

INTRODUCTION, OVERVIEW & ACKNOWLEDGMENTS



**FIRST NATIONS FINANCIAL
CODE TOOLBOX**

**ABORIGINAL FINANCIAL
OFFICERS ASSOCIATION OF BC
FINANCIAL MANAGEMENT AND
ACCOUNTABILITY PROJECT**

FEBRUARY 2004

ALL RIGHTS RESERVED

The Aboriginal Financial Officers Association of BC is a non-profit organization. We rely upon sales of this toolbox and other publications to meet our expenses and to enable us to continue to serve our members by researching topics of interest and importance and to publish our works. We encourage persons who have purchased this toolbox to use it within their organization to full advantage and to encourage other persons or groups who may benefit from the toolbox to purchase a copy from us.

No part of this toolbox may be reproduced in any form by any photographic, electronic, mechanical or other means or used in any information storage and retrieval system, with the written permission of the author.

WORKBOOK CHAPTERS

- 1. First Nations Governance Concepts**
- 2. Financial Management By-Law**
- 3. Financial Management and Human Resource Manuals**
- 4. Strategic Planning**
- 5. Capacity Building**

INTRODUCTION

The Aboriginal Financial Officers Association of BC (AFOABC) received financial support from Indian and Northern Affairs Canada (INAC) to undertake a Financial Management and Accountability Project beginning in January 2003. This funding was a result of INAC perceiving the need for First Nation communities to understand and prepare for the implementation of the proposed First Nations Governance Act (Bill C-7)

AFOABC made it clear from the outset that they are a non-political organization and remain neutral regarding Bill C-7. However, board members agreed that this work, regardless of the outcome of Bill C-7, is needed in our communities to provide sound financial practices for all aspects of economic and social development. With this understanding AFOABC accepted the challenge this project presented.

The project has progressed well and benefited from AFOABC members' support and guidance. A Financial Management and Accountability Project Committee (FMAPC) was organized for project work. The following is a project overview and summary of activity.

PROJECT OVERVIEW

The project proposal outlined three main components. In the first meeting of the committee these components were reviewed in the context of purpose and scope. Committee teams were organized and plans developed for project completion.

1. Assessment and Development of Financial Codes

During the first FMAPC meeting a serious discussion occurred about the definition of the term "Financial Code." Most accountants would understand codes to have reference to a chart of financial accounts. However, committee members agreed to a definition of Financial Codes as being a set of principles that:

- (a) Respects the culture, traditions and history of a First Nation;
- (b) Protects, maintains and increases the resources of a First Nation through effective planning and control;
- (c) Defines and implements the "Best Practices" for the preparation and communication of quality reporting; and
- (d) Provides high standards and ethical leadership for the equal and confidential treatment for all.

This definition provided the foundation for the project and will guide activity in the development of codes and application to First Nations communities.

2. Tailoring Financial Codes to meet Community Needs

The next challenge for the FMAPC members was to give meaning to financial codes and provide practical application for First Nations financial management practices. As noted in Bill C-7 draft

guidelines, these codes would need to include elements such as the preparation and presentation to members of an annual budget, expenditure and budget control, internal financial control, rules on loans to members, rules on remuneration of members of council, debt and deficit management procedures, and an amending procedure.

To assist First Nations in the development of financial codes the project committee developed the Financial Code Toolbox concept. Key elements of financial management systems and controls are found within this toolbox. They include:

- (a) First Nations Governance Concepts;
- (b) Financial Management Bylaw;
- (c) Policy and Procedures Manual ;
- (d) Strategic Planning Process; and
- (e) Capacity Building.

Teams were organized around each of these toolbox components and were given the task of researching current and relevant documents or manuals pertaining to each item. At the March 13-14, 2003 committee meeting these items were reviewed and discussed with a view to inclusion in the toolbox. Each team was given the task of condensing information into a sample toolbox document for consideration by First Nations representatives.

The FMAP completed a draft document that was made available at the April 9-11 AFOABC Conference in Penticton. First Nation feedback was requested to be sent to the project committee by May 15, 2003. A final review and completion of the toolbox occurred on June 20, 2003 and then moved to the community workshop stage. A workshop format was developed around each of the toolbox components and plans were made to present the information in key sites throughout B.C. in the fall of 2003.

3. Building First Nations Capacity to Communicate Financial Information

The Financial Code Toolbox was presented in Nanaimo, Surrey, Kelowna and Prince George. These one-and-a-half day training seminars were designed to provide general information about the toolbox and to obtain feedback on the concept. The seminars were facilitated by an AFOABC board member and the General Manager.

Chapter summaries were provided for participants and an in-depth review of the material and discussion took place. At the conclusion of each seminar participants completed an evaluation of the information received from the seminar and the concept of the toolbox application.

The evaluations gathered from participants were then utilized on the final editing of the overall document. Community input, including selected First Nations and professional accounting organizations, ensured that consultation on this project was adhered and greatly improved the practical value and relevance of the document.

ACKNOWLEDGMENTS

The Aboriginal Financial Officers Association of BC would like to thank the committee members who have provided direction and input to the planning and development of this toolkit. The committee members were:

Lynn Anderson, Finance Officer, Lake Babine First Nation
Chris Bolton, General Manager, Hartley Bay First Nation
Rhonda DesRosiers, Finance Clerk, AFOABC
Clay Harmon, Financial Officer, Penticton First Nation
Myrna Jacobson, Finance Officer, Old Massett First Nation
Carol Kelly, Accounting Supervisor, Seabird Island First Nation
Chad Mason, Band Manager, Gitwangak Band Council
Mike Mearns, General Manager, AFOABC
Trevor Morrison, Finance Administrator, Gitksan Watershed Authorities
Jay Norton, DeGruchy, Norton and Company
Margaret White, Financial Officer, Snuneymeux First Nation
Sharlene Wilson, Finance Officer, Nil/Tu Child and Family Services
Sue Wood, Financial Officer, Skidegate First Nation

The AFOABC would like to thank the members of the Technical Advisory Group that provided technical input of these documents, in particular Ron Epp, CA - KPMG and Bruce Hurst, CGA - Reid*Hurst*Nagy

The AFOABC would also like to thank the following organizations for the use of their material that was incorporated into this toolkit:

Aboriginal Financial Officers of Canada – www.foa.ca
Aboriginal Financial Officers of Saskatchewan – www.foa.ca/chapters/sask.htm
Jim Pealow, Association Management, Consulting and Evaluation Services
DeGruchy, Norton and Company
Indian Taxation Advisory Board – www.itab.ca
Institute on Governance – www.iog.ca
John. R. Lojek, B.Comm., LLB of Calgary, AB

Final thanks to all the community members who participated in the community workshops and gave feedback on this toolbox. Through community involvement, the Financial Management and Accountability Project committee were able to complete the First Nations Financial Code Toolbox.

DISCLAIMER

The authors of this toolbox have assumed that the Aboriginal Financial Officers who consult this toolbox will exercise their professional judgement respecting the correctness and applicability of the material. The material contained in this toolbox should be used only as an initial reference point. Relying upon this toolbox to exclusion of other resources is imprudent. This toolbox should be used only as a secondary reference. For definitive answers, Aboriginal Financial Officers should refer to applicable statutes, regulations, case law and professional legal and accounting advisors.

The Aboriginal Financial Officers Association of BC and each of the authors of the sections and articles of this toolbox accept no responsibility for any errors or omissions and expressly disclaim and such responsibility.