,

NOW THEREFORE the Council of the K'ómoks First Nation enacts as follows:

PART I - Citation

Citation

1. This Law may be cited as the *K'ómoks First Nation Financial Administration Law, 2014*.

PART II - Interpretation and Application

Definitions

2. (1) Unless the context indicates the contrary, in this Law:

"Act" means the *First Nations Fiscal Management Act*;

"annual financial statements" means the annual financial statements of KFN referred to in Division 7 of Part IV;

"appropriation" means an allocation of money under a budget to the purposes for which it may be used;

"auditor" means the auditor of KFN appointed under section 69;

"borrowing member" means a First Nation that has been accepted as a borrowing member under section 76 (2) of the Act and has not ceased to be a borrowing member under section 77 of the Act;

"budget" means the annual budget of KFN that has been approved by the Council;

"capital project" means the construction, rehabilitation or replacement of KFN's tangible capital assets and any other major capital projects funded by local revenues in which KFN or its related bodies are investors;

"chair" means the chair of the FAC appointed under section 13;

"COIP" means the Conflict of Interest Policy, which is attached as a schedule to, and which forms part of this Law;

"Council" means the Council of KFN, and includes the Chief;

"Councillor" means a member of the Council of KFN;

"dependent child" means a child

- (a) who has not reached the age of 18 years, or
- (b) who has reached the age of 18 years but who is primarily dependent for financial support on the Councillor or senior manager, or on his or her spouse or common law partner, as applicable;

"FAC" means the Finance and Audit Committee established under section 12;

"financial administration" means the management, supervision, control and direction of all matters relating to the financial affairs of KFN;

"financial institution" means the FNFA, a bank, or credit union;

"financial competency" means the ability to read and understand financial statements that present accounting issues reasonably expected to be raised by KFN's financial statements;

"financial records" means all records respecting the financial administration of KFN, including the minutes of meetings of the Council and the FAC;

"fiscal year" means the fiscal year of KFN set out in section 24;

"FNFA" means the First Nations Finance Authority established under the Act;

"FNTC" means the First Nations Tax Commission established under the Act;

"FNTC standards" means the standards established from time to time by the FNTC under the Act;

"FMB" means the First Nations Financial Management Board established under the Act;

"FMB standards" means the standards established from time to time by the FMB under the Act;

"GAAP" means generally accepted accounting principles of the Canadian Institute of Chartered Accountants, as revised or replaced from time to time;

"immediate family member" means, in relation to an individual, that individual's parents, spouse, siblings, children, and children of their spouse;

"indemnify" means pay amounts required or incurred to

- (a) defend an action or prosecution brought against a person in connection with the exercise or intended exercise of the person's powers or the performance or intended performance of the person's duties or functions, or
- (b) satisfy a judgment, award or penalty imposed in an action or prosecution referred to in paragraph (a);

"KFN" means the K'ómoks First Nation, being a band named in the schedule to the Act;

"KFN law" means any law, including any by-law or land code, of KFN made by the Council or the membership of KFN;

"KFN official" means a current or former Councillor, officer or employee of KFN;

"KFN's financial assets" means all money and other financial assets of KFN;

"KFN's lands" means all reserves of KFN within the meaning of the *Indian Act*;

"KFN's records" means all records of KFN respecting its governance, management, operations and financial administration;

"KFN's tangible capital assets" means all non-financial assets of KFN having physical substance that

(a) are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets,

(b) have useful economic lives extending beyond an accounting period,

(c) are to be used on a continuing basis,

(d) are not for sale in the ordinary course of operations, and

(e) have a replacement cost of \$5000 or more;

"land code" means a land code adopted by KFN under the *First Nations Land Management Act*;

"life-cycle management program" means the program of inspection, review and planning for management of KFN's tangible capital assets as described in section 84;

"local revenue account" means the local revenue account referred to in sections 13 and 14 of the Act;

"local revenue law" means a local revenue law made by KFN under the Act;

"local revenues" means money raised under a local revenue law;

"member of the family" means, in relation to a Councillor or to the senior manager,

(a) their spouse,

(b) their dependent children, and

(c) the dependent children of their spouse;

"multi-year financial plan" means the plan referred to in section 25;

"natural resources" means any material on or under KFN's lands in their natural state which when extracted has economic value;

"officer" means the senior manager, SFO, tax administrator and any other employee of KFN designated by the Council as an officer;

"other revenues" means other revenues as defined in section 3 of the *Financing Secured by Other Revenues Regulations* made under the Act;

"record" means anything on which information is recorded or stored by any means whether graphic, electronic, mechanical or otherwise;

"rehabilitation" includes alteration, extension and renovation but does not include routine maintenance;

"related body" means

- (a) any agency of KFN,
- (b) any corporation in which KFN has a material interest or that is controlled by KFN,
- (c) any partnership in which KFN or another related body of KFN is a partner, or
- (d) a trust of KFN;

"replacement" includes substitution, in whole or in part, with another of KFN's tangible capital assets;

"signing authority" means and includes the Councilors and the senior manager,

"SFO" means the person appointed senior financial officer under section 19;

"senior manager" means the person appointed senior manager under section 18;

"special purpose report" means a report described in subsection 68(4);

"spouse" means, in relation to an individual, a person to whom the individual is married or with whom the individual has lived as a common law partner for at least one (1) year in a marriage-like relationship;

"standards" means the standards established from time to time under the Act; and

"tax administrator" means the tax administrator appointed under KFN's local revenue laws.

(2) Except as otherwise provided in this Law, words and expressions used in this Law have the same meanings as in the Act.

(3) Unless a word or expression is defined under subsection (1) or (2) or another provision of this Law, the definitions in the *Interpretation Act* apply.

(4) All references to named enactments in this Law are to enactments of the Government of Canada.

Interpretation

3.(1) In this Law, the following rules of interpretation apply:

- (a) words in the singular include the plural, and words in the plural include the singular;
- (b) if a word or expression is defined, other parts of speech and grammatical forms of the same word or expressions have corresponding meanings;
- (c) the expression "must" is to be construed as imperative, and the expression "may" is to be construed as permissive;
- (d) unless the context indicates otherwise, "including" means "including, but not limited to", and "includes" means "includes, but not limited to"; and
- (e) a reference to an enactment includes any amendment or replacement of it and every regulation made under it.

(2) This Law must be considered as always speaking and where a matter or thing is expressed in the present tense, it must be applied to the circumstances as they arise, so that effect may be given to this Law according to its true spirit, intent and meaning.

(3) Words in this Law referring to an officer, by name of office or otherwise, also apply to any person designated by the Council to act in the officer's place or to any person assigned or delegated to act in the officer's place under this Law.

Posting of Public Notice

4.(1) If a public notice must be posted under this Law, the public notice is properly posted if a written notice is placed in a conspicuous and accessible place for public viewing at the principal administrative offices of KFN.

(2) Unless expressly provided otherwise, if a public notice of a meeting must be posted under this Law the notice must be posted at least fifteen (15) days before the date of the meeting.

Calculation of Time

5. In this Law, time must be calculated in accordance with the following rules:

- (a) where the time limited for taking an action ends or falls on a holiday, the action may be taken on the next day that is not a holiday;
- (b) where there is a reference to a number of days, not expressed as "clear days", between two events, in calculating that number of days the day on which the first event happens is excluded and the day on which the second event happens is included;
- (c) where a time is expressed to begin or end at, on or within a specified day, or to continue to or until a specified day, the time includes that day;

- (d) where a time is expressed to begin after or to be from a specified day, the time does not include that day; and
- (e) where anything is to be done within a time after, from, of or before a specified day, the time does not include that day.

Conflict of Laws

6.(1) If there is a conflict between this Law and another KFN law, other than a land code or a local revenue law, this Law prevails.

(2) If there is a conflict between this Law and the Act, the Act prevails.

(3) If there is a conflict between this Law and a local revenue law, the local revenue law prevails.

Scope and Application

7. This Law applies to the financial administration of KFN.

PART III - Administration

DIVISION 1 - Council

Responsibilities of Council

8.(1) The Council is responsible for all matters relating to the financial administration of KFN whether or not they have been assigned or delegated to an officer, employee, committee, contractor or agent by or under this Law.

(2) Subject to paragraph S(1)(f) of the Act, this Law and any other applicable KFN law, the Council may delegate to any of its officers, employees, committees, contractors or agents any of its functions under this Law except the following:

- (a) the approval of Council policies, procedures or directions;
- (b) the appointment of members, the chair and the vice-chair of the FAC;
- (c) the approval of budgets and financial statements of KFN; and
- (d) the approval of borrowing by KFN.

Council Policies, Procedures and Directions

9.(1) Subject to subsection (2), the Council may establish policies and procedures and give directions respecting any matter relating to the financial administration of KFN.

(2) The Council must establish policies or procedures or give directions respecting the acquisition, management and safeguarding of KFN assets.

(3) The Council must not establish any policies or procedures, or give any directions relating to the financial administration of KFN that are in conflict with this Law, the Act or GAAP.

(4) The Council must ensure that all human resources policies and procedures are designed and implemented to facilitate effective internal financial administration controls.

(5) The Council must document all its policies, procedures and directions and make them available to any person who is required to act in accordance with them or who may be directly affected by them.

Reporting of Remuneration, Expenses and Contracts

10.(1) Annually the SFO must prepare a report separately listing the following:

(a) the total amount of remuneration, expenses and benefits, including coverage under policies for insurance or medical, dental or related services, paid or provided by KFN to a Councillor and to each member of the family of the Councillor;

(b) any contracts between KFN and a Councillor and between KFN and a member of the family of the Councillor for the supply of goods or services, including a general description of the nature of the contracts;

(c) the total amount of remuneration, expenses and benefits, including coverage under policies for insurance or medical, dental or related services, paid or provided by KFN to the senior manager and to each member of the family of the senior manager; and

(d) any contracts between KFN and the senior manager and between KFN and a member of the family of the senior manager for the supply of goods or services, including a general description of the nature of the contracts.

(2) Subsection (1) does not require the reporting of remuneration, expenses or benefits received

(a) in common by all KFN members;

(b) under a program or service universally accessible to all KFN members on published terms and conditions; or

(c) from a trust arrangement according to the terms of the trust.

DIVISION 2 – Finance and Audit Committee

Interpretation

11. For the purposes of section 12,

(a) an individual is independent if the individual does not have a direct or indirect financial relationship with KFN government that could, in the opinion of the Council, reasonably interfere with the exercise of independent judgment as a member of the FAC; and

(b) an individual does not have a financial relationship with KFN government as a result of the individual's receipt of the following from KFN:

- (i) remuneration for acting in their capacity as a Councillor or as a member of any KFN committee,
- (ii) fixed retirement compensation,
- (iii) payments or benefits paid in common to all KFN members,
- (iv) payments or benefits paid under a program or service universally accessible to KFN members on published terms and conditions, or
- (v) payments or benefits paid from a trust arrangement according to the terms of the trust.

Finance and Audit Committee Established

12.(1) The FAC is established to provide the Council with advice and recommendations in order to support the Council's decision-making process respecting the financial administration of KFN.

(2) The Council must appoint not less than three (3) members of the FAC, a majority of whom must have financial competency and all of whom must be independent.

(3) The following individuals are not eligible to be members of the FAC:

- (a) an individual who is an employee of KFN;
- (b) an individual who has an immediate family member who is a Councillor or an officer of KFN;
- (c) an individual who provides consulting, advisory or other services to KFN or its related bodies as a contractor;
- (d) an individual who has a dependent who provides consulting, advisory or other services to KFN or its related bodies as a contractor; or
- (e) an individual who is a partner, owner or officer of an entity which provides accounting, consulting, legal or financial services to KFN or its related bodies.

(4) The Council must establish policies or procedures or give directions requiring

- (a) confirmation, before appointment, that each potential member of the FAC is eligible to be a member and is independent; and
- (b) each member of the FAC annually to sign a statement confirming that the member is independent.

(5) The Council may establish a policy that permits the Council to exempt an individual from subsection (3), but only under the following circumstances:

(a) an exemption may be given on one occasion only for a particular individual and the term of appointment of the individual must not be more than three consecutive years; and

(b) the Council, in temporary and exceptional circumstances, determines in its reasonable opinion that

(i) the individual is able to exercise the independent judgment necessary for the individual to fulfill his or her responsibilities as a member of the FAC regardless of the individual's relationship with KFN, and

(ii) the appointment of the individual to the FAC is considered to be in the best interests of KFN and its members.

(6) If the FAC consists of

(a) three (3) members, at least one (1) of the FAC members must be a Councillor; and

(b) four (4) or more members, at least two (2) of the FAC members must be Councillors.

(7) Subject to subsections (8) and (9), the FAC members must be appointed to hold office for staggered terms of not less than two (2) complete fiscal years.

(8) A member of the FAC may be removed from office by the Council if the member

(a) has unexcused absences from three (3) FAC meetings;

(b) breaches this Law; or

(c) is convicted of theft, fraud, breach of trust, or an offence that would bring the FAC into disrepute.

(9) If a member of the FAC is removed from office, resigns or dies before the member's term of office expires, the Council must as soon as practicable appoint a new FAC member to hold office for the remainder of the first member's term of office.

Chair and Vice-chair

13. (1) The Council must appoint a chair and a vice-chair of the FAC, one of whom must be a Councillor.

(2) If the Council appoints a non-Councillor as chair,

(a) the Council must send to the chair notices and agendas of all Council meetings;

(b) on request of the chair, the Council must provide the chair with any materials or information provided to the Council respecting matters before it; and

(c) the chair may attend and speak at Council meetings.

FAC Procedures

14.(1) The quorum of the FAC is two thirds (2/3) of the total number of FAC members, including at least one (1) Councillor.

(2) Except where a member of the FAC is not permitted to participate in a decision because of a conflict of interest, every FAC member has one (1) vote in all FAC decisions.

(3) In the event of a tie vote in the FAC, the chair may cast a second tiebreaking vote.

(4) Subject to subsection (5), the senior manager and the SFO must be notified of all FAC meetings and, subject to reasonable exceptions, must attend those meetings.

(5) The senior manager or the SFO may be excluded from all or any part of a FAC meeting by a recorded vote if

(a) the subject matter relates to a confidential personnel or performance issue respecting the senior manager or the SFO; or

(b) it is a meeting with the auditor.

(6) The FAC must meet

(a) at least once every three (3) months in each fiscal year as necessary to conduct the business of the FAC; and

(b) as soon as practical after it receives the audited annual financial statements and report from the auditor.

(7) The FAC must provide minutes of its meetings to the Council and report to the Council on the substance of each FAC meeting as soon as practicable after each meeting.

(8) Subject to this Law and any directions given by the Council, the FAC may make rules for the conduct of its meetings.

(9) After consultation with the senior manager, the FAC may retain a consultant to assist in the performance of any of its responsibilities.

Financial Planning Responsibilities

15.(1) The FAC must carry out the following activities in respect of the financial administration of KFN:

(a) annually developing, and recommending to the Council for approval, short, medium and long-term

(i) strategic plans, projections and priorities,

(ii) business plans, projections and priorities, and

- (iii) financial plans, projections and priorities;
- (b) reviewing draft annual budgets and recommending them to the Council for approval;
- (c) on an ongoing basis, monitoring the financial performance of KFN against the budget and reporting any significant variations to the Council; and
- (d) reviewing the quarterly financial statements and recommending them to the Council for approval.

(2) The FAC may make a report or recommendations to the Council on any matter respecting the financial administration of KFN that is not otherwise specified to be its responsibility under this Law.

Audit responsibilities

16. The FAC must carry out the following audit activities in respect of the financial administration of KFN:

- (a) making recommendations to the Council on the selection, engagement and performance of an auditor;
- (b) receiving assurances on the independence of a proposed or appointed auditor;
- (c) reviewing and making recommendations to the Council on the planning, conduct and results of audit activities;
- (d) reviewing and making recommendations to the Council on the audited annual financial statements, including the audited local revenue account financial statements and any special purpose reports;
- (e) periodically reviewing and making recommendations to the Council on policies, procedures and directions on reimbursable expenses and benefits of the Councilors, officers and employees of KFN;
- (f) monitoring financial reporting risks and fraud risks and the effectiveness of mitigating controls for those risks taking into consideration the cost of implementing those controls;
- (g) conducting a review of this Law under section 95 and, where appropriate, recommending amendments to the Council, and
- (h) periodically reviewing and making recommendations to the Council on the terms of reference of the FAC.

Council Assigned Responsibilities

17. The Council may assign to the FAC the following activities in respect of the financial administration of KFN:

- (a) reviewing and reporting to the Council on the financial content of any KFN reports;

- (b) reviewing, monitoring and reporting to the Council on the appropriateness of KFN's accounting and financial reporting systems, policies and practices;
- (c) reviewing, and recommending to the Council for approval, any proposed significant changes in KFN's accounting or financial reporting systems, policies, procedures or directions;
- (d) monitoring the collection and receipt of KFN's financial assets, including debts owed to KFN;
- (e) reviewing and reporting to the Council on KFN's risk management policies and control and information systems and, where appropriate, recommending improvements to the Council;
- (f) reviewing the adequacy of security of information, information systems and recovery plans and, where appropriate, recommending improvements to the Council;
- (g) monitoring compliance with the legal obligations of KFN, including legislative, regulatory and contractual obligations, and reporting to the Council;
- (h) reviewing and reporting to the Council on the adequacy of financial administration personnel and resources;
- (i) reviewing, monitoring and reporting to the Council on the adequacy and appropriateness of KFN's insurance coverage respecting significant KFN risks; and
- (j) reviewing, monitoring and reporting to the Council on material litigation and its impact on financial administration and reporting.

DIVISION 3 - Officers and Employees

Senior Manager

18.(1) The Council must appoint a person as senior manager of KFN and may set the terms and conditions of that appointment.

(2) Reporting to the Council, the senior manager is responsible for leading the planning, organization, implementation and evaluation of the overall management of all the day-to-day operations of KFN, including the following duties:

- (a) developing and recommending to the Council for approval, human resources policies and procedures that facilitate effective internal financial administration controls;
- (b) developing and recommending to the Council for approval, human resource policies and procedures which relate to the hiring, management and dismissal of officers and employees of KFN;
- (c) preparing and recommending to the Council for approval, descriptions of the powers, duties and functions of all employees of KFN;
- (d) hiring the employees of KFN, as the senior manager considers necessary, and setting the terms and conditions of their employment;

- (e) ensuring that KFN hires or retains qualified and competent personnel to carry out KFN's financial administration activities;
- (f) overseeing, supervising and directing the activities of all officers and employees of KFN;
- (g) overseeing and administering the contracts of KFN;
- (h) preparing, recommending to the Council and maintaining and revising as necessary the organization chart referred to in section 21;
- (i) identifying, assessing, monitoring and reporting on financial reporting risks and fraud risks;
- (j) monitoring and reporting on the effectiveness of mitigating controls for the risks referred to in paragraph (h) taking into consideration the cost of implementing those controls;
- (k) performing any other duties of the senior manager under this Law; and
- (l) carrying out any other activities specified by the Council that are not contrary to the Act or inconsistent with the senior manager's duties specified in this Law.

(3) The senior manager may assign the performance of any of the senior manager's duties or functions

- (a) to an officer or employee of KFN; and
- (b) with the approval of the Council, to a contractor or agent of KFN.

(4) Any assignment of duties or functions under subsection (3) does not relieve the senior manager of the responsibility to ensure that these duties or functions are carried out properly.

Senior Financial Officer

19.(1) The Council must appoint a person as SFO of KFN and may set the terms and conditions of that appointment.

(2) Reporting to the senior manager, the SFO is responsible for the day-to-day management of the systems of the financial administration of KFN, including the following duties:

- (a) ensuring the financial administration systems, policies, procedures, directions and internal controls are appropriately designed and operating effectively;
- (b) administering and maintaining all accounts of KFN;
- (c) preparing the draft annual budgets;
- (d) preparing the monthly financial information required in section 66, the quarterly financial statements required in section 67 and the draft annual financial statements required in section 68;
- (e) preparing the financial components of reports to the Council and of any short, medium and long term plans, projections and priorities referred to in subsection 15(1);

- (f) actively monitoring compliance with any agreements and funding arrangements entered into by KFN;
- (g) administering and supervising the preparation and maintenance of financial records and the financial administration reporting systems;
- (h) administering and supervising the maintenance of the records of all receipts and expenditures of KFN to facilitate the annual audit;
- (i) actively monitoring compliance with the Act, this Law, any other applicable KFN law, applicable standards and any policies, procedures and directions of the Council respecting the financial administration of KFN, other than those matters that are the responsibility of the tax administrator under this Law, another KFN law or the Act;
- (j) preparing or providing any documentation and financial information required by the Council or the FAC to discharge their responsibilities;
- (k) evaluating the financial administration systems of KFN and recommending improvements;
- (l) developing and recommending procedures for the safeguarding of assets and ensuring approved procedures are followed;
- (m) developing and recommending procedures for identifying and mitigating financial reporting and fraud risks, and ensuring approved procedures are followed;
- (n) performing any other duties of the SFO under this Law; and
- (o) carrying out any other activities specified by the senior manager that are not contrary to the Act or inconsistent with the SFO's duties under this Law.

(3) With the approval of the senior manager, the SFO may assign the performance of any of the duties or functions of the SFO to any officer, employee, contractor or agent of KFN, but this assignment does not relieve the SFO of the responsibility to ensure that these duties or functions are carried out properly.

Tax Administrator

20.(1) Reporting to the Council and the SFO, the tax administrator is responsible for the day-to-day management of KFN's local revenue system, including the following duties:

- (a) administering and maintaining the local revenue account, subject to paragraph 19(2)(b);
- (b) preparing, and providing to the SFO, any draft amendments to the component of the annual budget respecting KFN's local revenue account;
- (c) performing any other duties of the tax administrator under this Law or under KFN's local revenue laws; and

(d) carrying out any other activities specified by the Council that are not contrary to the Act or inconsistent with the tax administrator's duties under this Law or under KFN's local revenue laws.

(2) With the approval of the senior manager, the tax administrator may assign the performance of any of the duties or functions of the tax administrator under this Law to any officer, employee, contractor or agent of KFN, but this assignment does not relieve the tax administrator of the responsibility to ensure that these duties or functions are carried out properly.

Organizational Structure

21.(1) The Council must establish and maintain a current organization chart for the governance, management and administrative systems of KFN, which must include the following information:

- (a) all governance, management and administrative systems of KFN;
- (b) the organization of the systems described in paragraph (a), including the linkages between them;
- (c) the specific roles and responsibilities of each level of the organization of the systems described in paragraph (a); and
- (d) all governance, management and administrative positions at each level of the organization of the systems described in paragraph (a), including
 - (i) the membership on the Council, FAC and all other committees of the Council and KFN,
 - (ii) the officers, and
 - (iii) the principal lines of authority and the responsibility between the Council, the committees referred to in subparagraph (i) and the officers.

(2) On request, the senior manager must provide a copy of the organization chart under subsection (1) to a Councillor, a member of a committee referred to in subparagraph (1)(d)(i), an officer, employee or contractor or agent of KFN and a KFN member.

DIVISION 4 - Conduct Expectations

Conduct of Councillors

22.(1) When exercising a power, duty or responsibility relating to the financial administration of KFN, a Councillor must

- (a) comply with this Law, the Act, any other applicable KFN law and any applicable standards;
- (b) act honestly, in good faith and in the best interests of KFN;
- (c) exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances; and

(d) avoid conflicts of interest and comply with the requirements of the CDIP, including required disclosures of private interests.

(2) If it has been determined under this Law or by a court of competent jurisdiction that a Councillor has contravened this section,

- (a) the Councillor must be removed from the FAC in accordance with subsection 12(8), if applicable;
- (b) the Council must post a public notice of the details of the determination for a period of not less than thirty-one (31) days as soon as practicable after the contravention was determined; and
- (c) KFN may use any legal means available to it to remedy the situation.

Conduct of Officers, Employees, Contractors, etc.

23.(1) This section applies to

- (a) an officer, employee, contractor and agent of KFN;
- (b) a person acting under the delegated authority of the Council or KFN; or
- (c) a member of a committee of the Council or KFN who is not a Councillor.

(2) If a person is exercising a power, duty or responsibility relating to the financial administration of KFN, that person must

- (a) comply with this Law, the Act, any other applicable KFN law and any applicable standards;
- (b) comply with all policies, procedures and directions of the Council; and
- (c) avoid conflicts of interest and comply with any applicable requirements of the CDIP, including required disclosure of potential conflicts of interest.

(3) The Council must incorporate the relevant provisions of this section into

- (a) the terms of employment or appointment of every officer or employee of KFN;
- (b) the terms of every contract of a contractor of KFN;
- (c) the terms of appointment of every member of a committee who is not a Councillor; and
- (d) the terms of appointment of every agent of KFN.

(4) If a person contravenes subsection (2), the following actions may be taken:

- (a) an officer or employee may be disciplined, up to and including dismissal;
- (b) a contractor's contract may be terminated;
- (c) the appointment of a member of a committee may be revoked;

- (d) the appointment of an agent may be revoked; and
- (e) KFN may use any legal means available to it to remedy the situation.

PART IV - Financial Management

DIVISION 1 - Financial Plans and Annual Budgets

Fiscal Year

- 24.** The fiscal year of KFN is April 1 to March 31 of the following year.

Multi-year Financial Plan

- 25.** No later than March 31 of each year, the Council must approve a multi-year financial plan that

- (a) has a planning period of five (5) years comprised of the current fiscal year and the four (4) succeeding fiscal years;
- (b) is based on the projections of revenues, expenditures and transfers between accounts;
- (c) sets out projected revenues, segregated by significant category;
- (d) sets out projected expenditures, segregated by significant category;
- (e) in respect of transfers between accounts, sets out the amounts from the tangible capital asset reserve account;
- (f) shows all categories of restricted cash; and
- (g) indicates whether in any of the five (5) years of the plan a deficit or surplus is expected from the projection of revenues and expenditures for that year.

Content of Annual Budget

- 26.(1)** The annual budget must encompass all the operations for which KFN is responsible and must identify

- (a) anticipated revenues, segregated by significant category, with estimates of the amount of revenue from each category;
- (b) anticipated expenditures, segregated by significant category, with estimates of the amount of expenditure for each category; and
- (c) any anticipated annual and accumulated surplus or annual and accumulated deficit and the application of year-end surplus.

(2) If KFN has a land code in force, then the revenue category of moneys derived from KFN's lands must be shown separately in the annual budget from other revenues and must include a sub-category for revenues from natural resources obtained from KFN's lands.

Budget and Planning Process Schedule

27.(1) On or before January 31 of each year, the SFO must prepare and submit to the FAC for review a draft annual budget and a draft multi-year financial plan for the next fiscal year.

(2) On or before February 15 of each year, the FAC must review

(a) the draft annual budget and recommend an annual budget to the Council for approval; and

(b) the draft multi-year financial plan and recommend a multi-year financial plan to the Council.

(3) On or before March 31 of each year, the Council must review and approve the annual budget for KFN for the next fiscal year.

(4) On or before June 15 of each year, the SFO, working with the tax administrator, must prepare and submit to the FAC for review a draft amendment of the component of the annual budget respecting KFN's local revenue account.

(5) On or before June 30 of each year, the FAC must review the draft amendment of the component of the annual budget respecting KFN's local revenue account and recommend an amendment to the annual budget to the Council for approval.

(6) No later than July 15 of each year, the Council must approve the amendment of the component of the annual budget respecting KFN's local revenue account.

Additional Requirements for Budget Deficits

28. If a draft annual budget contains a proposed deficit, the Council must ensure that

(a) the multi-year financial plan of KFN demonstrates how and when this deficit will be addressed and how it will be serviced; and

(b) the deficit does not have a negative impact on the credit-worthiness of KFN.

Amendments to Annual Budgets

29.(1) The annual budget of KFN must not be changed without the approval of the Council.

(2) Subject to subsection 27(6) and section 37, unless there is a substantial change in the forecasted revenues or expenses of KFN or in the expenditure priorities of the Council, the Council must not approve a change to the annual budget of KFN.

Local Revenue Account Budget Requirements

30. Despite any other provisions of this Law, any part of a budget relating to KFN's local revenue account must be prepared, approved and amended in accordance with applicable provisions of the Act and of the FNTC standards.

Policy for KFN Member Information or Involvement

31.(1) The Council must

- (a) post a notice in accordance with section 4,
- (b) post a notice on KFN's website, or
- (c) publish a notice in KFN's newsletter,

when each of the following is presented for Council approval:

- (d) the multi-year financial plan,
- (e) the annual budget, including any component of the annual budget respecting the First Nation's local revenue account,
- (f) an amendment to the annual budget,
- (g) budget deficits or extraordinary expenditures,
- (h) capital projects,
- (i) borrowing for new capital projects, and
- (j) proposed amendments to this Law.

(2) A notice provided under subsection (1) must state whether and how KFN members may be involved in the decision under consideration.

DIVISION 2 - Financial Institution Accounts

Financial Institution Accounts

32.(1) No account may be opened for the receipt and deposit of money of KFN unless the account is

- (a) in the name of KFN;
- (b) opened in a financial institution; and
- (c) authorized by the senior manager or the SFO.

(2) KFN must establish the following accounts in a financial institution:

- (a) a general account for money from any sources other than those described in paragraphs (b) to (d);
- (b) a local revenue account for money from local revenues;
- (c) if KFN has a land code, a land and resources account for money from revenues from KFN's lands; and
- (d) a tangible capital asset reserve account for money set aside for purposes of section 82.

(3) KFN may establish any other accounts not referred to in subsection (2) as may be necessary and appropriate to manage KFN's financial assets.

Accounts Management

33.(1) The SFO must take all reasonable steps to ensure the safekeeping of all money received by KFN.

(2) All transactions on accounts described in section 32 must be authorized by two (2) signing authorities.

(3) The SFO must ensure that all money received by KFN is deposited as soon as practicable into the appropriate accounts described in section 32.

DIVISION 3 - Expenditures

Prohibited Expenditures

34.(1) Money or financial assets in a trust account must not be used for a purpose other than that permitted under the terms of the trust.

(2) Money in a local revenue account must not be used for any purpose other than that permitted under a local revenue law.

(3) Money in a tangible capital asset reserve account must not be used for any purpose other than that described in Part V.

Prohibited Agreements

35. KFN must not enter into an agreement or undertaking that requires KFN to expend money that is not authorized by or that contravenes this Law.

No Expenditure without Appropriation

36.(1) Subject to subsection 37(1), money must not be paid out of any account unless the expenditure is authorized under an appropriation.

(2) Subsection (1) does not apply to expenditures from a trust account where the expenditure is authorized under the terms of the trust.

Emergency Expenditures

37.(1) The senior manager may approve an expenditure for an emergency purpose that was not anticipated in the budget if the expenditure is not expressly prohibited by or under this Law or another KFN law.

(2) The Council must establish policies and procedures to authorize expenditures under subsection (1).

(3) The expenditure under subsection (1) must be reported to the Council as soon as practicable and the Council must amend the budget to include the expenditure.

(4) Subsection (1) does not give the senior manager the authority to borrow for the purpose of making an expenditure for an emergency purpose.

Appropriations

38.(1) An amount that is appropriated in a budget must not be expended for any purpose other than that described in the appropriation.

(2) The total amount expended by KFN in relation to an appropriation must not exceed the amount specified in the budget for KFN for that appropriation.

(3) Every person who is responsible for managing an appropriation must establish and maintain a current record of commitments chargeable to that appropriation.

Payments after Fiscal Year-end

39.(1) Money appropriated in a budget for a fiscal year must not be expended after the end of the fiscal year except to discharge a liability incurred in that fiscal year.

(2) If the liabilities for an appropriation under subsection (1) exceed the unexpended balance of the appropriation at the end of the fiscal year, the excess must be

(a) charged against a suitable appropriation for the following fiscal year; and

(b) reported in the financial statements for the fiscal year in which the liability was incurred.

Requisitions for Payment

40.(1) No money may be paid out of any account without a requisition for payment as required under this section.

(2) No requisition may be made or given for a payment of money unless it is a lawful charge against an appropriation or an authorized use of money in a trust.

(3) No requisition may be made or given for payment of money that results in expenditures from a trust account in excess of the unexpended balance of the trust account.

(4) No requisition may be made or given for payment of money that reduces the balance available in an appropriation or trust account so that it is not sufficient to meet the commitments chargeable against it.

(5) A requisition may apply to one or more expenditures chargeable against one or more appropriations.

(6) If a requisition is for the payment of performance of work or services or the supply of goods, the requisition must include a statement certifying that

(a) the work or services have been performed or the goods supplied, any conditions in an agreement respecting the work, services or goods have been met and the price charged or amount to be paid is in accordance with an agreement or, if not specified by agreement, is reasonable; or

(b) if payment is to be made before completion of the work or services, delivery of the goods or satisfaction of any conditions in an agreement, the payment is in accordance with the agreement.

(7) The tax administrator must authorize payment out of a local revenue account.

(8) Subject to subsection (7), the senior manager or SFO may authorize a payment out of, or sign a requisition for payment from, any appropriation.

DIVISION 4 – General Matters

Advances

41.(1) The senior manager or the SFO may approve an advance to prepay expenses that are chargeable against an appropriation in the current fiscal year or an appropriation in the next fiscal year.

(2) The tax administrator may approve an advance to prepay expenses that are chargeable against an appropriation from the local revenue account in the current fiscal year or an appropriation from that account in the next fiscal year.

Holdbacks

42. If KFN withholds an amount payable under an agreement, the payment of the amount withheld must be charged to the appropriation from which the agreement must be paid even if the fiscal year for which it was appropriated has ended.

Deposit Money

43.(1) Money received by KFN as a deposit to ensure the doing of any act or thing must be held and disposed of in accordance with

(a) the agreement under which the deposit has been paid; and

(b) in the absence of any provisions respecting that matter, any policy or directions of the Council.

(2) The Council must make policies or procedures or give directions in respect of the disposition of deposit money referred to in subsection (1).

Interest

44.(1) All interest earned on the accounts described in subsection 32(2), other than a trust account, local revenue account, or tangible capital asset reserve account must be deposited in the general account referred to in paragraph 32(2)(a).

(2) All interest earned on

- (a) a trust account must be retained in that account;
- (b) the local revenue account must be retained in that account; and
- (c) the tangible capital asset reserve account must be retained in that account.

(3) Subject to the *Interest Act*, KFN may charge interest at a rate set from time to time by the Council on any debts or payments owed to KFN that are overdue.

Refunds

45.(1) Money received by KFN that is paid or collected in error or for a purpose that is not fulfilled may be refunded in full or in part as circumstances require.

(2) The Council must establish policies and procedures respecting the refund of money under subsection (1).

Write-Off of Debts

46. All or part of a debt or obligation owed to KFN may be written off only

- (a) if approved by the Council; or
- (b) if done under the authority of a policy or direction of the Council.

Year-end Surplus

47.(1) Subject to subsections (2) and (3), an operating surplus at the end of the fiscal year must be paid into the general account described in paragraph 32(2)(a).

(2) An operating surplus in the local revenue account at the end of the fiscal year must be retained in that account.

(3) An operating surplus in the tangible capital asset reserve account at the end of the fiscal year must be retained in that account.

DIVISION 5 - Borrowing

Limitations on Borrowing

48.(1) Except as specifically authorized in this Law or in a local revenue law, KFN must not borrow money or grant security.

(2) Subject to this Law, if KFN is authorized in this Law to borrow money or grant security, the Council may authorize the SFO to borrow money or grant security in the name of KFN as specifically approved by the Council.

Borrowing for Ordinary Operations

49.(1) KFN may incur trade accounts or other current liabilities payable within normal terms of trade for expenditures provided for in the budget for the fiscal year if the debt will be repaid from money appropriated under an appropriation for the fiscal year or is in respect of an expenditure that may be made without the authority of an appropriation under this Law.

(2) KFN may enter into agreements with financial institutions for overdrafts or lines of credit and, for the purpose of securing any overdrafts or lines of credit, may grant security to the financial institution in a form, amount, and on terms and conditions that the Council approves.

(3) KFN may enter into a general security agreement or a lease for the use or acquisition of lands, materials or equipment required for the operation, management or administration of KFN.

Financial Agreements

50.(1) KFN may enter into the following agreements in the name of KFN:

(a) for the purpose of efficient management of KFN's financial assets, agreements with financial institutions and related services agreements; and

(b) for the purpose of reducing risks or maximizing benefits in relation to the borrowing, lending or investing of KFN's financial assets, agreements with financial institutions respecting currency exchange, spot and future currency, interest rate exchange and future interest rates.

(2) Unless otherwise specified by the Council, the SFO may enter into any agreements referred to in subsection (1) on behalf of KFN.

Borrowing for Authorized Expenditures

51.(1) If the general account described in paragraph 32(2)(a) is not sufficient to meet the expenditures authorized to be made from it and the SFO recommends that money be borrowed to ensure that the general account is sufficient for these purposes, KFN may borrow an amount not exceeding a maximum amount specified by the Council and to be repaid within a specified period of time.

(2) Despite the repayment terms specified in subsection (1), if the money borrowed under subsection (1) is no longer required for the purpose for which it was borrowed, the money must be repaid as soon as possible.

Borrowing Member Requirements

52. If KFN becomes a borrowing member,

(a) KFN must not obtain long-term financing secured by property tax revenues from any person other than the FNFA;

- (b) KFN may only obtain long-term financing from the FNFA as permitted under its local revenue law and the Act;
- (c) money borrowed under paragraph (b) may only be used for the purposes permitted under the Act; and
- (d) money borrowed by KFN from the FNFA that is secured by other revenues may only be used for the purposes set out in section 4 of the *Financing Secured by Other Revenues Regulations* made under the Act.

Borrowing for Repayment of Debts

53. Subject to this Law and a local revenue law, KFN may borrow money that is required for the repayment or refinancing of any debt of KFN, other than a debt in relation to money borrowed under subsection 51(1), if doing so would result in a costs savings or more favourable terms for KFN.

Use of Borrowed Money

54.(1) Subject to this section and any local revenue law, money borrowed by KFN for a specific purpose must not be used for any other purpose.

(2) All or some of the money borrowed for a specific purpose by KFN and not required to be used immediately for that purpose may be temporarily invested under subsection 60(1) until required for that purpose.

(3) If some of the money borrowed for a specific purpose is no longer required for that purpose, that money must be applied to repay the debt from the borrowing.

Execution of Security Documents

55.(1) Subject to subsection (2), a security granted by KFN must be signed by a Councillor and by the senior manager or the SFO.

(2) A security granted by KFN in respect of local revenues must be signed by a Councillor and by the tax administrator.

Operational Controls

56. The Council must establish policies or procedures or give directions respecting the establishment and implementation of an effective system of internal controls that ensures the orderly and efficient conduct of KFN's operations.

DIVISION 6 - Risk Management

Limitation on Business Activity

57.(1) Subject to subsections (2) and (3), KFN must not

- (a) carry on business as a proprietor;

- (b) acquire an interest in a partnership as a general partner; or
 - (c) act as a trustee respecting property used for, or held in the course of, carrying on a business.
- (2) KFN may carry on a business that
- (a) is ancillary or incidental to the provision of programs or services or other functions of KFN governance; or
 - (b) derives income from the granting of a lease or licence of or is in respect of
 - (i) an interest in, or natural resources on or under, KFN's lands or lands owned in fee simple by, or in trust for, KFN, or
 - (ii) any other property of KFN.
- (3) KFN may carry on business activities for the primary purpose of profit if the Council determines that the business activities
- (a) do not result in a material liability for KFN; or
 - (b) do not otherwise expose KFN's financial assets, property or resources to significant risk.
- (4) The Council may impose terms and conditions on the conduct of any business activity permitted under this section in order to manage any risks associated with that activity.

Guarantees and Indemnities

58.(1) Before the Council may authorize a guarantee, the SFO must prepare, and the Council must consider, a report identifying any risks associated with giving the guarantee and assessing the ability of KFN to honour the guarantee should it be required to do so.

- (2) KFN must not give an indemnity unless it is
- (a) authorized under section 94;
 - (b) necessary and incidental to and included in another agreement to which KFN is a party; or
 - (c) in relation to a security granted by KFN that is authorized under this Law or another KFN law.
- (3) Subject to a resolution described in section 94, the Council must establish policies or procedures or give directions respecting guarantees and indemnities as follows:
- (a) specifying circumstances under which an indemnity may be given without Council approval;
 - (b) designating the persons who may give an indemnity on behalf of KFN and specifying the maximum amount of any indemnity which may be given by them;
 - (c) specifying any terms or conditions under which a guarantee or indemnity may be given; and

- (d) specifying the records to be maintained of all guarantees and indemnities given by KFN.

Authority to Invest

59.(1) Except as specifically authorized in this Law or another KFN law, KFN must not invest KFN's financial assets.

(2) If KFN is authorized in this Law to invest KFN's financial assets, the Council may authorize the SFQ to invest KFN's financial assets

- (a) as specifically approved by the Council; or
- (b) in accordance with the policies, procedures or directions made by the Council.

Approved Investments

60.(1) Money in an account described in section 32 that is not immediately required for expenditures may be invested by KFN in one or more of the following:

- (a) securities issued or guaranteed by Canada, a province or the United States of America;
- (b) fixed deposits, notes, certificates and other short-term paper of, or guaranteed by, a financial institution, including swaps in United States of America currency;
- (c) securities issued by the FNFA or by a local, municipal or regional government in Canada;
- (d) commercial paper issued by a Canadian company that is rated in the highest category by at least two (2) recognized security-rating institutions;
- (e) any class of investments permitted under an Act of a province relating to trustees; or
- (f) any other investments or class of investments prescribed by a regulation under the Act.

(2) Subject to the terms of the trust, money held in trust that is not immediately required for expenditures may be invested by KFN as permitted under the terms of the trust or under the laws of the jurisdiction in which the majority of KFN's lands are located.

(3) If KFN has established an investment account under section 32, KFN may invest money in that account in

- (a) a company that is incorporated under the laws of Canada or of a province or territory and in which KFN is a shareholder;
- (b) a trust in which KFN is a beneficiary; or
- (c) a limited partnership in which KFN has an interest.

(4) Despite any other provision in this section,

- (a) government transfer funds,

- (b) local revenues, and
- (c) other revenues, if KFN has a loan from the FNFA secured by other revenues,

may only be invested in the following:

- (d) securities issued or guaranteed by Canada or a province,
- (e) securities of a local, municipal or regional government in Canada,
- (f) investments guaranteed by a bank, trust company or credit union,
- (g) deposits in a bank or trust company in Canada or non-equity or membership shares in a credit union, and
- (h) securities issued by the FNFA.

No Loans to Members

61. KFN must not make a loan to a KFN member or to an entity in which a KFN member has an interest.

Administration of Investments and Loans

62.(1) If KFN is authorized to make an investment or loan under this Law, the SFO may do all things necessary or advisable for the purpose of making, continuing, exchanging or disposing of the investment or loan.

(2) If KFN is authorized to make a loan under this Law, the Council must establish policies or procedures or give directions respecting the terms and conditions under which loans may be made, including a requirement that all loans be recorded in a written agreement that provides for proper security for repayment and sets out the terms for repayment of principal and interest.

Risk Assessment and Management

63.(1) Annually, and more often if necessary, the senior manager must identify and assess any significant risks to KFN's financial assets, KFN's tangible capital assets, and the operations of KFN.

(2) Annually, and more often if necessary, the senior manager must report to the FAC on proposed plans to mitigate the risks identified in subsection (1) or, where appropriate, to manage or transfer those risks by agreement with others or by purchasing insurance.

Insurance

64.(1) On recommendation of the FAC, the Council must procure and maintain in force all insurance coverage that is appropriate and commensurate with the risks identified in section 63 and any other risks associated with any assets, property or resources under the care or control of KFN.

(2) The Council may purchase and maintain insurance for the benefit of a Councillor or an officer or their personal representatives against any liability arising from that person being or having been a Councillor or an officer.

DIVISION 7 - Financial Reporting

GAAP

65. All accounting practices of KFN must comply with GAAP.

Monthly Financial Information

66. Not more than forty-five (45) days following the end of each month, the SFO must prepare and provide to the Council and the FAC, financial information respecting the financial affairs of KFN in the form and with the content approved by the Council on the recommendation of the FAC.

Quarterly Financial Statements

67.(1) Not more than forty-five (45) days after the end of each quarter of the fiscal year, the SFO must prepare and provide to the Council and the FAC, financial statements for KFN for that quarter in the form and with the content approved by the Council on the recommendation of the FAC.

(2) As soon as practicable after the SFO has provided the quarterly financial statements in subsection (1), the statements must be

(a) reviewed by the FAC and recommended to Council for approval; and

(b) reviewed and approved by the Council.

(3) If KFN has a loan from the FNFA that is secured by other revenues, the SFO must

(a) account for and report on all other revenues of KFN separately from other money of KFN; and

(b) provide the FNFA or the FMB, on its request, with information respecting the other revenues account.

Annual Financial Statements

68.(1) At the end of each fiscal year the SFO must prepare the annual financial statements of KFN for that fiscal year in accordance with GAAP and to a standard that is at least comparable to that generally accepted for governments in Canada.

(2) The annual financial statements must be prepared in a form approved by the Council on the recommendation of the FAC.

(3) The annual financial statements must include the following information:

(a) the financial information of KFN for the fiscal year;

(b) the financial information for the local revenue account that is required to meet the FMB standards respecting financial reporting of the local revenue account; and

(c) the revenue categories for KFN's lands referred to in subsection 26(2), if KFN has a land code in force.

(4) The annual financial statements must include the following special purpose reports:

(a) a report setting out all payments made to honour guarantees and indemnities for that fiscal year;

(b) a report setting out the information required in section 10;

(c) a report setting out all debts or obligations written off or forgiven by KFN;

(d) if KFN has a land code in force, a report setting out moneys of KFN derived from KFN's lands, categorized and shown separately from other revenues and that includes a sub-category respecting revenues from natural resources obtained from KFN's lands; and

(e) any other report required under the Act or an agreement.

(5) The SFO must provide draft annual financial statements to the FAC for review within forty-five (45) days following the end of the fiscal year for which they were prepared.

(6) The FAC must present draft annual financial statements to the Council for review within sixty (60) days following the end of the fiscal year for which they were prepared.

Appointment of Auditor

69.(1) KFN must appoint an auditor for each fiscal year to hold office until the later of

(a) the end of the Council meeting when the audited annual financial statements for that fiscal year are being considered; or

(b) the date the auditor's successor is appointed.

(2) The terms and conditions of the appointment of the auditor must be set out in an engagement letter approved by the FAC and must include the auditor's obligation to confirm that the annual financial statements and the audit of them comply with this Law, the Act and FMB standards.

(3) To be eligible for appointment as the auditor of KFN, an auditor must

(a) be independent of KFN, its related bodies, Councillors, officers and members; and

(b) be a public accounting firm or public accountant

(i) in good standing with the Canadian Institute of Chartered Accountants, the Certified General Accountants Association of Canada or the Society of Management Accountants of Canada and their respective counterparts in the province or territory in which the public accounting firm or public accountant is practicing, and

(ii) licensed or otherwise authorized to practice public accounting in the province or territory in which the majority of the reserve lands of KFN are located.

(4) If the auditor ceases to be independent, the auditor must as soon as practicable after becoming aware of the circumstances

- (a) advise KFN in writing of the circumstances; and
- (b) eliminate the circumstances that resulted in loss of independence or resign as the auditor.

Audit Requirements

70.(1) The auditor must conduct an audit of the annual financial statements of KFN, in accordance with generally accepted auditing standards established by the Canadian Institute of Chartered Accountants.

(2) The auditor must conduct an audit of that part of the annual financial statements respecting the local revenue account in accordance with FMB standards for the audit of local revenue accounts and must report on that account separately from other accounts.

(3) When conducting the audit, the auditor must provide

- (a) an audit opinion of the annual financial statements; and
- (b) an audit opinion or review comments on the special purpose reports referred to in subsection 68(4).

Auditor's Authority

71.(1) To conduct an audit of the annual financial statements of KFN, the auditor must be given

- (a) access to all records of KFN for examination or inspection, and copies of these records on request; and
- (b) access to any Councillor, officer, employee, contractor or agent of KFN to ask any questions or request any information.

(2) On request of the auditor, every person referred to in paragraph (1)(b) must

- (a) make available all records referred to in paragraph (1)(a) that are in that person's care or control; and
- (b) provide the auditor with full information and explanation about the affairs of KFN as necessary for the performance of the auditor's duties.

(3) The auditor must be given notice of

- (a) every meeting of the FAC; and

(b) the Council meeting where the annual audit, including the annual financial statements, will be considered and approved.

(4) Subject to subsection (6), the auditor may attend any meeting for which they must be given notice under this section or to which the auditor has been invited and must be given the opportunity to be heard at those meetings on issues that concern the auditor as auditor of KFN.

(5) The auditor may communicate with the FAC, as the auditor considers appropriate, to discuss any subject that the auditor recommends be considered by the FAC.

(6) The auditor may be excluded from all or any part of a meeting of the FAC or the Council by a recorded vote if the subject matter relates to the retaining or dismissal of the auditor.

Review of Audited Annual Financial Statements

72.(1) The audited annual financial statements must be provided to the FAC for its review and consideration not more than one hundred and five (105) days after the fiscal year-end for which the statements were prepared.

(2) The Council must review and approve the audited annual financial statements not more than one hundred and twenty (120) days after the fiscal year-end for which the statements were prepared.

Access to Annual Financial Statements

73.(1) Before the annual financial statements may be published or distributed, they must:

(a) be approved by the Council;

(b) be signed by

(i) the Chief of KFN,

(ii) the chair, and

(iii) the SFO, and

(c) include the auditor's audit report of the annual financial statements and the auditor's audit opinion or review comments of the special purpose reports referred to in subsection 68(4).

(2) The audited annual financial statements and special purpose reports must be available for inspection by KFN members at the principal administrative offices of KFN during normal business hours.

(3) The audited annual financial statements of the local revenue account, including the audit report, must be available for inspection by any person referred to in subsection 14(2) of the Act at the principal administrative offices of KFN during normal business hours.

Annual Report

74.(1) Not later than one hundred and eighty (180) days after the end of each fiscal year, the Council must prepare an annual report on the operations and financial performance of KFN for the previous fiscal year.

(2) The annual report referred to in subsection (1) must include the following:

- (a) a description of the services and operations of KFN;
- (b) a progress report on any established financial objectives and performance measures of KFN; and
- (c) the audited annual financial statements of KFN for the previous fiscal year, including special purpose reports.

(3) The senior manager must provide the annual report referred to in subsection (1)

- (a) to a KFN member as soon as practicable after a request is made by the member;
- (b) to the FMB as soon as practicable after the report's publication, if KFN has a certificate issued by the FMB under section 50(3) of the Act; and
- (c) to the FNFA as soon as practicable after the report's publication, if KFN is a borrowing member.

(4) The Council must establish policies or procedures, or give directions respecting, an accessible process and remedy available to KFN members who have requested, but have not been provided with, the annual report of KFN.

DIVISION 8 - Information and Information Technology

Ownership of Records

75.(1) All records that are produced by or on behalf of KFN or kept, used or received by any person on behalf of KFN are the property of KFN.

(2) The Council must establish policies or procedures or give directions to ensure that the records referred to in subsection (1) remain the property of KFN.

Operations Manual

76.(1) The senior manager must prepare and maintain a current operations manual respecting every element of KFN's administrative systems, including any financial administration systems referred to in this Law.

(2) The operations manual under subsection (1) must be made available to Councillors, members of the FAC and all other Council committees and officers and employees of KFN subject to reasonable exceptions, as established in Council policies or procedures, for those parts of the manual that are appropriate for only limited distribution.

(3) If any part of the operations manual under subsection (1) is relevant to the services being provided by a contractor or agent of KFN, that part of the operations manual must be made available to the contractor or agent.

Record Keeping and Maintenance

77.(1) The senior manager must ensure that KFN prepares, maintains, stores and keeps secure all of KFN's records that are required under this Law or any other applicable law.

(2) KFN's records may not be destroyed or disposed of except as permitted by, and in accordance with, the policies, procedures or directions of the Council.

(3) All financial records of KFN must be stored for at least seven (7) years after they were created.

(4) The Council must establish policies and procedures or give directions respecting access of any persons to KFN's records.

Account Records

78.(1) The tax administrator must prepare, maintain, store and keep secure a complete set of all records respecting the local revenue system of KFN, including all records referred to in section 5 of the *Local Revenue Management Implementation Regulations*.

(2) If KFN has a loan from the FNFA that is secured by other revenues, the SFO must prepare, maintain, store and keep secure a complete set of all records respecting other revenues of KFN, including all records referred to in section 5 of the *Local Revenue Management Implementation Regulations* as amended by the *Financing Secured by Other Revenues Regulations*.

Confidentiality of Information

79.(1) No person may be given access to KFN's records containing confidential information except as permitted by, and in accordance with, the policies, procedures and directions of the Council.

(2) All persons who have access to KFN's records must comply with all policies, procedures or directions of the Council respecting the confidentiality, control, use, copying or release of that record or information contained in those records.

Information Technology

80. The Council must establish policies or procedures or give directions respecting information technology used by KFN in its operations to ensure the integrity of KFN's financial administration system and its database.

PART V - Capital Projects

Council General Duties

81. The Council must take reasonable steps to ensure that

- (a) KFN's tangible capital assets are maintained in a good and safe condition and to the same standard as a prudent owner of those assets;
- (b) the rehabilitation or replacement of KFN's tangible capital assets is in accordance with a life-cycle management program described in this Part; and
- (c) capital projects for the construction of buildings or other improvements are financed, planned and constructed in accordance with procedures and to standards that generally apply to the financing, planning and construction of public buildings and other improvements of organized communities in the region in which the majority of KFN's lands are located.

Tangible Capital Assets Reserve Fund

82. The Council must establish a tangible capital asset reserve fund for the purpose of funding expenditures for capital projects carried out under this Part.

Reports on Capital Projects

83. At each FAC meeting, the senior manager must report on the following subjects, as applicable:

- (a) year to date borrowings, loans and payments in respect of each capital project;
- (b) the status of a capital project, including
 - (i) a comparison of expenditures to date with the project budget,
 - (ii) a detailed description of any identified legal, financial, technical, scheduling or other problems, and
 - (iii) the manner in which a problem identified in subparagraph (ii) has been or will be addressed; and
- (c) steps taken to ensure compliance with section 86 for every capital project.

Life-cycle Management Program

84.(1) The senior manager must establish and keep current a register of all KFN's tangible capital assets that identifies each of these assets and includes the following information, as applicable:

- (a) location and purpose of the asset;
- (b) ownership and restrictions over ownership of the asset;
- (c) year of acquisition;
- (d) last inspection date of the asset;
- (e) expected life of the asset at the time of acquisition;

- (f) assessment of condition of the asset and its remaining useful life;
- (g) estimated residual value of the asset;
- (h) insurance coverage for the asset, and
- (i) any other information required by the Council.

(2) On or before November 30 of each year, the senior manager must arrange for the inspection and review of the state of each of KFN's tangible capital assets to establish or update information respecting the following matters:

- (a) its present use;
- (b) its condition and state of repair;
- (c) its suitability for its present use;
- (d) its estimated remaining life;
- (e) its estimated replacement cost;
- (f) estimated dates and costs of its required future rehabilitation;
- (g) a comparison of annual operating and maintenance costs, other than rehabilitation costs, for the last five (5) fiscal years;
- (h) maintenance records for all periods up to the date of inspection; and
- (i) property and liability insurance covering the capital asset and its use or operation.

(3) On or before December 31 of each year, the SFO must prepare the following:

- (a) a schedule of annual routine maintenance, other than rehabilitation, for each of KFN's tangible capital assets for the next fiscal year;
- (b) five (5), ten (10) and thirty (30) year forecasts of the estimated cost for rehabilitation or replacement of KFN's tangible capital assets;
- (c) the proposed budget for rehabilitation of KFN's tangible capital assets for the next fiscal year, setting out
 - (i) each proposed rehabilitation project and its schedule,
 - (ii) the estimated cost, including contingencies, of each proposed rehabilitation project, and
 - (iii) the estimated amounts and timing of money that is required to carry out each proposed rehabilitation project; and

- (d) the proposed budget for replacement of KFN's tangible capital assets for the next fiscal year setting out:
 - (i) each proposed replacement project and its schedule,
 - (ii) the description of each asset to be replaced, and
 - (iii) the estimated cost, including contingencies, of each proposed replacement project.

Review by Finance and Audit Committee

85.(1) On or before January 15 of each year, the FAC must review the information, schedules and budget prepared under section 84 for the following purposes:

- (a) to identify any means to reduce the costs of each rehabilitation or replacement project included in the proposed budgets;
- (b) to know the effect that each rehabilitation or replacement project included in the proposed budgets will have on the annual operating costs and routine maintenance costs in future years; and
- (c) to determine whether any significant savings might be effected by coordinating the scheduling of projects, deferring any projects or carrying out rehabilitation projects rather than replacement projects.

(2) On or before January 15 of each year, the FAC must review any plans for new construction of KFN's tangible capital assets, including the proposed schedule, budget and impact on annual operating costs and routine maintenance costs in future years.

Capital Projects – Contracts and Tenders

86.(1) The Council must establish policies or procedures or give directions respecting the management of capital projects, including the following:

- (a) project planning, design, engineering, safety and environmental requirements;
- (b) project costing, budgeting, financing and approval;
- (c) project and contractor bidding requirements;
- (d) tender, contract form and contract acceptance;
- (e) course of construction insurance;
- (f) project performance guarantees and bonding;
- (g) project control, including contract management; and
- (h) holdbacks, work approvals, payment and audit procedures.

(2) All KFN capital projects must be managed in accordance with the policies, procedures or directions referred to in subsection (1).

Capital Project Consultants

87. The senior manager may retain the services of a professional engineer or other consultant to assist the senior manager, FAC and Council to carry out their obligations under this Part.

PART VI - Miscellaneous

Compliance with FMB Standards

88. If KFN is a borrowing member or has a certificate issued by the FMB under section 50(3) of the Act, then

- (a) KFN must comply with all applicable FMB standards; and
- (b) if the Council becomes aware that KFN is not complying with an FMB standard, the Council must as soon as practicable take the required actions to bring KFN into compliance with the FMB standard.

Land Management Obligations

89. If KFN has a land code in force, then

- (a) KFN must comply with the *First Nations Land Management Act* and any land code made by KFN as required or permitted under that Act; and
- (b) the Council must establish and implement a policy that provides a method consistent with the requirements of the land code for being accountable to KFN members for the management of KFN's lands and for moneys earned from those lands to satisfy paragraph 6(1)(e) of the *First Nations Land Management Act*.

Reports of Breaches and Financial Irregularities, etc.

90.(1) Subject to subsections (2) and (3), if any person has reason to believe that

- (a) an expenditure, liability or other transaction of KFN is not authorized by or under this Law or another KFN law,
- (b) there has been a theft, misappropriation or other misuse or irregularity in the funds, accounts, assets, liabilities and financial obligations of KFN,
- (c) a provision of this Law has been contravened, or
- (d) a person has failed to comply with the COIP,

the person may disclose the circumstances to the chair or the senior manager.

(2) If a Councillor becomes aware of any circumstances described under subsection (1), the Councillor must report them to the chair or the senior manager.

(3) If an officer, employee, contractor or agent of KFN becomes aware of any circumstances described under subsection (1), the officer, employee, contractor or agent, as the case may be, must report them to the chair or the senior manager.

Inquiry into Report

91.(1) If a report is made to the senior manager under section 90, the senior manager must inquire into the circumstances reported and report the findings to the FAC as soon as practicable.

(2) If a report is made to the chair under section 90, the chair must inquire into the circumstances reported and report the findings to the FAC as soon as practicable.

(3) The FAC may make a further inquiry into any findings reported to it under this section but, in any event, must make a report to the Council respecting any circumstances reported to the FAC under this section, including the FAC's recommendations, if any.

Protection of Parties

92.(1) All reasonable steps must be taken by the senior manager, the members of the FAC and the Councillors to ensure that the identity of the person who makes a report under section 90 is kept confidential to the extent practicable in all the circumstances.

(2) A person who makes a report in good faith under section 90 must not be subjected to any form of reprisal by KFN or by a Councillor, officer, employee, contractor or agent of KFN as a result of making that report.

(3) The senior manager and the chair must take all necessary steps to ensure that subsection (2) is not contravened and must report any contravention or suspected contravention to the Council.

(4) If a person makes a report under section 90 that is frivolous or vexatious, KFN may use any legal means available to it to remedy the situation, including taking action in accordance with section 22 or 23.

(5) The Council must establish policies or procedures or give directions

(a) for the recording and safeguarding of reports made under section 90 and any records prepared during the inquiry or investigation into those reports;

(b) for the inquiry or investigation into reports made under section 90; and

(c) concerning the fair treatment of a person against whom a report has been made under section 90.

Liability for Improper Use of Money

93.(1) A Councillor who votes for a resolution authorizing an amount to be expended, invested or used contrary to this Law or KFN's local revenue law is personally liable to KFN for that amount.

(2) Subsection (1) does not apply if the Councillor relied on information provided by an officer or employee of KFN and the officer or employee was guilty of dishonesty, gross negligence or malicious or willful misconduct when providing the information.

(3) An amount owed to KFN under subsection (1) may be recovered for KFN by KFN, a KFN member or a person who holds a security under a borrowing made by KFN.

(4) It is a good defence to any action brought against an officer or employee of KFN for unauthorized expenditure, investment or use of KFN's financial assets if it is proved that the officer or employee gave a written and signed warning to the Council that in their opinion, the expenditure, investment or use would be unlawful.

Indemnification against Proceedings

94.(1) Subject to subsection (2), the Council may by resolution indemnify or provide for the indemnification of a named KFN official, a category of KFN official or all KFN officials in accordance with the terms specified in the resolution.

(2) The Council may not pay a fine that is imposed as a result of a KFN official's conviction for an offence unless the offence is a strict or absolute liability offence.

Periodic Review of Law

95. On or before May 31 of each year, the FAC must conduct a review of this Law

- (a) to determine if it facilitates effective and sound financial administration of KFN; and
- (b) to identify any amendments to this Law that may better serve this objective.

Provision of Law to FNFA

96. The Council must provide a copy of this Law to the FNFA as soon as practicable after the FMB approves the Law.

Coming into Force

97.(1) This section, and the operative portions of sections 1-8, 10, 18-20, 22-36, 38-42, 44, 46, 47, 52-55, 57, 59-61, 65-73, 78, 79, 88, 89, 93, subsection 75(1) and the Schedule, come into force on the day after this Law is approved by the FMB under section 9 of the Act.

(2) The remaining sections of this Law come into force on the earlier of:

(a) the date that is three (3) years after the date on which KFN becomes a borrowing member in accordance with the Act; and

(b) the date the Council brings them into force by resolution, which date must not be earlier than the date the provisions of this Law come into force under subsection (1).

THIS LAW IS HEREBY DULY ENACTED by the Council on the 3rd day of March, 2014, at Comox, in the Province of British Columbia at a duly called and conducted Council meeting at which the required quorum of three (3) members of Council was present throughout.



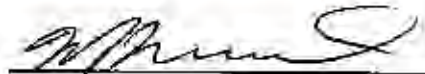
Chief Robert Everson



Councillor Barbara Mitchell



Councillor Kenneth Price



Councillor Melissa Quocksister

SCHEDULE – K'ómoks First Nation Conflict of Interest Policy

PART I - Interpretation

Interpretation

1.(1) In this Schedule, "this Law" means the Financial Administration Law to which this Schedule is attached and forms a part.

(2) Except as otherwise expressly provided in this Schedule, words and expressions used in this Schedule have the same meanings as in this Law.

(3) Sections 3 and 5 of this Law apply to this Schedule.

(4) If there is a conflict between a provision of this Schedule and this Law, the provision of this Law applies.

Definition of Conflict of Interest

2.(1) In this Schedule, an individual has a "conflict of interest" when the individual exercises a power, or performs a duty or function of their office or position, and at the same time knows or ought reasonably to have known that in the exercise of the power or performance of the duty or function there is an opportunity to benefit the individual's private interests.

(2) In this Schedule, an individual has an "apparent conflict of interest" if a reasonably well-informed person would perceive that the individual's ability to exercise a power or perform a duty or function of their office or position must be affected by the individual's private interests.

(3) In this Schedule, an individual's "private interests" means the individual's personal and business interests and include the personal and business interests of

(a) the individual's spouse;

(b) a person under the age of eighteen (18) years in respect of whom the individual or the individual's spouse is a parent or acting in a parental capacity;

(c) a person in respect of whom the individual or the individual's spouse is acting as guardian;

(d) a person, other than an employee, who is financially dependent upon the individual or the individual's spouse or on whom the individual is financially dependent, and

(e) an entity in which the individual or the individual in combination with any other person described in this subsection has a controlling interest.

(4) Despite subsections (1) and (2), an individual's private interests do not give rise to a conflict of interest if those interests

(a) are the same as those of a broad class of KFN members of which the individual is a member; or

- (b) are so remote or insignificant that they could not be reasonably regarded as likely to influence the individual in the exercise of a power or performance of a duty or function.

PART II - Councillors and Committee Members

Application

3. This Part applies to all Councillors of KFN and, where applicable, to all members of Council committees.

General Obligations

4.(1) Councillors must avoid circumstances that could result in the Councillor having a conflict of interest or an apparent conflict of interest.

(2) Councillors must avoid placing themselves in circumstances where their ability to exercise a power or perform a duty or function could be influenced by the interests of any person to whom they owe a private obligation or who expects to receive some benefit or preferential treatment from them.

Disclosure of Interests

5.(1) In paragraph (2)(c) "real property" includes an interest in a reserve held under

- (a) a certificate of possession under the *Indian Act*; or
- (b) KFN's traditional land holding system pursuant to a band council resolution.

(2) A Councillor must file a written disclosure of the following information with the senior manager:

- (a) the names of the Councillor's spouse and any persons or entities referred to in subsection 2(3);
- (b) the employer of the Councillor and the Councillor's spouse;
- (c) real property owned by the Councillor or the Councillor's spouse; and
- (d) business interests and material investments of the Councillor or the Councillor's spouse, including in an entity referred to in paragraph 2(3)(e).

(3) A Councillor must file a written disclosure under subsection (2) on the following occasions:

- (a) within thirty (30) days of being elected to the Council;
- (b) as soon as practical after a material change in the information previously disclosed; and
- (c) on April 15 of each year that the Councillor holds office.

(4) The senior manager must establish and maintain a register of all information disclosed by a Councillor under this section and section 6.

(5) On request of any person engaged in any aspect of the financial administration of KFN, the senior manager must permit that person to view the register referred to in subsection (4).

Gifts and Benefits

6.(1) A Councillor or a person referred to in paragraphs 2(3)(a) to (d) in relation to that Councillor must not accept a gift or benefit that might reasonably be seen to have been given to influence the Councillor in the exercise of the Councillor's powers or performance of the Councillor's duties or functions.

(2) Despite subsection (1), a gift or benefit may be accepted if the gift or benefit:

(a) would be considered within

- (i) normal protocol exchanges or social obligations associated with the Councillor's office,
- (ii) normal exchanges common to business relationships, or
- (iii) normal exchanges common at public cultural events of KFN,

(b) is of nominal value; or

(c) is given by a close friend or relative as an element of that relationship.

(3) Where a gift with a value greater than five hundred dollars (\$500) is given to a Councillor or a person referred to in subsection (1), the Councillor must make a written disclosure of the gift to the senior manager under section 5, and the gift must be treated as the property of KFN.

Confidential Information

7.(1) Councillors must keep confidential all information that the Councillors receive while performing their duties or functions unless the information is generally available

(a) to members of the public; or

(b) to KFN members.

(2) Councillors must only use confidential information referred to in subsection (1) for the specific purposes for which it was provided to the Councillors.

(3) Councillors must not make use of any information received in the course of exercising their powers or performing their duties or functions to benefit the Councillor's private interests or those of relatives, friends or associates.

Procedure for Addressing Conflict of Interest

8.(1) As soon as a Councillor becomes aware of circumstances in which the Councillor has a conflict of interest, the Councillor must disclose the circumstances of the conflict of interest at the next Council meeting.

(2) A Councillor must leave any part of a Council meeting where the circumstances in which the Councillor has a conflict of interest are being discussed or voted on.

(3) The minutes of a Council meeting must record the Councillor's disclosure under subsection (1) and note the Councillor's absence from the Council meeting when the circumstances in which the Councillor has a conflict of interest were being discussed or voted on.

(4) A Councillor must not take part in any discussions or vote on any decision respecting the circumstances in which the Councillor has a conflict of interest.

(5) A Councillor must not influence or attempt to influence in any way before, during or after a Council meeting any discussion or vote on any decision respecting the circumstances in which the Councillor has a conflict of interest.

Procedure for Undisclosed Conflict of Interest

9.(1) If a Councillor has reason to believe that another Councillor has a conflict of interest or an apparent conflict of interest in respect of a matter before the Council, the Councillor may request clarification of the circumstances at a Council meeting.

(2) If, as a result of a clarification discussion under subsection (1), a Councillor is alleged to have a conflict of interest or an apparent conflict of interest and the Councillor does not acknowledge the conflict of interest or apparent conflict of interest and take the actions required under section 8, the Council must determine whether the Councillor has a conflict of interest or an apparent conflict of interest before the Council considers the matter referred to in subsection (1).

(3) The minutes of the Council meeting must record any determination made by the Council under subsection (2).

(4) If the Council determines under subsection (2) that a Councillor has a conflict of interest or an apparent conflict of interest, the Councillor must comply with section 8.

Obligations of Committee Members

10.(1) This section applies to all members of Council committees.

(2) Sections 4 and 6 to 9 apply to a member of a Council committee and all references in those sections to

- (a) a Councillor are considered to be references to a member of a Council committee; and
- (b) a Council meeting are considered to be references to a committee meeting.

PART III - Officers and Employees

Application

11. This Part applies to all officers and employees of KFN.

General Obligations

12.(1) In the performance of their duties and functions, an officer or employee must act honestly and in good faith and in the best interests of KFN.

(2) An officer or employee must avoid circumstances that could result in the officer or employee having a conflict of interest or an apparent conflict of interest.

(3) An officer or employee must avoid placing themselves in circumstances where their ability to exercise a power or perform a duty or function of their office or position could be influenced by the interests of any person to whom they owe a private obligation or who expects to receive some benefit or preferential treatment from them.

(4) The senior manager must ensure that every officer and employee is informed of their obligations under this Part and must take steps to ensure that employees comply with these obligations.

Disclosure of Conflict of Interest

13. If an officer or employee believes they have a conflict of interest, the officer or employee must

(a) disclose the circumstances in writing as soon as practical to the senior manager or, in the case of the senior manager, to the chair; and

(b) refrain from participating in any discussions or decision-making respecting the circumstances of the conflict of interest until advised by the senior manager or the chair, as the case may be, on actions to be taken to avoid or mitigate the conflict of interest.

Gifts or Benefits

14.(1) An officer or employee, or a member of their family, must not accept a gift or benefit that might reasonably be seen to have been given to influence the officer or employee in the exercise of their powers or performance of their duties or functions.

(2) Despite subsection (1), a gift or benefit may be accepted if the gift or benefit

(a) would be considered within

(i) normal exchanges common to business relationships, or

(ii) normal exchanges common at public cultural events of KFN;

(b) is of nominal value; or

(c) is given by a close friend or relative as an element of that relationship.

Outside Employment and Business Interests

15.(1) If an officer or employee is permitted under their terms of employment to have outside employment or business interests, the officer or employee must disclose these employment or business interests in writing to the senior manager or, in the case of the senior manager, to the chair.

(2) An officer or employee must ensure that any permitted outside employment or business interests do not unduly interfere with the exercise of their powers or performance of their duties and functions and that these activities are conducted on their own time and with their own resources.

Confidential Information

16.(1) An officer or employee must keep confidential all information that the officer or employee receives while exercising their powers or performing their duties or functions unless the information is generally available

- (a) to members of the public; or
- (b) to KFN members.

(2) An officer or employee must only use any confidential information referred to in subsection (1) for the specific purposes for which it was provided to the officer or employee.

(3) An officer or employee must not make use of any information received in the course of exercising their powers or performing their duties or functions to benefit the officer or employee's private interests or those of relatives, friends or associates.

KFN Property and Services

17.(1) Officers and employees must not use any personal property or services of KFN for any purposes unrelated to performance of their duties or functions unless that use is otherwise acceptable under the policies or directions of the Council.

(2) Officers and employees must not acquire any personal property of KFN unless it is done in accordance with policies or directions of the Council.

PART IV - Contractors

Application

18.(1) This Part applies to all contractors of KFN, other than a person who has an employment contract with KFN.

(2) In this Part, a reference to a contractor includes a reference to each employee or agent of the contractor who is engaged to perform duties or functions under the contract with KFN.

Contractor Acting as Officer or Employee

19. If a contractor is retained to exercise the powers or perform the duties or functions of an officer or employee, the contractor must comply with Part III of this Schedule as if the contractor were an officer or employee of KFN.

General Obligations

20.(1) A contractor must act at all times with integrity and honesty.

(a) in its dealings with KFN; and

(b) in its dealing with any third party when the contractor is representing or acting on behalf of KFN.

(2) A contractor must not attempt to obtain preferential treatment from KFN by offering gifts or benefits that a Councillor, committee member, officer or employee is prohibited from accepting under this Schedule.

(3) A contractor must ensure that every employee or agent of the contractor who is engaged to perform duties or functions under the contract with KFN is informed of their obligations under this Part and must take steps to ensure that these employees or agents comply with these obligations.

Confidential Information

21.(1) A contractor must keep confidential all information that the contractor receives in the course of performing their duties or functions unless the information is generally available to members of the public.

(2) A contractor must only use any confidential information referred to in subsection (1) for the specific purposes for which it was provided to the contractor.

(3) A contractor must not make use of any information received in the course of performing its duties or functions to benefit the contractor's interests or those of the contractor's relatives, friends or associates.

Business Opportunities

22. A contractor must not take advantage of a business or investment opportunity being considered by KFN and which the contractor becomes aware of while performing services for KFN unless KFN has determined not to pursue the opportunity.

KFN Property and Services

23. If a contractor has been provided the use of any property or services of KFN in order to perform services for KFN, the contractor must not use the property or services for any purposes unrelated to performance of those services.