

Financial Management System Improvement Policy

Policy

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

Purpose

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

Scope

This policy applies to the Chief Financial Officer, Finance and Audit Committee, and the Financial Management System Assessment Ad Hoc Team.

Definitions

"Internal Assessment" is a review of an activity/process by an independent Nipissing First Nation staff member (i.e. an individual not responsible for or involved in the activity) to determine the effectiveness and sufficiency of controls related to the specific activity or process.

Responsibilities

Nipissing First Nation is a borrowing member, therefore, the Council is responsible for:

- a) ensuring that Nipissing First Nation takes measures as soon as practicable to rectify any gaps or areas of non-compliance between Nipissing First Nation's financial management systems and practices and the First Nations Financial Management Board Standards.

The Finance and Audit Committee is responsible for:

- a) Designating members of the Financial Management System Assessment Ad Hoc Team;
- b) Scheduling the dates for required meetings of the Financial Management System Assessment Ad Hoc Team;
- c) Reviewing reports from the Financial Management System Assessment Ad Hoc Team;
- d) Reporting to Council as soon as practicable any gaps or areas of non-compliance between Nipissing First Nation's financial management systems and practices and the First Nations Financial Management Board Standards and monitoring actions taken to bring Nipissing First Nation into compliance.

The Financial Management System Assessment Ad Hoc Team is responsible for:

- a) Planning, scheduling, and conducting internal assessments;

- b) Ensuring issues or concerns identified through the internal assessment process are resolved;
- c) Holding an annual meeting to review the financial management system for the previous fiscal year;
- d) If Nipissing First Nation is a borrowing member, performing self-assessments of Nipissing First Nation's financial management systems and practices against the First Nation Financial Management Board's Standards and monitoring to ensure that any gaps or areas of non-compliance are rectified as soon as possible;
- e) Reporting to council, the Finance and Audit Committee, and the internal/external auditors on the results of their reviews.

The Chief Financial Officer is responsible for:

- a) Ensuring issues and concerns regarding the financial management system are collected, tracked, managed, reported and resolved as required in this policy;
- b) Participating in the Financial Management System Assessment Ad Hoc Team.

Procedures

Financial Management System Assessment Ad Hoc Team

- The Financial Management System Assessment Ad Hoc Team ("the Assessment Ad Hoc Team") will be composed of the Chief Executive Officer, the Chief Financial Officer, the Finance Manager and other finance and operations staff designated by the Finance and Audit Committee including at least one (1) of the Council members who are appointed to the Finance and Audit Committee.
- The Assessment Ad Hoc Team will meet at least once annually.
- Annually on a date scheduled by the Finance and Audit Committee, the Assessment Ad Hoc Team will review the financial management system for the period of the previous four quarters and up to the date of the meeting.

The Assessment Ad Hoc Team agenda items will include, but are not limited to, the following:

- a) Review of the system's processes and procedures;
- b) Review of applicable laws for compliance;
- c) Review of external and internal assessment results;
- d) Review of identified process improvement opportunities including their resolution;
- e) Review of all committees' terms of reference;
- f) Review of Nipissing First Nation's corporate and personnel organization charts.

The Assessment Ad Hoc Team must prepare a report for distribution to the Finance and Audit Committee and internal/external auditors that includes the following:

- a) A statement of whether the financial management system has, during the review period, been operated in compliance with all applicable laws, policies, procedures and directions;

- b) Recommendations for any changes to those laws, policies, procedures and directions that, in the opinion of the Committee, would be beneficial to the financial management system.

Internal Assessments

At the beginning of each fiscal year, the Assessment Ad Hoc Team will prepare an assessment plan which identifies critical or significant activities which should undergo an internal assessment in the current year. The criteria for identifying these issues are as follows:

- a) Risk – likelihood and potential impact if the process/controls in a specific area are not functioning properly;
- b) Activities with previously identified problems – Any areas that have been identified in past internal assessments with recurring issues will be considered for review in the current year.

The assessment plan will contain a schedule and timeframe for completion of each internal assessment identified.

The assessment plan proposed by the Assessment Ad Hoc Team will be approved by the Finance and Audit Committee. Approval will be documented in the Finance and Audit Committee minutes.

The individual performing the internal assessment (“the Assessor”) will be independent of the operations or activities being assessed. This individual will be assigned by the Assessment Ad Hoc Team and can be a Nipissing First Nation staff member so long as the individual is independent of the operation or activity under review.

A documented report will be prepared by the Assessor for each internal assessment performed. The report will contain the Assessor’s findings and resolutions of any concerns identified in the findings.

Reports will be issued to the Chief Financial Officer, to individuals responsible for the area/activities assessed, the Assessment Ad Hoc Team and the Finance and Audit Committee.

Continual improvement process

The Chief Financial Officer will be responsible for ensuring that any concerns or issues regarding the financial management system of the First Nation and brought to his/her attention are tracked, managed, and resolved on an ongoing basis.

Based on the Chief Financial Officer’s analysis of the concern or issue, the following steps will be taken:

- a) For items that relate to improvements in efficiency and/or effectiveness, the Chief Financial Officer will consider the cost versus benefit of implementing the changes and act accordingly;
- b) For any other issues, such as minor instances of non-compliance with policy, the Chief Financial Officer will take the necessary steps to remediate and will report the findings and actions taken to the Chief Executive Officer;
- c) All items will be tracked and records maintained of all actions taken.

On a yearly basis, a report of the concerns or issues raised, actions taken, and any remaining potential process improvement opportunities will be submitted to the Assessment Ad Hoc Team.

Review of Financial Administration Law

Annually, the Finance and Audit Committee will review Nipissing First Nation's Financial Administration Law:

- To determine if it facilitates effective and sound financial administration of the First Nation, and
- To identify any amendments to this Law that may better serve this objective.
- The Finance and Audit Committee will report to the Council on the results of its review including any recommendations it makes for amendments to Nipissing First Nation's Financial Administration Law.

Membership information or involvement

In the event that recommendations from the Finance and Audit Committee require amendments to Nipissing First Nation's Financial Administration Law, Council will ensure that Nipissing First Nation members are provided the information or involved in consideration of any proposed amendments to the Law as required in Nipissing First Nation's Financial Administration Law.

Requirements Specific to Borrowing Members

The Assessment Ad Hoc Team will determine whether Nipissing First Nation is in compliance with the First Nations Financial Management Board Standards. This will be performed through a self-assessment that compares Nipissing First Nation's financial management systems and practices to the First Nations Financial Management Board's Standards.

The self-assessment should include the following:

- a) Identification of all significant activities and a schedule of critical dates for completion of these activities;
- b) Assignment of the responsibilities and authority for all significant activities;
- c) A description of all records to be maintained including records of response to any non-compliance.

Any gaps or areas of non-compliance between Nipissing First Nation's financial management systems and practices and the First Nations Financial Management Board Standards will be corrected as soon as possible.

The results of the self-assessment exercise and actions being taken to remediate the gaps or areas of non-compliance identified will be reported to the Finance and Audit Committee by the Chief Financial Officer.

In addition to the self-assessment process to be conducted by the Assessment Ad Hoc Team as set out in this policy, if the Chief Financial Officer becomes aware at any time of any circumstances that could be considered a gap or area of non-compliance between Nipissing First Nation's financial management systems and practices and the First Nations Financial Management Board Standards, the Chief Financial Officer will report these circumstances to the Finance and Audit Committee as soon as practicable along with the actions to be taken to remedy those circumstances.