



Lower Nicola Indian Band

May 2, 2017

RECRUITMENT OF FINANCE COMMITTEE MEMBERS

The Chief and Council of LNIB is looking to recruit two Lower Nicola Indian Band members to join the Finance Committee. Please see the following LNIB Policy, Purpose, Scope, Definitions, Responsibilities, Procedures, References and Terms of Reference the Finance Committee and its members are to abide by. Please make special attention to Appendix B – Financial Competency Guidelines. If you are interested in being appointed by Chief and Council as a member of the LNIB Finance Committee please forward your expression of interest along with a short biography of your financial experience and two references before May 15, 2017 to:

Barry Torgerson, CPA, CMA
Director of Finance
Lower Nicola Indian Band
barry@lnib.net

or a hardcopy to be left at the front desk of the LNIB Administration Office. If you have any question or require more information, please contact Barry Torgerson, CPA, CMA, at your convenience at 250 378 5157 extension 704.

Lower Nicola Indian Band

Finance Committee Policy

1. Policy

It is Council's policy and a requirement of the LNIB's Financial Administration Law to establish and maintain a Finance Committee ("the Committee") to assist Chief and Council in carrying its oversight responsibilities for financial reporting, internal control, and risk management processes.

Purpose

The purpose of this Policy is to set out the composition, responsibilities, and procedures in establishing and maintaining a Finance Committee.

2. Scope

This policy applies to Council, the Finance Committee, the Executive Director and the Director of Finance.

3. Definitions

"financial competency" is the ability to read and understand financial statements that present accounting issues reasonably expected to be raised by the LNIB's financial statements.

"terms of reference" is a documented statement of the mandate, objectives, purpose, scope, functions and rules under which the Committee is expected to operate.

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

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

"independence" – an individual has independence if the individual does not have a direct or indirect relationship with the LNIB government that could, in the opinion of council, reasonably interfere with the individual's exercise of independent judgment as a member of the Finance committee.

"internal control" is a process, effected by the LNIB's Council, Finance Committee, management and other personnel designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- effectiveness and efficiency of operations;

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

4. Responsibilities

(1) Subject to the LNIB's Financial Administration Law, the Council is responsible for:

- (a) assigning to the Finance Committee any responsibilities or functions in addition to those set out in the Law;
- (b) approval of the Terms of Reference for the Finance Committee;
- (c) determining the minimum qualifications and eligibility requirements of the Finance Committee members, chairpersons and vice-chairpersons;
- (d) the appointment of the Chairperson and the Vice-Chairperson of the Finance Committee and the filling of any vacancies in those offices;
- (e) evaluating the effectiveness of the Committee;
- (f) providing the Committee with the resources it might need to carry out its functions;
- (g) requiring the Council to consider any recommendations or advice provided by the Committee; and
- (h) Providing a non-councillor chairperson with the agendas of the Council meetings, any documents and information requested by the non-councillor chairperson respecting agenda items and permitting a non-councillor to attend and speak at Council meetings.

(2) The Executive Director is responsible for:

- (a) maintaining the current Finance Committee member list;
- (b) keeping the Chair of the Committee current in a timely fashion on major developments and provide the Committee with sufficient information on a timely basis to enable the Committee to discuss potential issues, make decisions, and fulfill its mandate;
- (c) assisting the chair of the Committee in planning and making necessary arrangements for setting agendas, giving required meeting notices and holding meetings;
- (d) attending each Committee meeting, unless excused by the chair for a reasonable reason or excluded from attendance by vote of the Committee as provided in the LNIB's Financial Administration Law.

(3) The Director of Finance is responsible for:

- (a) attending each Committee meeting, unless excused by the chair for a reasonable reason or excluded from attendance by vote of the Committee as provided in the LNIB's Financial Administration Law;
- (b) providing technical and professional support to the Committee as requested or as required in the LNIB's Financial Administration Law.

(4) The Finance Committee Chairperson is responsible for:

- (a) facilitating the Committee's interaction with Senior Management;
- (b) chairing the Committee meetings and ensuring they are conducted in an efficient and effective manner;

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- (c) planning the Committee's activities to ensure that the Committee is successful in fulfilling its mandate and addressing its functions, duties and responsibilities;
- (d) preparing the Committee's agendas;
- (e) ensuring and that minutes are recorded at each duly called meeting;
- (f) recruiting qualified Committee member candidates and recommending them to Council;
- (g) evaluating committee members and their contributions;
- (h) reporting to Council on behalf of the Committee.

(5) Committee Members are responsible for:

- (a) preparing for meetings by reading reports and background materials prepared for each meeting and acquiring adequate information necessary for decision making;
- (b) actively participating in the Committee's deliberations;
- (c) attending all scheduled Committee meetings subject to reasonable exceptions acceptable to the Chairperson;
- (d) becoming knowledgeable of the Committee functions and statutory responsibilities under the LNIB's Financial Administration Law;
- (e) maintaining direct, open and frank communications with management, the Committee, the Auditor and other advisors as appropriate;
- (f) ensuring that they have financial competency;
- (g) ensuring that they maintain their independence as required in the LNIB's Financial Administration Law;
- (h) avoiding conflicts of interests and complying with conflict of interest policies and procedures established by Council or under LNIB laws;
- (i) reviewing and making recommendations to the Council on the terms of reference of the Committee.

5. Procedures

Appointment and Removal of Members

- (1) Subject to the LNIB's Financial Administration Law, the Council of LNIB will appoint the Chairperson and Vice-Chairperson of the Finance Committee by a majority vote.
- (2) Subject to the LNIB's Financial Administration Law, the Committee will have a minimum of three (3) members (including the Chairperson) at least two (2) of whom must be Councillors of the LNIB.
- (3) The Council, upon recommendation of the Chairperson, will appoint the members of the Committee, a majority of whom must have financial competency and all of whom must have independence.

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- (4) A Committee member may be removed from office by majority vote of Council in the circumstances permitted in the LNIB's Financial Administration Law.

Term Requirements

- (1) Subject to the LNIB's Financial Administration Law, when making appointments to the Committee, Council will endeavor to ensure that no more than half of the members' terms will expire in any one fiscal year.
- (2) The Executive Director will maintain a register of Finance Committee members which will, for each member, include the date of appointment or re-appointment, the term of the membership, and the term end date and which will track independence and financial competency issues for each member.
- (3) Upon any changes in the Committee membership, the Executive Director will report to Council on the term end dates for each member of the Committee.
- (4) The term of a Committee member will be as established in the LNIB's Financial Administration Law.

Committee Administration and Reporting

- (1) Subject to the LNIB's Financial Administration Law, the quorum necessary for the transaction of business at Committee meetings will be a majority of the members of the Committee.
- (2) Subject to the LNIB's Financial Administration Law, the Finance Committee will meet at least once in each quarter in the same fiscal year and otherwise as necessary but in any event as soon as practical following receipt of the audited annual financial statements and report of the auditor.
- (3) Any member of the Committee may call meetings of the Committee.
- (4) Chief and Councillors of the Lower Nicola Indian Band may attend meetings of the Committee provided, however, that no Councillor is entitled to vote at such meeting and is not counted as part of quorum for the Committee if he or she is not a member of the Committee.
- (5) The external auditor may attend and be heard at meetings of the Committee.
- (6) The Committee will maintain written records of attendance at its meetings of Committee members and of any ex-officio member such as the Executive Director, and the Director of Finance.
- (7) The Committee will provide minutes of its meetings to the Council and the Chairperson will provide reports to Council as appropriate on the substance of meetings at the next Council meeting following a Committee meeting.

6. References and Related Authorities

- (a) FMB's Financial Management System Standards
 - (a) Standard 11.2 – LNIB Committees – Finance Committees
- (2) FMB's Financial Administration Law Standards
 - (a) Standard 10.1 – Finance Committee – Constitution

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- (b) Standard 10.2 – Finance Committee – Terms of Office
- (c) Standard 10.3 – Finance Committee – Committee Officers
- (d) Standard 10.4 – Finance Committee – Committee Procedures
- (e) Standard 10.5 – Finance Committee – Committee Functions
- (f) Standard 19.2. - Auditor

7. Attachments

Appendix A – Finance Committee Terms of Reference

Appendix B – Finance Competency Guidelines

Appendix A – Sample Finance Committee Terms of Reference

Sample Finance Committee Terms of Reference

Composition:	The Finance Committee is comprised of no fewer than three members, and at least two of the members must be Councillors. Council will appoint Committee members, including a chairperson and a vice-chairperson one of whom must also be a member of Council. Each Committee member will perform their role in an objective, fair, and impartial manner. The majority of the Committee members must have financial competency and all of the members must have independence.
Quorum:	Quorum necessary for the transaction of business at Committee meetings will be majority of the voting members of the Committee.
Voting Rules:	Unless a Committee member is not permitted to participate in and vote on a motion because of a conflict of interest, every member has one vote in all Committee decisions. In the event of a tie vote, the chairperson may cast a second tie-breaking vote.
Committee Term:	Standing committee established by <i>LNIB Financial Administration Law</i> .
Member Term:	Not less than two complete fiscal years with right to be reappointed for [two] additional terms. When possible, Committee members who are not members of Council will be appointed in opposing years of Council elections, and Councillors will be appointed to the Committee in the same year as Council elections.
Chairperson:	Appointed by Council. Either the Chairperson or the Vice-Chairperson must be a Councillor.
Vice-chairperson	Appointed by Council. Either the Chairperson or the Vice-Chairperson must be a Councillor.
Mandate:	The Finance Committee is responsible to review and make recommendations to Chief and Council on the financial administration matters of the Nation. The Finance Committee will assist the Council in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the process for monitoring compliance with laws and regulations and the code of conduct.
Meetings:	The Committee will meet not less than quarterly and immediately following completion of the annual audit, with the chairperson having authority to convene additional meetings as circumstances require.

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All Committee members are expected to attend each meeting, in person or via tele/video-conference. The Committee will invite members of the management, auditors, or others to attend meetings as necessary.

The Executive Director and Director of Finance must be notified of all meetings and must attend those meetings, subject to reasonable exceptions.

The auditor of the LNIB must receive notices of all meetings and may attend and be heard at such meetings.

Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared. The Chairperson will report key decisions and areas of discussion or concern to Council at the next Council meeting immediately following each Finance Committee meeting or in writing if the information needs attention in a timely manner.

The Executive Director or Director of Finance may be excluded from all or any part of a Committee meeting at the discretion of the Committee - decided by a recorded vote.

Responsibilities:

Financial and Accounting

- a) Review monthly financial information of the LNIB;
- b) Subject to the LNIB's Financial Administration Law, draft or review draft annual budgets and multi-year financial plans and recommend them to Council for approval;
- c) Monitor the financial performance of the LNIB against the budget and report any significant variations to Council;
- d) Review the quarterly and annual financial statements and recommend them to Council for approval;
- e) Make any other recommendations to Council on any matter respecting the financial administration of the LNIB;
- f) Review managements approach for safeguarding the LNIB's assets and information systems, the adequacy of staffing of key financial functions and their plan for improvements;
- g) Review with management and the external auditors emerging accounting issues and their potential impact on the LNIB's financial reporting;
- h) Review with management the LNIB's financial policies and compliance with such policies.

Audit

- a) Make recommendations to Council on the selection, engagement and performance of an auditor;

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- b) Receive assurances on the independence of a proposed or appointed auditor;
- c) Review and make recommendations to Council to approve the annual audit plan of the external auditors, including the scope of the audit to be performed and the estimated audit fees to Council;
- d) Review, and make recommendations to Council respecting the audited annual financial statements, including the audited local revenue account financial statements and any special purpose reports;
- e) Review post audit or management letters containing recommendations of the external auditors and management's response;
- f) Recommend to Council pre-approval of all audit, audit-related and non-audit services to be provided to the Nation by the external auditor;
- g) Periodically review, and make recommendations to Council respecting policies, procedures and directions on reimbursable expenses and perquisites of Councillors, officers and employees;
- h) Monitor financial reporting risks and fraud risks and the effectiveness of internal control designed to mitigate those risks taking into consideration the cost of implementing any change to internal control;
- i) Review the LNIB's *Financial Administration Law* and recommend amendments to Council;
- j) Review, and make recommendations to Council on, the terms of reference of the Finance Committee.

Risk Management

- a) Review reports on the insurance coverage of the Nation and make recommendations respecting appropriate coverage;
- b) Review requests for non-budgeted funding requests to the LNIB's business enterprises and make recommendations to Council.

Other

- a) Review expenses of Councillors and Senior Management and assess the LNIB's policies with respect to expense reimbursement or allowances;
- b) Review and recommend the approval of any compensation disclosures to be included in the LNIB's annual reporting;
- c) Evaluate at least annually, the adequacy of these terms of reference.

Authority

- a) The Committee is empowered to make such inquiry and investigation and require such information and explanation from management as it considers reasonably necessary and to require management to promptly inform the

Committee of any material misstatement in the financial statements following discovery of such situation;

- b) After consultation with the Executive Director, the Committee may retain a consultant to assist in the performance of any of its responsibilities.

Appendix B – Financial Competency Guidelines

Some criteria for Chief and Council and the Finance Committee Chairperson to consider in determining whether or not a Finance Committee member is financially competent include:

- The ability to read, understand and analyze the financial statements and the notes to the financial statements;
- The ability to understand accounting policies, including any estimates used or judgments applied by management in the application of the LNIB's accounting policies, when these are explained by the LNIB's Director of Finance and the auditor;
- An understanding of the LNIB's objectives and operations that may impact the selection or application of accounting policies;
- A knowledge and understanding of the strategies that have been adopted by the LNIB and the risks inherent in any new strategies; and
- An ability to understand the LNIB's risk environment.