



March 24, 2023

Chief Wilbert Marshall, Chair

The special meeting of the AFNWA Board will be held on Wednesday March 29, 2023, at 9:30 AM via Zoom.

## AGENDA

### In Camera Reports

1C Approval of Minutes of the In-Camera Meeting held on March 1<sup>st</sup>, 2023.

2C Business Arising from Minutes

3C SCADA Architecture

**Motion:** That the AFNWA Board approve the recommendation as outlined in the confidential report dated March 24, 2023,

4C Contract Amendments – report to follow

**Motion:** That the AFNWA Board approve the recommendation as outlined in the confidential report dated March 24, 2023,

5C NSERC Alliance Grant

**Motion:** That the AFNWA Board approve the recommendation as outlined in the confidential report dated March 24, 2023,

### Regular Reports

1. a) Ratification of In-Camera Motions  
b) Approval of the Order of Business and Approval of Additions and Deletions

2. Approval of Minutes of the Special Meeting held on March 1<sup>st</sup>, 2023.

3. Business Arising from Minutes

(a) Transition Implementation Plan (TIP) Update

4. Corporate Balance Scorecard - deferred to next meeting due to time constraints

**Motion:** That the AFNWA Board approve the Corporate Balance Scorecard in its substantive form attached.

5. Individual Wells & Septic Systems

**Motion:** That the AFNWA Board approve the individual Wells and Septic systems report in its substantive form attached.

6. Harassment Policy - deferred to next meeting due to time constraints

**Motion:** That the AFNWA Board approve the Harassment Policy in its substantive form attached

7. Amendments to Financial Policy

**Motion:** That the AFNWA Board approve the Financial Policy in its substantive form attached

**Information Reports**

1-I Transition Implementation Plan (TIP) Update -deferred to next meeting due to time constraints

---

James MacKinnon  
Board Secretary



**Atlantic First Nations Water Authority  
MINUTES**

**01 March 2023**

**PRESENT:**

Chief Wilbert Marshall, Chair  
Chief Ross Perley, Vice Chair  
Chief Andrea Paul, Director  
Chief Darlene Bernard, Director  
Chief Terry Paul, Director  
Chief Leroy Denny, Director  
Regional Chief Paul Prosper, Director  
Regional Chief Joanna Bernard  
Todd Hoskin, Director  
Chief Aaron Sock, Director  
Methilda Knockwood-Snache, Chair of Elders  
Advisory Lodge

**REGRETS:**

Shelley Denny, Director

**STAFF:**

Carl Yates, interim CEO  
James MacKinnon, interim COO / Board Secretary  
Chantal LeBlanc, Manager of Corporate Services/ CFO  
John Lam, Manager of Engineering  
James Trimble, Manager of Operations  
Rayleen MacDonald, Administrative Assistant/ Recording  
Secretary

**TABLE OF CONTENTS**

CALL TO ORDER .....	3
1.a) RATIFICATION OF IN-CAMERA MOTIONS.....	3
1.b) APPROVAL OF THE ORDER OF BUSINESS AND APPROVAL OF ADDITIONS AND DELETIONS .....	3
2. APPROVAL OF MINUTES – 25 JANUARY 2023.....	3
3. BUSINESS ARISING FROM MINUTES.....	3
4. ANNUAL GENERAL MEETING RESOLUTION .....	3
5. NEXT MEETING DATE.....	4

**CALL TO ORDER**

Carl Yates, upon direction from the Chair, called the regular meeting to order at 9:35 AM via the Zoom virtual platform. The Board moved In Camera at 9:37 AM and the regular meeting reconvened at 10:30 AM

**1.a) RATIFICATION OF IN-CAMERA MOTIONS**

**MOVED BY Chief Terry Paul , SECONDED BY Chief Darlene Bernard that the AFNWA Board ratify the In-Camera Motions from the March 1 , 2023 meeting.**

**MOTION PUT AND PASSED.**

**1.b) APPROVAL OF THE ORDER OF BUSINESS AND APPROVAL OF ADDITIONS AND DELETIONS**

**MOVED BY Chief Terry Paul, SECONDED BY Regional Chief Joanna Bernard that the AFNWA Board approve the Order of Business and the Agenda as presented.**

**MOTION PUT AND PASSED**

**2. APPROVAL OF MINUTES – 25 January 2023**

**MOVED BY Todd Hoskin , SECONDED BY Chief Aaron Sock that the AFNWA Board approve the 25 January Board Meeting Minutes.**

**MOTION PUT AND PASSED.**

**3. BUSINESS ARISING FROM MINUTES**

N/A at this meeting

**4. ANNUAL GENERAL MEETING RESOLUTION**

When the AFNWA was first incorporated in 2018, Atlantic Policy Congress of First Nations Chiefs Secretariate (APC) was appointed as the AFNWA's sole member. The AFNWA maintained APC's sole membership arrangement during the transition to full operations as communities were still considering membership. As such, Director's

Resolutions have been used in lieu of an Annual General Meeting (AGA).

AFNWA's requirement for an AGA under the Canada Not-for-profit Corporations Act can be satisfied with a Director's Resolution that confirms the following:

- Registered Office and Directors
- Officers
- By-Laws
- Issuance of Memberships
- Banking
- Fiscal Year End
- Financial Statements
- Appointment of Signing Officers
- Adoption of Forms for Corporate Records and Debt Obligation Certificates
- Location of Registered Officer and Mailing Address
- Permits and Licenses
- First Members Meeting
- Counterparts

A Director's resolution has been prepared for the Board's consideration in lieu of a formal annual general meeting. With community members joining the AFNWA in the near future, the annual general meeting will be held this fall and every year subsequently.

**MOVED BY Chief Andrea Paul, SECONDED BY Chief Aaron Sock that the AFNWA Board approve third quarter results, in its substantive form attached and acknowledge the report on investment status and strategy.**

**MOTION PUT AND PASSED.**

**5. NEXT MEETING DATE**

The next regular Board meeting will take place on March 29<sup>th</sup> , 2023 via Zoom.

The meeting was adjourned at 10:40AM

---

*James MacKinnon*  
*Board Secretary*

---

*Chief Wilbert Marshall*  
*Chair*

**TO:** Chief Wilbert Marshall, Chair, and Members of the AFNWA Board

**SUBMITTED BY:** Original Signed by  
John Lam. P.Eng., Manager of Engineering

**APPROVED BY:** Original Signed by  
Carl Yates , M.A.Sc. , P.Eng, interim Chief Executive Officer

**DATE:** March 24, 2023

**SUBJECT:** **INDIVIDUAL WELLS and SEPTIC SYSTEMS**

---

**INFORMATION REPORT**

**ORIGIN**

Information report presented at Board meeting of November 6, 2020. Board report approved at Board meeting of July 27, 2022 with approval of for AFNWA to support maintenance activities of individual wells and septic on the main reserves of Atlantic First Nations communities, and only recover costs associated with third party charges. Funding Agreement with Indigenous Services Canada approved by Board at meeting of September 7, 2022. Board report presented at Board meeting of September 29, 2022 which gave approval to amend the Business Plan to reflect July 27, 2022 approval.

**RECOMMENDATION**

*It is recommended that AFNWA, in the interim, coordinate maintenance activities on individual wells and septic systems within the main Reserve lands and provide professional advice on individual wells and septic systems within the Atlantic Region, of member First Nations communities. In addition, AFNWA is directed to subsidize third party costs for individual wells and septic systems, to a maximum of \$250,000.00 per year in total for all participating communities, and distributed based on number of individual wells and septic systems in the participating communities.*

## **BACKGROUND**

As noted in the report to the Board on November 6, 2020 (attached for reference), Indigenous Services Canada [ISC] does not fund the costs for capital upgrades, operations and maintenance of individual wells and septic systems in accordance with federal policy. Funding is limited to centralized systems and cluster systems that serve five or more households. Also, capital costs to build individual systems are covered through Band Housing and Infrastructure budgets at the time of house construction.

The condition of individual wells and septic systems are not always up to acceptable standards, largely due to the lack of funding for operations and maintenance, and capital upgrades.

AFNWA currently does not have funding (within the approved operations and capital budgets) for the operation and maintenance, and capital upgrades of individual wells and septic systems. This work, if provided by AFNWA, would be an unfunded mandate.

In recognition that there is no central database of wells and septic systems, AFNWA is currently undertaking a survey of individual wells and septic systems in communities that previously participated in the Asset Management Plan project. Funding for the database project was obtained from the First Nations and Inuit Health Branch of ISC.

Prior to joining the AFNWA, many community members would contact the community operators to address issues or maintenance work required for individual wells and septic systems, for example, when a septic tank pump-out is needed.

## **DISCUSSION**

In recognition of the importance of this issue, extensive discussions were held with the Board, community staff and operators. While there is desire for AFNWA to expand the scope of services to include individual wells and septic systems in participating communities, funding has not been provided by ISC for this purpose. In the Board meeting on July 27, 2022, the Board approved two recommendations:

*1. It is recommended that AFNWA, in the interim, support maintenance activities on individual wells and septic systems within the main Reserve lands and provide professional advice on individual wells and septic systems within the Atlantic*

*Region, of member First Nations communities and only recover costs associated with third parties from these communities.*

*2. It is recommended that staff develop a strategy for sustainability of individual wells and septic systems including request funding from the federal government for public health and environmental stewardship outcomes.*

Three options were presented to the Board meeting on July 27, 2022, for individual wells and septic systems on main Reserve lands, as follows:

1. AFNWA support maintenance activities on individual wells and septic systems and recover costs on a fee for service basis from individual First Nations communities.
2. AFNWA support maintenance activities on individual wells and septic systems and only recover costs associated with third parties from First Nations communities, e.g., septic tank pump outs or well pump repairs.
3. AFNWA support maintenance activities on individual wells and septic systems at AFNWA expense including third party costs.

As noted above, the Board settled on an expanded version of Option 2 which would entail staff costs to coordinate activities without incurring cost for third parties. The July 27/22 Board report also noted that AFNWA should not be covering operational costs such as electricity, treatment chemicals, or capital costs to drill wells or upgrade failing septic systems.

With the recent onboarding of member communities, we have been asked to reconsider covering direct costs for maintenance activities. Recognizing this is an unfunded mandate for AFNWA, staff reviewed the financial position of the utility and believe we can subsidize some third party costs without undue hardship. Although there are no guarantees of what funding will be available for wells and septic systems in the future, AFNWA will be in a position to renegotiate funding when the next Ten Year Business Plan is developed in four years' time.

With the recent review of the AFNWA financial position, staff recommend that AFNWA coordinate services as outlined in Option 2 and provide direct funding for individual wells and septic systems to a maximum of \$250,000.00 per year in total for all participating communities, and distributed based on number of individual wells and septic systems in the participating communities.

**FINANCIAL and BUDGET IMPLICATIONS**

Funds for the subsidization of maintenance activities will be taken from the Operations budgets included in the Ten Year Business Plan approved by the Board on February 10, 2022.

**ALTERNATIVES**

Alternatives for involvement in the operations and maintenance of individual wells and septic systems were noted in the report to the Board meeting of July 27, 2022 and in the Discussion section of this report. The Board could direct staff to increase or decrease the amount of subsidy provided on an annual basis.

**ATTACHMENT**

Board report dated July 27, 2022

Report Prepared by: original signed by  
John Lam , P.Eng, Manager of Engineering, 902-830-9646

Financial Reviewed by: original signed by  
Chantal Leblanc, CPA, CMA, MBA, CFO, 902-877-3813

Report Approved by: original signed by  
Carl Yates , M.A.Sc. , P.Eng, interim CEO, 782-414-6628

**TO:** Chief Wilbert Marshall, Chair, and Members of the AFNWA Board

**SUBMITTED BY:** Original Signed by  
Carl Yates, M.A.Sc., P.Eng., interim Chief Executive Officer

**DATE:** 22 July 2022

**SUBJECT:** **INDIVIDUAL WELLS and SEPTIC SYSTEMS**

---

### **ORIGIN**

Information report presented at Board meeting of November 6, 2020

### **RECOMMENDATION**

It is recommended that AFNWA , in the interim, support maintenance activities on individual wells and septic systems within the main Reserve lands and provide professional advice on individual wells and septic systems within the Atlantic Region ,of member First Nations communities and only recover costs associated with third parties from these communities .

It is recommended that staff develop a strategy for sustainability of individual wells and septic systems including request for funding from the federal government for public health and environmental stewardship outcomes.

### **BACKGROUND**

Through engagement of communities who are interested in participating as members of AFNWA, the responsibility for individual wells and septic systems often comes up as a topic of discussion. As noted in the report presented to the Board on November 6, 2020 [attached for reference] costs for the capital upgrades, operation and maintenance are not covered by ISC in accordance with federal policy. ISC funds centralized systems and cluster systems that serve five or more households which were accounted for when AFNWA developed its budgets for the Ten Year Business Plan. It is understood that the capital costs to build individual systems are covered through Band Housing and Infrastructure budgets at the time of house construction.

## DISCUSSION

As discussed in the Business Plan and referenced in the previous Board report, AFNWA acknowledged that some communities have Operators involved with maintenance of individual wells and septic systems in recognition of their skills and abilities. Although these activities are not funded directly by ISC, it is our understanding that communities absorbed these costs in their overall operations and maintenance budgets. As a follow up with Ken Moulton of Neqotkuk [Tobique] to get an understanding of typical costs, he provided the following information:

*TFN currently spend approximately \$113,500 annually on privately owned wells and septic systems (88).*

*On average we vacuum them 2 times a year 88 units X 2 X \$375 = \$66,000.00 plus the time of the operators.*

*88 wells on average we place 5 tanks and pressure switches per year . 5X\$1500= \$7500.00.*

*150 operator hours 150x \$25.00 = \$3,750.00*

*\$66,000.00 septic*

*\$7,500.00 wells*

*\$3,750.00 OH*

*\$1,250.00 fuel*

*Tot. \$ 78,500.00*

We have also done a few total replacements of systems around \$35,000.00 per year. So, in general we spend \$78,500 + \$35,000 = **\$113,500.00 per year**. These are the funds that we have been fighting for with ISC and were hoping they would be covered in the new budgets created by the AFNWA.

In conformance with national policy, ISC would not entertain costs for individual wells and septic systems within AFNWA operating and capital budgets. As a result, and in recognition that AFNWA could be drawn into these activities, it was contemplated that AFNWA could provide support on a fee for service basis with costs recovered from the Band.

As a result of funding inadequacies for individual wells and septic systems, AFNWA will continue to seek redress through ISC on behalf of the communities it will serve. To get a better understanding of the extent and costs associated with individual systems, AFNWA has commissioned a study to develop a database of individual wells and septic systems within communities exploring membership in

AFNWA. Funds for the study were provided by the First Nations and Inuit Health Branch [FNIHB] of ISC. FNIHB has an active role in providing technical support and water sampling and testing of individual wells.

The database which will be georeferenced is expected to be completed this fall. Once complete, AFNWA will have direct dialogue with ISC on alternatives and options to make the case that these systems should be funded for public health and environmental outcomes.

Notwithstanding the concept described above, it is apparent that many communities do not differentiate responsibilities between central or individual systems. As a result, this could be an impediment for some communities to join AFNWA. As a result, staff are seeking direction from the Board in advance of community onboarding with an anticipated transfer date of December 1, 2022 for early adopter communities. There are several options for the Board's consideration for work associated with individual systems on Reserve lands, including:

1. AFNWA support maintenance activities on individual wells and septic systems and recover costs on a fee for service basis from individual First Nations communities.
2. AFNWA support maintenance activities on individual wells and septic systems and only recover costs associated with third parties from First Nations communities, e.g., septic tank pump outs or well pump repairs.
3. AFNWA support maintenance activities on individual wells and septic systems at AFNWA expense including third party costs.

In the above scenarios it should be noted that staff does not recommend covering operations costs such as electricity or treatment chemicals or capital costs to drill wells or upgrade failing septic systems. These would continue to fall under the responsibility of individual First Nation communities. It is also recommended that AFNWA would only get involved in maintenance activities for individual wells that are associated with the main Reserve lands of individual communities. Operation and maintenance costs for communities that only have individual wells and septic systems and no central systems would remain under the responsibility of First Nations Bands. On balance, staff recommend Option 2 which entails AFNWA involvement in maintenance of individual wells and septic systems, excluding third party costs which would remain with the Band office.

Once the database for individual wells and septic systems is created staff will develop a strategy to approach ISC for funding programs for adequate public health and environmental outcomes.

### **BUDGET IMPLICATIONS**

The inclusion of Options 2 or 3 will incur costs for AFNWA and represent an unfunded mandate at this time. It is estimated that involvement with Option 2 could incur costs of \$250,000 to \$500,000 and Option 3 could see costs in the order of \$750,000 to \$1,000,000 on an annual basis. If ISC does not contribute funds for these activities, AFNWA could incur losses which would accumulate over time. Should the First Nations Financial Management Board serve as the economic oversight agency for AFNWA, it is likely that this activity would be documented with direction to AFNWA to mitigate financial losses.

### **ALTERNATIVES**

Alternatives for involvement in maintenance of individual wells and septic systems are noted in the Discussion section of the report.

### **ATTACHMENT**

Staff report presented to Board on November 6, 2020

Report Prepared by:	original signed by _____ Carl Yates , M.A.Sc. , P.Eng, interim CEO, 902-603-0312
Financial Reviewed by:	original signed by _____ Chantal Leblanc, CPA, CMA, MBA, CFO, 902-603-0312



**TO:** Chief Wilbert Marshall, Chair, and Members of the Board

**SUBMITTED BY:** original signed by  
Carl Yates, M.A.Sc., P.Eng., interim CEO

**DATE:** September 25, 2020

**SUBJECT:** Private Wells and Septic Systems

---

## **INFORMATION REPORT**

### **ORIGIN**

Staff discussions with ISC managers and First Nations community operators

### **BACKGROUND**

In recent discussion with Indigenous Services Canada [ISC] managers, they confirmed that the Government of Canada [GoC] has not funded the capital or operating costs associated with individual wells and septic systems. During our recent visits to First Nations communities' operators revealed that their responsibilities include maintenance of individual wells and septic systems as part of their day to day activities.

### **DISCUSSION**

Like many other municipalities in Atlantic Canada, homes in First Nations communities are serviced through a combination of centralized systems, decentralized, cluster and individual household systems. In terms of the mandate of AFNWA, the utility is focused on centralized and cluster systems as they are funded by GoC as stipulated in federal policy. In the case of individual wells and septic systems, the local Band is still responsible for their upkeep and as a result, the water and wastewater operations staff are often relied on to troubleshoot problems. This is not unexpected, given the current situation but is problematic for the AFNWA, from a cost and liability perspective. From a cost perspective, ISC has confirmed that they do not fund capital and operational activities related to individual household wells and septic systems, consistent with national policy. As such, costs for these activities get absorbed through the Band public works budget and are not directly linked to water and wastewater

operations. In some First Nation communities [e.g. Indian Island, NB], the community is only served by individual wells and septic systems. In other communities, Abegweit First Nation for example, a portion of the community is serviced by a cluster septic system and due to its size would be eligible for funding from ISC. ISC has confirmed that they provide capital and operational funding for cluster systems that serve 5 or more households. These situations present unique challenges to AFNWA as only a portion of the water and wastewater servicing is funded directly by ISC.

From a liability perspective, involvement in service activities outside the AFNWA core mandate can expose the utility to litigation and invalidate any coverage offered by corporate insurance policies. Insurance companies only defend claims that relate to the insurance policy.

In light of the range of service approaches to First Nation communities, the AFNWA has two realistic options to consider. These include:

- Maintain responsibility for only central and decentralized [cluster] systems, with funding from the federal government, consistent with national policy.
- Maintain responsibility for central and decentralized [cluster] systems with federal funding support and engage in activities associated with individual well and septic systems on a fee for service basis with the Band Council.

It should be noted that municipalities in Atlantic Canada do not take any responsibility for individual wells and septic systems and all costs for this service delivery approach rests with homeowners. In that regard, servicing of individual wells and septic systems may best fit under the Housing portfolio of the Band Council mandate. Notwithstanding these nuances, if the AFNWA gets involved with the maintenance of individual wells and septic systems, a clear policy will have to be developed for a consistent approach including rates for service and standard operating procedures. Insurance coverage would also have to be obtained for this activity to minimize liability.

### **BUDGET and FINANCIAL IMPLICATIONS**

As funding for individual wells and septic systems are not covered by federal policy, costs for activities related to these systems would have to be recovered on a fee for service basis.

Report Prepared by: original signed by \_\_\_\_\_  
Carl Yates, interim CEO

Financial Reviewed by: original signed by \_\_\_\_\_  
James MacKinnon, interim COO



**ITEM # 7**  
**AFNWA Board**  
**March 29, 2023**

**TO:** Chief Wilbert Marshall, Chair, and Members of the AFNWA Board

**SUBMITTED BY:** Original Signed by  
Chantal LeBlanc, CPA, CMA, MBA, Chief Financial Officer

**APPROVED BY:** Original Signed by  
James MacKinnon, MPA, interim Chief Operating Officer

**DATE:** March 24, 2023

**SUBJECT:** **AMENDMENTS TO FINANCIAL POLICY**

---

### **ORIGIN**

Approval of the Financial Policy at the Board meeting held July 29, 2020, revised October 7, 2021 and July 27, 2022.

### **RECOMMENDATION**

It is recommended that the Board approve the recommended amendments to the Financial Policy, in their substantive form attached, effective April 1, 2023.

### **BACKGROUND**

The Financial Policy was developed to facilitate the transition of AFNWA to an operational Utility. As AFNWA onboards communities and begins larger capital projects, it is now necessary to reconsider the existing limits associated with Financial Authority.

### **DISCUSSION**

A summary of the material changes that require Board Approval are as follows:

- Request to increase the CEO's approval limit to \$250,000 for projects that were identified and approved within the Annual Budget. Note: Any

- expenditures that exceed budget by 10% but not less than \$50,000 requires Board Approval.
- Request to amend signing authority as follows:
    - o Up to \$100,000, any 2 managers,
    - o \$100,000-\$250,000, any 2 of CEO, CFO, COO or Board Executive,
    - o Over \$250,000, at least one signature CEO, COO or CFO, and a second signature from Board Executive.
  - Request to increase the CEO's approval limit of sole source purchasing or contracting from \$50,000 to \$100,000.

We note that the Financial Policy is subject to further amendment in the near future to accommodate submission deadlines with FNFMB, in their capacity as Economic Oversight Agency. Annual budget submission for FMB would be required by November 30<sup>th</sup> according to the draft Practice Directives, meaning that the budget deadline for Board Approval would be advanced to the November Board meeting. The January 2024 Board meeting would include an update on application progress with FMB, and the final report for acceptance of the ANFWA budget from FMB would be available for the March 2024 Board meeting. With the Board's support, we also request your approval to amend the budget deadlines within the Financial Policy.

### **BUDGET IMPLICATIONS**

All budget implications discussed above.

### **ALTERNATIVES**

Maintain the existing limits which is not recommended by Staff given the volume of requests anticipated for this fiscal year, and the existing approval of the overall Capital and Operating budgets.

### **ATTACHMENT**

Draft Financial Policy, revised March 24, 2023.

Report Prepared by: original signed by  
Chantal Leblanc , CFO, 902-877-3813

Report Approved by: original signed by  
James MacKinnon, interim COO, 902-401-3092



# **Financial Policy and Procedures Manual**

**DRAFT for AFNWA Board Approval  
March 24, 2023**

## **MISSION STATEMENT**

**To provide safe, clean water and wastewater  
in all participating First Nations communities in Atlantic Canada,  
delivered by a regional water authority owned and operated by First Nations.**

## **AMENDMENTS**

*These guidelines may be amended from time to time as required by the AFNWA management and the Audit & Finance Committee to evaluate the need for additional changes as issues arise or circumstances suggest better practices. Any proposed changes must be presented to the Audit & Finance Committee for approval. The policy is then sent to the AFNWA Board for final approval.*



## 1.0 Financial Management Policy

### 1.1 Objectives

- (a) The Atlantic First Nations Water Authority (AFNWA) was incorporated on July 18, 2018 as a non-profit organization under the Canada Not-for-profit Corporations Act.
- (b) The AFNWA shall pursue its objectives, as described in the Corporate By-laws and within the AFNWA funding agreements.
- (c) All Financial Records and financial and management control shall be established and maintained in such a manner as to provide reasonable assurance that:
  - Assets are safeguarded, accounted for and controlled;
  - The transactions of the AFNWA are in accordance with the bylaws; and,
  - The financial, human and physical resources of the AFNWA are managed economically and efficiently, and the operations of the AFNWA are carried out effectively.
- (d) The AFNWA financial policy provides the framework within which the AFNWA's financial guidelines and procedures are established. The policies set out the parameters within which business transactions in the AFNWA are made.

### 1.2 Roles and Responsibilities

- (a) The AFNWA Board, in its responsibility for the delivery of the utility's mandate, is accountable for all of the AFNWA financial obligations.
- (b) The Audit and Finance Committee shall be accountable to the AFNWA on all financial matters to ensure that activities carried out are consistent with the financial and accounting policies, authorities and guidelines as established by the AFNWA Board. (see Annex A)
- (c) The Treasurer of the AFNWA shall carry out the duties as outlined in the AFNWA Bylaws and Terms of Reference. The Chief Executive Officer shall be responsible for the day-to-day implementation of the AFNWA Finance Policy and shall be an Ex-Officio member of the Audit and Finance Committee.
- (d) The Manager of Corporate Services shall be an Ex-Officio member of the Audit and Finance Committee. The Manager of Corporate Services shall be responsible and accountable to the CEO for ensuring that activities carried out are consistent with the financial and accounting policies, authorities, guidelines, practices and procedures as established by the Audit and Finance Committee.
- (e) Annual budgets submitted to the AFNWA Board shall be reviewed by the Manager of Corporate Services and the CEO and approved by the Audit and Finance Committee before submission.

### 1.3 Legal and Financial Framework

- (a) The Legal and Financial Framework shall comprise the financial structure of AFNWA, its legal authorities as provided by law, and financial authorities.
- (b) The financial activities of the AFNWA shall be grouped into operations and capital accounts based on generally accepted accounting principles and utility best practices, and in accordance with Canadian Not for Profit Accounting Standards.
- (c) Legal Authorities shall primarily comprise the Canada Not-for-Profit Corporations Act, articles of incorporation and Bylaws.
- (d) The financial authorities shall comprise the Canada Not-for-Profit Corporations Act and the approved AFNWA annual budget and business plans.

### 1.4 Managerial Authorities

- (a) The Financial Policy and Procedures Manual provide the framework within which the AFNWA financial guidelines and processes are established. The policy sets out the parameters within which business transactions in the AFNWA are made.
- (b) Cheque signing, banking and document resolutions shall represent those authorities delegated by the AFNWA Board to Officers and Employees of the AFNWA to carry out and execute business transactions.
- (c) The Financial Procedures that follow shall set out the various guidelines and processes in the area of financial management and administration and shall be consistent with financial policy and directives.

### 1.5 Financial Year

The AFNWA fiscal year-end shall be the 12 months ending March 31st.

### 1.6 Business Plans and Budgets

- (a) The AFNWA shall prepare business plans and budgets in accordance with the framework established.
- (b) The AFNWA shall prepare annually the following documents on a corporate-wide basis:
  - AFNWA Business Plan,
  - Operating Budget; and,
  - Capital Budget
- (c) All business plans and budgets shall display activities in accordance with the AFNWA Legal and Financial Framework.
- (d) The AFNWA shall establish and maintain a process to ensure that business plans and budgets are:
  - Prepared in accordance with the AFNWA planning and resource allocation process;

- Consistent with the AFNWA governance manual and Bylaws;
- Consistent with the AFNWA classification of accounts;
- Consistent with financial policy and procedures manual
- Prepared on the basis of approved performance standards;
- Based on plausible assumptions;
- Internally consistent;
- Prepared in accordance with generally accepted accounting principles; and,
- Clearly assigned for preparation and approval.

## 1.7 Budget Administration

- (a) No commitment shall be made until annual budgets are approved by the AFNWA Board.
- (b) The Manager of Corporate Services shall maintain records to ensure that approved budget limits are not exceeded without a documented explanation and approval.
- (c) The Manager of each Department shall review actual expenditures against budget and shall analyze variances and the CEO shall take appropriate remedial action, where required.

## 1.8 Classification of Transactions

The Manager of Corporate Services shall identify transactions to facilitate the display of aggregate financial data:

- On the basis of the AFNWA financial responsibility codes or cost centers; and,
- According to the AFNWA accounting structure classification of accounts.

## 1.9 Banking and Cash Management

- (a) The AFNWA Board, based on a recommendation from the Audit and Finance Committee, shall determine the specific provisions respecting the AFNWA banking arrangements.
- (b) The Audit and Finance Committee shall assess the cost and quality of its banking services relative to other banks, periodically at the Committee's discretion.
- (c) The CEO and the Manager of Corporate Services shall manage its cash economically and efficiently and shall seek to maximize the return on its temporary surplus funds.

## 1.10 Signing Authorities

- (a) The financial authorities assigned to the AFNWA Officers are approved by the AFNWA Board.
- (b) The Manager of Corporate Services shall maintain a list of Signing Authorities on behalf of the CEO, as approved by the Audit and Finance Committee, on behalf of the AFNWA Board.
- (c) Signing authorities shall be exercised only:
  - Within the area of delegated authority;
  - In accordance with the AFNWA financial policies and guidelines; and,

- To the extent that budget funds are available.
- (d) Financial obligations on behalf of the AFNWA shall not be entered into unless there is authority to do so.
- (e) Proposed commitments shall not be purposely parceled or divided in order that the authorized level of consideration is not exceeded.
- (f) Financial Signing Authorities shall be delegated in such a way as to ensure an appropriate division of responsibility in the disbursement process.

### 1.11 Execution of Instrument

- (a) The AFNWA Board may establish alternative signing authorities, if necessary, for corporate documents provided it is authorized by resolution as stipulated in the governance manual or Bylaws.
- (b) The seal of AFNWA, where required to be applied to any instrument in writing, shall be affixed by or on behalf of AFNWA, as contained in the Bylaws.

### 1.12 Financial Management Control Systems

The financial information systems of AFNWA shall support financial reporting requirements and will include controls to ensure that the information is complete, accurate, and properly authorized.

### 1.13 General Accounting Policies

- (a) For the purposes of its annual audited financial statements (year end March 31st), AFNWA shall establish accounting policies consistent with Generally Accepted Accounting Principles (GAAP) for control of revenues and expenses.
- (b) The AFNWA shall follow GAAP or, in certain cases, accounting policies appropriate to the AFNWA activities and in accordance with the Canadian Not for Profit Accounting Standards.
- (c) The external auditors shall be confirmed by the Audit and Finance Committee, on the behalf of the AFNWA Board, annually at the time of approval of the audited financial statements. The Audit and Finance Committee will also provide an adequate venue for dealing with auditing issues as reported through the annual audit exercise.

### 1.14 Accounting and Control of Expenditures

- (a) AFNWA shall establish and maintain adequate controls to ensure that expenditures are made in settlement of authorized commitments.
- (b) AFNWA shall establish and maintain a system of recording expenditures in a timely and accurate fashion.
- (c) In accounting for expenditures, AFNWA shall ensure that rules are established to ensure full disclosure.

### 1.15 Accounting and Control of Revenues and Accounts Receivables

- (a) AFNWA shall establish and maintain adequate controls to ensure that the revenue due to the AFNWA is recorded and collected on a timely basis.
- (b) AFNWA shall establish and maintain controls to ensure that no amounts receivable are removed from the records without the appropriate authority.
- (c) A reconciliation which compares Funding Agreements, Grants and all other funding sources to revenue received or receivable is to be provided as part of the quarterly reports.

### 1.16 Asset Administration and Insurance Policies

The CEO or delegate shall be responsible to maintain an updated list of ‘portable’ assets such as laptops, cell phones and ensure that these assets are returned, in good working condition, prior to an employee leaving AFNWA.

The CEO shall ensure AFNWA purchases adequate insurance coverage/policies for all its officers and assets and such policies are to be reviewed annually, prior to renewal.

#### 1.16.1 Capitalization

AFNWA shall treat as capital assets any assets for which the AFNWA has title with an expected useful life beyond one (1) year; together with any expenditure relating to the alteration, modernization of such asset which appreciably prolongs that item’s period of usefulness, increases its value, or improves its utility to the AFNWA. A capital asset, to be classified as such, must meet the following criteria:

- A useful life in excess of one (1) year, AND
- A per item cost in excess of \$5,000.

#### 1.16.2 Leases

The classification and accounting for leases shall reflect the economic substance of the lease transaction, in accordance with General Accepted Accounting Principles (GAAP):

- A lease that transfers substantially all of the benefits and risks of ownership of the leased property to AFNWA shall be accounted for as a capital lease; and,
- A lease where the benefits and risks of ownership of the leased property are substantially retained by the Leaser shall be accounted for as an operating lease.

#### 1.16.3 Amortization of Capital Assets

AFNWA shall provide for amortization as follows:

- All assets shall be depreciated in accordance with Canadian Not for Profit standards.
- All assets directly associated with water and wastewater infrastructure to be depreciated in accordance with the Asset Management Framework, as amended from time to time.

#### 1.16.4 Write-offs

Where assets become obsolete or worthless, or are lost to AFNWA, they shall be written-off in accordance with approved processes and authorities.

#### 1.16.5 Disposal

AFNWA shall dispose of assets, in accordance with AFNWA Procurement Policy, as amended from time to time.

#### 1.16.6 Accountability

The security and safekeeping of AFNWA assets, utilized in carrying out the business operations of AFNWA, is the responsibility of the Employee so charged, for those particular assets. Each Employee is fully accountable to secure against risk or damage to those assets under his/her control.

### 1.17 Internal Management Reports

- (a) The Manager of Corporate Services shall maintain internal management reporting systems that provide Management with the financial reports that are relevant, simple, timely, accurate, current and consistent.
- (b) AFNWA internal reports shall provide AFNWA Management with a full range of information to provide a basis for decision making in respect to promote business-like operations and productivity.
- (c) Internal financial reports will show expenses compared to budgets in order to provide management with information which will assist in the assessment of performance standards and the attainment of goals.

### 1.18 External Financial Reporting

- (a) External financial reporting is prepared by AFNWA in a format that shall portray its financial activities in a clear and comprehensive manner consistent with funding agreement requirements.
- (b) The principal external reports are the annual financial statements and summaries.
- (c) In its annual report, AFNWA shall acknowledge its responsibility for establishing and maintaining a system of records, internal controls and management practices to provide assurance that reliable financial information is produced and that assets are safeguarded and controlled.
- (d) The Audit and Finance Committee shall recommend to the AFNWA Board the appointment of the external auditor in conjunction with the approval of the annual financial statements.
- (e) The Audit and Finance Committee shall oversee the Audit process:
  - Communicate and meet with the external auditor;
  - Assess the AFNWA accounting policies and ensure that the policies are consistent in letter and spirit;

- Review the financial statements and submit a report that will assist the AFNWA in the approval of the financial statements; and
- The Manager of Corporate Services will present the financial statements at the Annual General Meeting.

## 1.19 External Performance Reporting

AFNWA shall incorporate key financial indicators of performance and report these in its Annual Report.

## 2.0 Instrument of Financial Signing Authorities Policies

### 2.1 Objectives

- (a) To prescribe policies and guidelines governing the exercise of Financial Signing Authority by the AFNWA Board and Employees.
- (b) To set out the authorities and processes underlying the delegation, approval, recommendation and control of activities involved in the exercising of Financial Signing Authorities.

### 2.2 Policies

- (a) The AFNWA Board shall formally identify all positions to which delegations of authority are made and the limitations imposed on the exercise of these for all financial activities of AFNWA.
- (b) There shall be three levels of Financial Signing Authority: approval, authorization, and recommendation authority.
- (c) The Audit and Finance Committee shall recommend the authorities to the AFNWA Board.
- (d) The Manager of Corporate Services shall maintain the delegation of authority, on behalf of the CEO.
- (e) Authorities approved by the AFNWA Board shall not be re-delegated. If re-delegation is required, new signing authorities shall be put in place.
- (f) Designated AFNWA employees shall discharge all assigned functions in accordance with the financial authorities formally assigned to them as reflected in the documents for signing authority.
- (g) The authorities delegated by the AFNWA shall only be exercised in accordance with the following principles:
  - Within the area of responsibility of the delegated position;
  - Within the AFNWA financial policies and guidelines; and,
  - To the extent that budget funds are available.

- (h) Financial obligations on behalf of AFNWA that extend beyond a 12-month period or that represent a material future commitment (IE: greater than \$50,000 in most cases) shall not be entered into unless the authority to do so is expressly approved by the CEO.
- (i) Proposed commitments shall not be purposely parceled or divided in order that the authorized level of consideration is not exceeded.

### 2.3 Amendments and Signing Authority

- (a) Amendments to Signing Authorities shall be made by a motion of the Audit and Finance Committee.
- (b) The Signing Authority Card is required to validate Financial Signing Authorities to incumbents of all positions to which Financial Signing Authorities have been delegated, as documented by the validation of signing authority. This document is acquired from AFNWA's Banking Institution.
- (c) The Manager of Corporate Services, or other such delegate from the Finance Office, shall verify adequacy of Spending Authority and authenticate signatures prior to recommending for Payment Authority.

### 2.4 Acting Grants of Financial Signing Authority

Acting Grants of Financial Signing Authority shall be made in the following special circumstances only such as absences due to illness, travel or vacation. Acting Grants must be initialized in writing and contain an expiry date. Acting Grants must be copied to the Finance Office.

Finance Office to provide all documents signed using an Acting Grant to the regular Signing Authorities for review upon return.

### 2.5 Restrictions on Financial Signing

- (a) No person shall be permitted to exercise the authority granted to a position on an acting basis, unless designated to act by virtue of an Acting Grant of Financial Signing Authority.
- (b) Signing Authority can be revoked at any time, upon written direction from the CEO to the Finance Office.
- (c) No AFNWA Employee or Board member shall exercise any element of Financial Signing Authority in connection with any payment from which they can personally benefit or in respect of which he is in conflict of interest. AFNWA has established a Code of Conduct and Conflict of Interest Policy for its employees and Board members, copies of this policy are available from the Manager of Corporate Services. All Employees and Board members shall agree to abide by this policy.

### 2.6 Internal Control

- (a) Financial Signing Authorities shall be delegated in accordance with an appropriate division of duties and responsibilities commensurate with good internal financial control.
- (b) Spending Authority and Payment Authority shall not be exercised by the same person in respect of a particular payment.

- (c) The Commitment stage of spending authority is the stage at which authority to incur financial obligations on behalf of AFNWA is exercised. In exercising this authority, the CEO shall ensure that commitments are made only within approved budget and for amounts earmarked.
- (d) The Approval for Payment stage of spending authority which entails approving the charge for payment once the initial commitment has been made and the goods received or services performed, shall only be exercised upon establishing that the transaction represents a valid and proper claim on AFNWA funds, and the claim is in accordance with the terms and conditions of the contract and the funding agreement (where applicable).
- (e) Payment Authority is the authority to requisition payments after reviewing their legality and exercising all appropriate financial controls. Responsibility for the adherence and the enforcement of the financial controls rests with the Manager of Corporate Services, but primary responsibility for the verification of individual accounts rests with those who are delegated Spending Authority.
- (f) Payment Authority shall be delegated to the Finance Office.

## 2.7 Authorities

- (a) The AFNWA Board approves the Signing Authorities and Amendments, as recommended by the Audit and Finance Committee.
- (b) The Manager of Corporate Services:
  - Distributes copies of the approved amendments and validations of Delegation to the impacted parties or other designated staff.
  - Updates the signing authorities for all approved amendments and additions.
  - Obtains all necessary documentation to coordinate with all relevant Financial Institutions for the addition or deletion of Signing Authorities.
  - Maintains, and regularly reviews, list of all Signing Authorities with all relevant financial institutions.



## 3.0 Financial Authorization Policy

### 3.1 Objectives

- (a) To set out objectives, policies, authorities and processes for ensuring systematic, efficient, timely and quality provision of Financial Authorization to documents prior to submission to the AFNWA Board.
- (b) To provide policies for assessing documents requiring Financial Authorization to ensure conformity with AFNWA approved legal and financial framework, Financial Management Policies, Instrument of Delegation of Financial Signing Policies, and General Accounting Policies and Authorities.

### 3.2 Policies

- (a) The following represent the general criteria which apply to all documents subject to review for Financial Authorization:
  - Adherence to AFNWA Bylaws and Corporate Governance Manual;
  - Conformity with the Legal and Financial Framework;
  - Conformity with established corporate financial policy;
  - Adherence to generally accepted accounting principles as applicable; and,
  - Adherence to principles of sound financial management.
- (b) Financial Authorization shall principally relate to the accuracy and completeness of financial management information.
- (c) The following are submissions that require Financial Authorization:
  - Commitments or initiatives that exceed incumbent financial authorities as contained in the Instrument of Financial Signing Authorities;
  - Changes to Compensation Policy
  - Changes to Human Resources policies;
  - Business Plans;
  - Capital expenditure proposals greater than \$250,000 if the item was identified and approved within the Annual Capital Budget;
  - Any expenditure or financial commitment greater than \$100,000 if the item was not previously identified in the Annual Capital or Operating Budget;
  - Changes to AFNWA Travel Expense Policy and Rates;
  - Changes to risk management policies; and
  - Borrowing initiatives.
- (d) The required contents of “Budget and Financial Implications” section or module regarding submissions are as follows:
  - Financial information and data provisions;
  - Documentation/calculations to support financial information and data;
  - Consideration of adherence to funding or regulatory constraints of a financial nature;
  - The adequacy of authorized budgets, including staff requirements; and
  - Forecast of future financial commitments implied by proposals of an ongoing nature.

- (e) Documents submitted for Financial Authorization shall be reviewed using the following specific criteria in addition to the general criteria in order to ensure consistency throughout AFNWA:
- Adherence to the financial planning and budgeting process;
  - Adequacy of authorized budgets; and
  - Full exploration of cash flow implications related to new activities.
- (f) All Submissions shall include a section entitled “Budget and Financial Implications”.
- (g) The Manager of Corporate Services shall review and approve them for adherence to required contents of the “Budget and Financial Implications” section or module.
- (h) Where the Manager of Corporate Services determines that there are no financial or budgetary implications requiring Financial Authorization, a statement to that effect shall be included in the “Budget and Financial Implications” section or module of the submission.
- (i) Financial Authorization shall be provided by the AFNWA Board, following review by the CEO for all AFNWA Contracts over \$250,000.00.
- (j) Submissions requesting additional resources greater than 10% of the approved budget subcategory (For clarity, subcategory refers to; one of the twelve (12) subcategories of the Operations budget, or individual capital projects in the Capital budget), and not less than \$50,000, shall be submitted to the AFNWA Board for approval.
- (k) For those submissions involving policy changes, the Financial Authorization provided by the CEO shall relate to the accuracy and completeness of the presentation and to any financial impact, current or foreseen, as contained in the submission as a whole.

## 4.0 General Accounting Policies & Authorities

### 4.1 Objective

- (a) To prescribe the accounting policy covering AFNWA financial accounting activities.
- (b) To prescribe policies and guidelines for the delegation and approval of cheque signing authorities. To set out the cheque signing authorities and processes in accordance with an appropriate division of duties and responsibilities commensurate with good internal financial control.

### 4.2 Financial Signing

- (a) The Financial Signing Authorities, as assigned by the AFNWA Board to the CEO, are delegated as documented in the Instrument of Delegation of Financial Signing Authorities.
- (b) Financial Signing Authorities shall be delegated in such a way as to ensure an appropriate segregation of responsibilities in the disbursements and collection of AFNWA funds.
- (c) Cheque/Payment signing authorities assigned to Employees of the AFNWA shall not exceed their Financial Signing Authorities.
- (d) For any payments or banking documents under \$250,000, any two of the following shall have authority to sign for AFNWA:

- Chief Executive Officer;
  - Manager of Corporate Services;
  - Manager of Engineering;
  - Manager of Operations;
  - Chief Operating Officer
  - Board Executive members.
- (e) Payments and banking (borrowing) documents over \$250,000 and any other legal documents, such as contracts, shall be executed by one Board Executive member (Chair or Vice-Chair) and either the Chief Executive Officer, Chief Operating Officer or Manager of Corporate Services.
- (f) The Directors of the AFNWA are the Board members.
- (g) The Officers of AFNWA are the Chair, Vice-Chair, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Secretary and the Treasurer.

### 4.3 Cheque Signing Authorities Procedure

#### 4.3.1 Policies

- (a) The AFNWA Board, in accordance with the General Banking Resolution, may from time to time by resolution designate signing officers who shall be authorized to sign cheques/electronic payments drawn on AFNWA's bank accounts.
- (b) The Manager of Corporate Services, with written permission of the CEO, may remove officers designated to sign cheques/electronic payments drawn on AFNWA bank accounts, immediately providing written notification to the Audit and Finance Committee advising rationale for the removal.
- (c) All cheques, automatic debit authorizations, acceptances, drafts, orders including orders made electronically shall be signed, endorsed or otherwise made by any of the two persons noted in Section 4.2 (d).
- (d) The signatories shall be knowledgeable of sound financial management and internal controls.

#### 4.3.2 Internal Control

- (a) Cheque signing and Payment Authorities may be exercised by the same person. However, cheque signing, and Spending Authorities may not be exercised by the same person, to ensure that an independent verification of the transaction is made.
- (b) Cheque signatories shall be accountable for the disbursement of funds as a result of the issue of cheques under their signatures.
- (c) Cheque signatories shall ensure that the responsibilities and processes associated with Spending and Payment Authorities have been duly carried out by authorized personnel.

### 4.4 Accounting and Financial Control

- (a) All Spending Authority rests with, and at the discretion of the CEO;
- (b) Any Delegation of the Spending Authority by the CEO shall be done in writing.

- (c) AFNWA shall establish and maintain adequate controls and a system of recording expenditures to ensure they are for authorized purposes and processed in a timely and accurate fashion.
- (d) AFNWA shall incur expenditures only when both legal and financial authorities have been obtained to do so.
- (e) In cases where expenditures are incurred as a result of negligence, the CEO shall determine the method of recovery.
- (f) All money disbursed by cheque/electronic payment is charged to a central bank account(s) as authorized.
- (g) Under no circumstance will there be any “pre-signed” cheques or cheques signed with no payee listed and no supporting documentation.
- (h) Blank cheques or manual cheques will only be used in emergency situations or for instances where there is no access to the accounting information system.
- (i) Blank/manual cheques are kept under lock and key under the control of the Manager of Corporate Services.
- (j) Adequate controls must be in place to ensure complete and accurate reporting of all disbursements made.
- (k) All cheque disbursements are to be made on serially numbered cheques.
- (l) Authorization for the addition of, or amendment to, banking information for vendors for the purpose of disbursing funds electronically is restricted to the Manager of Corporate Services or others delegated by the Manager of Corporate Services. The finance office should obtain regular statement of accounts from all regular or material vendors being paid by electronic funds.
- (m) Each authorized cheque signing officer shall verify that review and approval has been given and is satisfied that the supporting documentation has been correctly prepared and approved at the time of affixing his/her signature.
- (n) Financial control requires an appropriate division of responsibilities so that the work of one employee independently checks the work of another.
- (o) Adequate procedures shall be established and maintained by the Manager of Corporate Services for the verification of accounts before payment is made. As a minimum these shall include:
  - That the work has been performed, the goods supplied, or the service rendered, as the case may be, and that the price charged is according to contract, or if not specified by contract, is reasonable;
  - That supplies and services are in accordance with contract specifications and that all the terms and conditions of the contract have been met;
  - That, where a payment is to be made before the completion of the work, delivery of the goods or rendering of the service, as the case may be, such payment is specifically provided for in the contract;
  - That applicable discounts have been deducted, that charges not payable have been eliminated and that the computation of the amount payable is correct;
  - That the account has not previously been paid in whole or in part;
  - That the proper expenditure coding is identified in the requisition; and,

- That any other procedures necessary in relation to the payment are carried out.
- (p) Adequate controls shall be established and maintained to ensure that the revenue due to AFNWA is recorded and collected on a timely basis.
- (q) Controls shall be established and maintained to ensure that no amounts receivable are removed from the records without the appropriate authority.
- (r) Cheques for purpose of reimbursement of Travel to First Nations or Organizations' Employees shall be written out to the First Nation Community/Organization which the person(s) represent, exceptions require CEO written approval.

#### 4.5 Banking Arrangements

- (a) Funds received must be recorded daily and must be deposited to AFNWA bank account as soon as possible. Cash, cheques or deposits may be kept overnight in a locked fireproof safe or cabinet. Access to the safe is restricted to the CEO and Manager of Corporate Services, and others as delegated by the CEO in writing.
- (b) Receipt of daily mail containing cheques and other negotiable instruments must be recorded immediately and distributed promptly to the Manager of Corporate Services so that deposits are completed on a weekly basis whenever possible.
- (c) Complete detailed records must be maintained to ensure that receipts can be traced to provide adequate information and to ensure that all receipts are properly credited to the relevant accounts.
- (d) The Manager of Corporate Services will prepare and record bank deposits, maintaining records of incoming funds and accompanying deposit receipts or payment notifications as in the case of electronic funds transfers.

#### 4.6 Accounts Receivable

- (a) The Manager of Corporate Services will ensure that all invoicing be done as soon as possible, after the project is completed or based on the funding agreement requirements.
- (b) A reconciliation of Funding Agreements should be reviewed monthly by the Manager of Corporate Services and summarized in the quarterly reports delivered to the Audit and Finance Committee.

#### 4.7 Year-End Accounting

- (a) Every effort shall be made to obtain invoices, statements, contracts or other documents claiming payment, so that arrangements may be made for payment of all amounts owing by AFNWA at each quarter-end.
- (b) All vendors shall be required to submit progress claims for all work performed to the last day of the quarter.
- (c) Quarterly accrued liabilities shall be established for unpaid debts, only where, at quarter-end, the following are met, that:
  - The work has been performed;
  - The goods have been received;

- The services have been rendered; or
  - The amount is owing in accordance with contractual arrangements entered into on or before March 31st;
  - The debt represents a valid and proper claim on AFNWA funds, and is in accordance with the terms and conditions of the contract; and,
  - The verification of accounts has been completed.
  - Debts may be for a determinate amount, e.g. the document claiming payment has normally been received but has not yet been paid, or for an estimated amount.
- (d) Estimated debts must meet the above, and in addition, shall only be charged when:
- The debt can be individually substantiated and valued;
  - The debt can be individually identified with subsequent payments; and
  - Accrual is required under Generally Accepted Accounting Principles (GAAP).
- (e) Spending and Payment Authority shall be, in effect, exercised twice in respect of an accrual; once when the debt is recorded by AFNWA, and once when the debt is settled.
- (f) Regular recurring services such as telephone paid for at monthly dates other than month-end shall not be accrued.
- (g) No accruals are required for amounts less than \$500.
- (h) Accrued Liability accounts shall be reviewed and reconciled monthly.

#### 4.8 Authorities

- (a) The Manager of Corporate Services prepares and/or reviews all monthly, quarterly and annual reports for submission to the CEO.
- (b) The CEO approves all quarterly and annual reports for submission to the Audit and Finance Committee.

## 5.0 Procedure for General Accounting

### 5.1 Objective

To prescribe the accounting procedures covering AFNWA financial accounting activities.

### 5.2 Accounting and Control of Disbursements

#### 5.2.1 Payment of Accounts

- (a) The Manager of Corporate Services and Finance Staff will be responsible for ensuring that requests for payments are accompanied by supporting documentation and are in accordance with budget, financial signing authorities or other specific limitations.
- (b) The Manager of Corporate Services and Finance Staff will be responsible for establishing that all relevant information is provided to ensure that accurate posting of accounts will be maintained throughout the accounting system.
- (c) The Manager of Corporate Services shall be responsible to provide monthly departmental budget updates. Each Department Manager shall be responsible for the adherence to the budget for the fiscal year and presenting any forecasted material deviations from budget to the Manager of Corporate Services and CEO for approval.
- (d) The Manager of Corporate Services reviews and approves all expenditures for payment, unless otherwise delegated through an Acting Grant.
- (e) Periodic reviews of material vendor accounts (including employee travel claims) must be completed and documented to ensure that accounts are current and that no duplicate requisitions/expense items exist.
- (f) All purchase orders, invoices, and payments stubs must be maintained in a shared database, with access restricted to relevant staff, with an identified data continuity strategy. The database must be organized in such a way that all relevant documents can be easily located.

#### 5.2.2 Supporting Documentation

- (a) The Manager of Corporate Services will be responsible for ensuring that all original invoices and associated Spending Authority payment form (IE: Purchase Order, Service Contract Payment Form) are accurate, complete, and stored in the database.
- (b) Aged Vendor listings must be reviewed weekly. At all times, payment information must be recorded and reviewed for accuracy within the accounts payable system.
- (c) The Finance Staff will examine all invoices or financial claims to ensure that all discounts have been claimed and that payments are scheduled to conform to the terms of payment as set out on the invoice or as previously agreed to with the supplier.
- (d) Only AFNWA Employees with Spending Authority shall have the authority to request a Purchase Order from the Finance Office.

- (e) The Finance Staff will be responsible for ensuring that the Purchase Orders are attached to all invoices. Purchase Orders are required for all expenses, with the exception of those noted below:
- Recurring overhead expenses (e.g. Utilities, cellphone, internet, garbage/snow removal, security), in which case a detailed list of pre-approved vendors is to be maintained and reviewed quarterly.
  - Contract payments – in which case, a detailed invoice and status report(s) are to be reviewed and approved by the CEO and Manager responsible for the project (if applicable) prior to payment issuance.
  - Employee Travel Claims, in which case a travel claim form is to be signed by the employee and approved by a manager.
  - Workshop Participant Travel Claim signed by the participant and approved by the hosting manager of the workshop.
  - Items paid by Credit Card do not require a Purchase Order. Refer to Appendix \_\_\_\_ for details regarding credit card payments.
- (f) The Finance Staff will be responsible for coding invoices that have no purchase orders and for following up with Departments on variances between purchase order and invoice amounts. For invoices that require detailed review and recommendation for payment by senior staff, proper documentation will be completed to ensure proper coding and an approval by the relevant Spending Authority.
- (g) The Finance Staff will be responsible for proper filing of support documentation and matching of Purchase Orders to invoices received. Purchase Orders will be held in a file until the approved invoice is received. It is then attached to the invoice as part of supporting documentation. Outstanding Purchase Orders with no associated invoice shall be reviewed monthly by the Finance Office.

### 5.2.3 Preparation of Cheque/Electronic Payment

The Finance Office will coordinate:

- Obtaining signatures by two authorized signing officers in accordance with the Financial Signing Authorities, on all cheques and electronic fund remittances.
- Mailing original Cheques to the payee, stubs shall be filed in sequential order.
- Emailing payment remittance notification to the payee, signed direct deposit logs shall be filed sequentially.

### 5.2.4 Cheque Cancellations/ Electronic Fund Transfer Recalls

- (a) Where a cheque is cancelled before issuance, the Finance Office shall stamp the original and the copies Voided. The original and copies shall be filed sequentially in the system. Similarly, where an EFT is cancelled before it is uploaded to the Bank, the payment is to be corrected in the accounting system and a corrected Direct Deposit Log is to be created.
- (b) Where a cheque is cancelled or lost after issuance to the Payee, the Finance Staff shall immediately issue a stop payment at the bank following the appropriate procedures as directed by the bank. Similarly where an EFT needs to be cancelled, the Finance Staff shall immediately recall the payment following the appropriate procedures as directed by the bank.

- (c) The replacement payment shall not be issued until confirmation from the bank is received that the stop payment is in effect or the EFT has been successfully recalled, as applicable.
- (d) The Manager of Corporate Services is to confirm that the payment cancellation is accurately recorded in the accounting system, with appropriately detailed notes, and arrangements for replacement payment is made.

### 5.2.5 Outstanding and Stale Dated Cheques

The Manager of Corporate Services will review the monthly list of outstanding cheques. All cheques outstanding for more than six (6) months should be reversed. A replacement cheque or replacement payment will be reissued where it is deemed necessary.

## 5.3 Staff Travel

### 5.3.1 Purpose and scope

The purpose of this directive is to ensure fair treatment of all parties travelling on AFNWA business. The provisions contained in this directive are mandatory and provide for the reimbursement of reasonable expenses necessarily incurred while traveling on AFNWA business and to ensure individuals are not out-of-pocket. These provisions do not constitute income or other compensation that would open the way for personal gain.

This directive applies to all AFNWA employees, Board members or affiliates traveling on AFNWA business.

### 5.3.2 Administration

AFNWA has the responsibility to authorize and determine when business travel is necessary, and to ensure that all travel arrangements are consistent with the provisions of this Directive.

Following consultation between AFNWA and the employee, Board member, or affiliate, the determination of travel arrangements shall best accommodate the individual's needs and interests, and AFNWA's operational requirements.

Business travel shall be authorized in advance in writing to ensure all travel arrangements are in compliance with the provisions of this directive. In special or emergency circumstances, travel shall be post authorized by AFNWA. Such situations shall be reviewed on a case by case basis.

Expenses resulting from misinterpretations or mistakes are not a basis for reimbursement or non-reimbursement. However, such situations shall be reviewed on a case by case basis.

### 5.3.2 Loyalty programs

Provided that there are no additional costs to AFNWA, employees and Board members traveling on business can join loyalty programs and retain benefits offered by the travel industry for business or personal use.

### 5.3.3 Overpayments

Overpayments, namely amounts reimbursed or paid to travelers, which are not in accordance with the terms of this directive, shall be recovered from the traveler as a debt owing to AFNWA.

### 5.3.4 Receipts

Where the traveler certifies that the receipt was lost, accidentally destroyed or unobtainable, a personal declaration may replace the receipt.

### 5.3.5 Responsibilities

The Finance Office shall:

- (a) establish the proper delegation framework to comply with this Directive;
- (b) ensure that this directive is available at the employee's normal workplace during the employee's working hours;
- (c) in consultation with the employee and responsible Manager,
  - i. determine whether travel is necessary;
  - ii. ensure that travel arrangements are consistent with the provisions of this directive; and
  - iii. ensure that accommodation of needs is provided to the point of undue hardship.
- (d) authorize travel;
- (e) verify and approve travel expense claims before reimbursement;
- (f) The AFNWA Chair or Vice-Chair must approve and sign off on the Travel Claim for AFNWA Board members and the CEO for any payment being processed. The Chair and Vice-Chair will be looking to ensure that expenses are reasonable, all appropriate documentation is attached, the standard rates have been used and expenses are claimed within the required timeframe; and

The traveler shall:

- (a) become familiar with the provisions of this directive;
- (b) consult and obtain authorization to travel in accordance with the directive;
- (c) complete and submit travel expense claims with necessary supporting documentation as soon as possible after the completion of the travel. In travel situations exceeding one month, the traveler may submit interim travel expense claims prior to the completion of the travel; and
- (d) be responsible for canceling reservations as required, safeguarding travel advances and funds provided, and making outstanding remittances promptly.

### 5.3.6 Travel advances

Employees, Board members, and other affiliates on business travel for AFNWA shall be provided with a travel advance to cover travel expenses where services and products are not prepaid or cannot be paid with an individual designated travel card or at the Manager of Corporate Services' discretion when travel is expected to be for an extended period.

- (a) Travel advances for travel and other expenses incurred when conducting AFNWA business should be issued not more than one week before the trip or planned expenditure. Requests

for advances must be approved by the CEO in the case of Department Managers, Department Manager in the case of employees and the Chair or Vice-Chair, in the case of Board members and CEO. Employee and Board member travel advances and expenses will be issued in accordance with **Appendix A (Approved Travel Rates)**, and the amount of the travel advance shall not exceed 90% of the anticipated travel expenses.

- (b) Travel advances for travel and other expenses incurred when conducting AFNWA business are intended to regulate and minimize the amount of transactions relating to advances. Employees shall be required to sign for the indebtedness on the Travel Advance **form (Annex G – AFNWA Employee Indebtedness Form)** indicating they have received the advance funds and that they are responsible for ensuring that all travel expenses are accounted for with the full amount of the travel advance deducted with the new travel expense form submission **(see Annex H – AFNWA Employee Travel Advance Form & Annex I – AFNWA Employee Travel Claim Form)**.
- (c) Travel advances for travel and other expenses incurred when conducting AFNWA business may be granted for the following:
  - i. Meals and incidentals;
  - ii. Car rentals, taxis, accommodations and other AFNWA approved travel related expenses; and,
  - iii. Out-of-town travel by car is allowed at (per kilometer) rates established by the AFNWA. In some circumstances, a rented car with unlimited kilometers may be more economical than use of a personal vehicle. In any case, the most economical method of transportation shall always be used.
- (d) The Employee, Board member, or other affiliate must submit an expense claim by the end of each month. If the amount of the advance was higher than the actual expenditures, the Employee must attach a cheque for the full balance of the outstanding amount.
- (e) Travel advances will be coded to the respective Employee accounts payable subledger account as “travel advance receivable” for each employee, or person who travel on the behalf of the AFNWA (if applicable).
- (f) The expense claim form shall form the basis for the processing of a journal entry for reallocating the advance to the appropriate general ledger accounts.
- (g) Excess funds are to be returned within one week (at the latest) following the completion of the trip.
- (h) The Manager of Corporate Services will follow up on all outstanding employee advances on a monthly basis and report any outstanding amounts to the CEO for employees and the Chair and Vice-Chair for Board members for their information and appropriate action.
- (i) The CEO shall confirm a repayment schedule for any outstanding charges for employees and the Chair or Vice-Chair for any Board members.
- (j) The Manager of Corporate Services will process a request for a reimbursement with a cheque or a **signed ‘Acknowledgement of Indebtedness’ form** to the Employee or Board member, where the approved expenses exceed the travel advance.

### 5.3.7 Travel forms

AFNWA approved travel forms shall be used in seeking business travel authority and submitting travel claims with the supporting documentation where necessary.

The Employee must, at a minimum, submit their travel expense claim(s) by the end of each month.

### 5.3.8 Vehicle Insurance

Refer to the AFNWA Fleet Management Policy (available from the Finance Office) for vehicle insurance requirements for rented vehicles as well as the use of personal vehicles while traveling for AFNWA business.

### 5.3.9 Additional business expenses

As the business of AFNWA broadens so does the need to travel outside of Canada. Therefore, to ensure AFNWA employees, Board members, and other affiliates are properly compensated for travel; expenses for hotels, meals and taxis will be reimbursed using the relevant Exchange Rate for the date of purchase. Receipts for all such purchases, except for meals which will have the base rate of the AFNWA allowable meal rates; will be required. Regarding transportation, the same rules apply as for transportation mentioned in Section 5.3.10.

The Employee, Board member, or other affiliate shall also be reimbursed business expenses not otherwise covered. This includes things such as administrative services, internet connections, rental and transportation of necessary office equipment and transportation of required personal effects. If the travelling individual has an AFNWA issued cellphone, they shall contact the Finance Office in advance of their travel to arrange for international access to networks.

In order to be reimbursed for any of the above expenses, with the exception of meals as they are per the AFNWA rates; employees must have written approval from their Department Manager or CEO in the case of Department Managers, prior to the expense being incurred, except in the case of an emergency. This approval must be submitted along with any other necessary documentation in order for the employee to be reimbursed.

### 5.3.10 Transportation

The selection of the mode of transportation shall be based on cost, duration, convenience, safety and practicality. In addition to provisions outlined in this section under commercial, vehicles and other modes of transportation, expenses associated with the selected mode of transportation such as ferries, tolls, docking fees, shall be reimbursed. Should an employee or Board member decide to travel via land rather than Air; the lesser of the two travel amounts will be reimbursable.

#### (a) Commercial Travel:

- i. Where commercial transportation is authorized and used, the employee or Board member shall be provided with the necessary prepaid tickets whenever possible.
- ii. Taxis, shuttles and local transportation services are alternatives for short local trips. Actual expenses shall be reimbursed, based on receipts.
- iii. The standard for air travel is economy class. Booking air travel shall be done in coordination with the Finance Office to ensure that the lowest available airfares appropriate to particular itineraries shall be sought and bookings shall be made as far in advance as possible.

#### (b) Vehicles

- i. The standard for rental vehicles is mid-size. Rental vehicles beyond the standard shall be authorized based upon factors such as but not limited to safety, the needs of the traveler and the bulk or weight of goods transported.
- ii. The kilometric rates payable for the use of privately-owned vehicles driven on authorized business are prescribed in Appendix A of Annex F. Travelers shall use the most direct, safe and practical road routes and shall claim only for distances necessarily driven on business travel.
- iii. Parking charges are payable when an employee is authorized to use a private vehicle on business travel, the employee shall be reimbursed the actual costs of parking provided receipts are submitted for the expense.

#### 5.3.11 Accommodation

The standard for accommodation is a single room, in a safe environment, conveniently located and comfortably equipped.

Total cost of Hotel/Motel accommodations not to exceed \$200.00 per night taxes included within the Atlantic Provinces. Total cost of Hotel/Motel accommodation is not to exceed \$250.00 per night taxes included if traveling domestically outside of Atlantic Canada or Internationally. Any exceptions to this amount require the approval of the CEO for employees and the Chair or Vice Chair for Board members and the CEO.

Private accommodations will be paid at a rate of \$50.00 per night.

#### 5.3.12 Incidental expense allowance

A traveler shall be paid an incidental expense allowance that covers a number of miscellaneous expenses not otherwise provided for in this directive for each overnight in travel status as per AFNWA approved travel rates (see Appendix A of Annex F).

#### 5.3.13 Home communication

Home communication is included in the incidental expense allowance.

#### 5.3.14 Meals

A traveler shall be paid the applicable meal allowance for each breakfast, lunch and dinner (if not provided for otherwise) while on travel status (defined as 200kms from your office), or when overnight accommodation is required.

AFNWA employees or Board members can claim meals based on the following criteria:

- (a) If they leave their residence before 6:30am they can claim breakfast;
- (b) At the end of the trip, if they arrive home later than 6:30pm directly from the event they are attending then they can claim dinner;
- (c) If the meeting or event organizer provides meals, then the AFNWA traveler cannot claim these meals on their travel claim form;
- (d) If a hotel offers a hot breakfast with the cost of the room, then the AFNWA traveler cannot claim breakfast.

- (e) Meal allowances shall be reimbursed in accordance with the AFNWA rates specified in Appendix A.

#### 5.4 **Travel Expenses – Participants of Meetings/Workshops**

- (a) Participants of Meetings/Workshops must submit their expense claim within 30 days of the event, along with applicable receipts using the AFNWA Travel Form. **(see Annex J)**
- (b) Travel expenses will be issued in accordance with the AFNWA **Travel Directive Policy (Annex F)**
- (c) It is the responsibility of the Department to submit the travel claims for any participants to their events.
- (d) Travel claims have to be signed off by both the participant and the Manager of the Department hosting the event.
- (e) All travel claims must have all relevant information attached to them to be processed.

#### 5.6 **Bank Reconciliations**

- (a) A weekly summary of cash disbursements and receipts shall be prepared by the Finance Office and shall be reviewed and approved by the Manager of Corporate Services on a weekly basis.
- (b) The end of the month bank reconciliation shall be completed within AFNWA Accounting Software within 5 business days of the end of the month, to be reviewed/approved by the Manager of Corporate Services.
- (c) Any imbalance in the bank reconciliation shall be reported to the CEO and followed up by the Manager of Corporate Services.
- (d) The CEO will participate in a detailed bank reconciliation review on a random basis throughout the year. A detailed review will include reconciliation of outstanding cheques and deposits, review of bank statement transactions, and a review of cancelled cheques returned from the bank.

#### 5.7 **Credit Card Reconciliations**

The following AFNWA employees are authorized to hold an AFNWA corporate credit card, subject to amendment, from time to time, by the CEO, with an updated list of authorizations to be maintained by the Manager of Corporate Services.

Position Title	Maximum Limit
CEO	15,000
COO	15,000
CFO	15,000
Manager, Operations	10,000
Manager, Engineering	10,000
Manager, Communications	5,000
Superintendent, Operations	5,000
Superintendent, Technical Services	5,000
Controller	5,000
Procurement Coordinator	5,000
Utility Techs	4,000
Supervisor	4,000
Operations Engineer	3,000
Safety & Security Coordinator	3,000
Regulatory Compliance Officer	2,000
Operators	1,000
Admin. Assistants	1,000

Any employee who is authorized to hold an AFNWA corporate credit card shall agree, in writing, to adhere to the AFNWA **Corporate Credit Card Usage Policy** by signing the AFNWA **Credit Card Agreement (see Annex K)**. Such employees must agree to the following:

- (a) To adhere to the AFNWA Travel Directive and the AFNWA policies for continued use of the credit card privilege;
- (b) The credit card is for approved specific AFNWA corporate/business related expenses only as per the policy directive. No personal charges whatsoever shall be charged on the credit card. There are no exceptions to this rule.
- (c) Diligent protection of the number and expiry date is the AFNWA employee’s responsibility.
- (d) A copy of the statement will be obtained directly by the Finance Office and scrutinized by the Manager of Corporate Services for any misuse.
- (e) The credit card reconciliation shall be completed within 5 business days of the statement date and shall comprise the following:
  - i. Matching of credit card charge with original receipt;
  - ii. Where original receipt is not applicable, verification of the expenditure;
  - iii. Employee signature representing agreement with the stated charges;
  - iv. Manager Signature representing Payment Authority for the purchases incurred during the respective month.
- (f) Any inconsistencies or unidentifiable entries in the credit card statement shall be reported to the Manager of Corporate Services immediately. If fraud is suspected, the affected credit card shall be put on suspension immediately and the Manager of Corporate Services will conduct an investigation to identify how the card details were compromised.

## 6.0 Policy/Procedure for Operating Budgets

### 6.1 Objectives

To provide guidelines and procedures for the preparation, monitoring and control of the AFNWA's Operating Budget.

### 6.2 Financial Management

Managers at all levels are accountable for the planning of all activities (output) within their area of responsibility, identification of resource requirements (input) in relation to plans, and performance reporting.

#### 6.2.1 Business Plan

AFNWA Business Plan is a document outlining the critical priorities of the AFNWA, including all major activities to be undertaken within the specified year. It provides the basis for preparation of annual operating and capital budgets.

#### 6.2.2 Division or Department Work Plans

AFNWA division or department work plans shall be prepared for the upcoming year following issuance, by the CEO consistent with Corporate Strategic Plans. The CEO will establish a deadline for draft work plans for each division or Department which will outline the achievement of objectives and outputs, and for the identification of required resources, in terms of staff- and budgets to produce stated outputs.

## 6.3 Operating Budget Preparation

### 6.3.1 General

- (a) The Operating Budget is an expression of AFNWA's Business Plan in financial terms. The Operating Budget serves three main purposes for the AFNWA:
  - i. To determine financial and other resources to carry out the Operating Plan;
  - ii. To obtain AFNWA Board approval of the resources required to meet corporate objectives; and,
  - iii. To provide a basis for financial monitoring and control.
- (b) The Operating Budget shall be prepared by the Manager of Corporate Services, in consultation with Department Managers, and forwarded to the CEO for approval prior to submission to the Board.
- (c) The Operating Budget shall provide the authority from the Board to the CEO to carry out operational activities in the upcoming year and to consume resources to achieve the objectives of AFNWA Business Plan.

- (d) Operating Budgets shall be completed annually, presented in a format with departmental and elemental breakdown readily identifiable, broken down monthly, and submitted to the CEO no later than December 31<sup>st</sup> in order to achieve Board approval on or before January 31<sup>st</sup>.
- (e) Departmental budget reports shall be available to the Department Managers monthly, within 10 business days of the month-end. Supplementary reports of material variances in budget shall be submitted to the respective manager as soon as the discrepancy is identified. Department managers shall submit, in writing to the CEO, commentary on material variances, within 5 days of receiving departmental budget.
- (f) A Quarterly Management Discussion and Analysis on budget variance shall be submitted to the CEO within 15 business days of the quarter end for onward submission and approval by the Board. Material variances shall be identified and alternative funding sources or re-allocation of resources shall be discussed in this quarterly report.

## **7.0 Procedure for Capital Budgets**

### **7.1 Objectives**

To provide guidelines and procedures for development of the Capital Budget.

### **7.2 Capital Assets**

In keeping with Generally Accepted Accounting Principles (GAAP) and the Accounting Standards for Not for Profit Organizations of materiality and consistency, the AFNWA shall treat as capital assets any items which meet the following criteria:

A useful life in excess of one year, and a per item cost of at least \$5,000.

### **7.3 Budget Preparation and Approval**

- (a) The Manager of Engineering shall initiate and direct the preparation of the Capital Budget for submission to the CEO prior to December 31<sup>st</sup> each year.
- (b) The Manager of Engineering shall work in coordination with the Manager of Corporate Services and seek input from Departments for the preparation of the Capital Budget. The Manager of Corporate Services shall remain principally responsible for the final presentation of the Capital Budget.

### **7.4 Monitoring, Reporting and Control**

- (a) The Manager of Engineering, in consultation with the Manager of Corporate Services, shall administer the Capital Budget during the fiscal operating year in accordance with the approved budget.
- (b) The Department Managers shall be accountable for and administer their respective allocated Capital Budget for their Divisions or Departments, including the acquisition of furniture and equipment in accordance with the approved plan.
- (c) Anticipated budget variances on capital projects are to be communicated in writing to the CEO as immediately as the overrun can reasonably be estimated, and summarized in the monthly report referenced below (7.4(h)i).

- (f) Reallocations of funds between projects, or the application of funds to new items, shall require approval of the CEO.
- (g) Transfers from operating budget to capital budget shall require the approval of the Manager of Corporate Services and the CEO.
- (h) The Manager of Engineering shall report the status of the Capital Budget to the CEO as follows:
  - i. Monthly commitments and Capital Project Budget Tracking by the fifth work day of each month; and,
  - ii. Management Discussion and Analysis on Project status (budget and timeline), to be submitted to the Manager of Corporate Services for inclusion in quarterly reports.

## 8.0 Classification of Accounts Procedure

### 8.1 **Objective**

- (a) To provide the framework for a classification of accounts designed to provide financial information necessary to manage AFNWA effectively and efficiently.
- (b) To describe the classifications and their relationships.

### 8.2 **Accounting Framework**

All transactions shall be posted in accordance with Accounting Standards for Not for Profit Organizations. Furthermore, AFNWA shall ensure that all transactions are associated with a department, and a funding source so that comprehensive reporting can be produced.

### 8.3 **Accounting Structure**

- (a) The Accounting Structure provides a breakdown of AFNWA activity.
- (b) Based on Funding Agreements and Departments, this structure will be used to provide Funders and AFNWA participating communities with reports which will indicate how funds were spent to attain organizational objectives.
- (c) The Accounting Structure shall enable the Manager of Corporate Services to plan, budget, account for, report and monitor program activities relative to approved objectives and goals.
- (d) AFNWA will allocate the costs of core administrative expenses to the appropriate operating and capital budgets.
- (e) The Accounting Structure shall provide the framework for the assignment of budget responsibility and for the identification of financial accountability.

### 8.4 **Authorities**

- (a) The CEO will be informed of additions, deletions and changes relating to the Accounting Structure.

- (b) The Manager of Corporate Services/Chief Financial Officer recommends additions, deletions and changes to the General Ledger Accounting Structure and Accounting Structure.
- (c) The Manager of Corporate Services/Chief Financial Officer will ensure that the accounting information system be set up to limit access or to ensure no unauthorized changes/additions/deletions of accounts/vendors/customers.
- (d) The Audit and Finance Committee will be informed of additions, deletions or changes to the Accounting Structure.

## 9.0 Policy/Procedure for Contracting Professional Services

### 9.1 **Purpose and Scope**

This policy is to establish guidelines for Employees to use when contracting for professional services and applies to all AFNWA Employees.

### 9.2 **Management Policy**

When contracting for professional services, the CEO must ensure that “Best Value” is obtained. Refer to the AFNWA Procurement Policy or the Finance Office for further information regarding Procurement Processes and Requests for Proposals.

#### 9.2.1 **Capacity to Contract**

- (a) Only the CEO and one of the Officers of the Corporation may legally bind the AFNWA. Accordingly, the AFNWA Executive staff are the only employees that are authorized to draft or amend AFNWA contracts. Employees must fill out the applicable contract forms and attach appropriate written authorization and provide to the CEO.
- (b) The AFNWA Executive must ensure that two copies of the ‘Contract’ for the contractor are attached to the ‘Contractor Information/Authorization Form’. This package must be routed through proper approvals.
- (c) Every contract must have the written approval of the CEO. Should a contract be less than \$250,000.00, and previously identified and approved in the Annual Budget, the CEO has the authority to approve the contract.
- (d) If the contract is over \$250,000.00 then after the CEO gives the written approval of the contract, it is presented to the AFNWA Board for final approval.
- (e) Contracts must be authorized before the work begins. Under special circumstances, work may begin prior to a written contract based on written approval by the CEO. Where work commences before proper authorization, the responsible Department Manager must provide a letter to the CEO recommending justification on why this is required.
- (f) Each contract must have a contract number assigned by the Manager of Corporate Services.
- (g) Any amendments to existing contracts must be approved, in writing, by the CEO. Employees are required to complete the **Contract Amendment Request Form (see Annex M)**, attach appropriate authorizations and provide the same to the Legal Advisor when

deemed necessary.

### **9.2.2 Sole Sourcing**

- (a) Where the total value of the contract is up to \$100,000, including amendments, the CEO may sole source to an individual or firm. Exceptions to this limit require the approval of the AFNWA Board. The CEO must ensure that he or she verify the professional daily or hourly rate for the contractor.
- (b) Resumes and references should be obtained prior to sole sourcing. Typically, two letters from another organization or government which also hired the contractor would be sufficient. Furthermore, a sole source justification must accompany the contract which states why this contractor was selected and why this is the only contractor who can perform the work.

### **9.2.3 Competitive Bidding**

Refer to AFNWA Procurement Policy or Finance Office for further information regarding the competitive bidding/RFP/RFQ processes.

### **9.2.4 Contract Splitting**

Contract splitting is not allowed. For purposes of this policy, contract splitting is defined as the dividing of a total contract requirement into one or more smaller contracts in order to avoid the contract authority guidelines set forth in this policy or any other financial or administrative policies of AFNWA.

### **9.2.5 Employer - Contractor Relationship**

- (a) Under no circumstances may a contractor be in an Employee – Employer relationship with AFNWA. For example, a contractor may not:
  - i. have AFNWA assets (e.g. cell phone, computers, etc.);
  - ii. be provided with an office in an AFNWA premises;
  - iii. be on the AFNWA payroll;
  - iv. have their hours of work determined by an AFNWA Employee;
  - v. have a time sheet signed by an AFNWA Employee; and/or,
  - vi. be subject to the day-to-day direction of an AFNWA Employee.
- (b) Under no circumstances may a contract be entered into with an individual which would have, or could reasonably be seen to have, the effect of creating an Employer-Employee relationship with AFNWA.

### **9.2.6 Professional Fees**

- (a) AFNWA will pay for Professional fees and travel expenses (with original receipts). The contract must clearly set out what AFNWA will be paying for (e.g. professional fees, travel up to a maximum amount).
- (b) Professional fees should only be paid upon receipt of a written invoice signed by the contractor and a previously agreed upon deliverable (e.g. report, activity report, etc.).

- (c) A contract advance may be provided to the contractor from 30 up to a maximum of 50 percent, of the value of the contract, depending on the circumstances. Under no circumstances may contract advance exceed 50 percent of the value of the contract. A contract advance may only be provided were the contractor is a:
  - i. sole proprietor and requires funds to commence the requested project
  - ii. universities, colleges or other educational institutions;
  - iii. small firm that requires financial assistance to commence the project.

### 9.2.7 **Amendments**

Contract Amendments must be properly authorized through the same procedure as outlined above. A Manager must use the '**Contract Amendment Request Form**' (see **Annex N**), available through the CEO or Manager of Corporate Services.

### 9.2.8 **Contract Management**

Every Manager must ensure that no payment is made in excess of the contract price. At year end, each Manager must ensure that all invoices are received by the contractor if the contract is to be charged to the old year.

Details regarding contract progress are to be included in the Quarterly Management Discussion and Analysis regarding progress, target completion dates, and anticipated total cost.

### 9.2.9 **Contractor Evaluation**

At the conclusion of each contract, the responsible Manager must complete an Evaluation Form, available through the Finance Office or Manager of Corporate Services. This completed form must be forwarded to the Manager of Corporate Services and made available to all other Department Managers.

## 9.3 **Roles and Responsibilities**

- (a) The CEO is responsible for making decisions within program budgets.
- (b) The Manager of Corporate Services is responsible for:
  - i. making decisions within program budgets; and,
  - ii. reporting instances of non-compliance to this policy to the Audit and Finance Committee.
- (c) Employees of the AFNWA are responsible for:
  - i. adherence to this policy; and
  - ii. ensuring that best value is obtained on contracts and all purchases.
- (d) A Department Manager has the responsibility to:
  - i. inform their staff of this policy for Contracting Professional Services;
  - ii. bring to the attention of the Manager of Corporate Services and CEO, any instances of noncompliance to this policy; and,

- iii. bring to the attention of the Manager of Corporate Services and CEO for decision any circumstances where there may be doubt.

**Annex A**

**AFNWA Finance and Audit Committee**

**Terms of Reference**

***Specific Responsibilities***

The Board delegates the following roles and responsibilities to the Finance & Audit Committee:

**(a) Financial Statements**

<b>Delegated Committee Role</b>	<b>Responsibilities</b>
<i>Review and recommend to the Board</i>	<ol style="list-style-type: none"> <li>1. Receipt and review of quarterly financial statements from the CFO and approval of annual audited financial statements</li> <li>2. Approval of the financial content of the Annual Report</li> <li>3. The appropriateness of accounting policies and financial reporting practices used by the AFNWA</li> <li>4. Any significant proposed changes in financial reporting and accounting policies and practices to be adopted by the AFNWA</li> <li>5. Appropriate resolution of all major financial issues</li> <li>6. Approval of annual business plans developed by management, including balanced scorecard measures and targets</li> <li>7. Approval of operating and capital budgets and amendments thereto</li> </ol>
<i>Decide/approve and report to the Board</i>	<ol style="list-style-type: none"> <li>8. Changes in financial and accounting disclosures to be adopted by the AFNWA; report same to the Board</li> </ol>
<i>Monitor and report highlights to the Board</i>	<ol style="list-style-type: none"> <li>9. Quarterly and annual financial performance of the AFNWA (budget year to date with variance analysis) including:                             <ul style="list-style-type: none"> <li>• Quarterly reporting on operations with the level of actual to budget variance by functional area including an explanation of variances greater than 5%the functional area</li> <li>• Quarterly reporting on the level of actual to budget details of approved capital projects</li> </ul> </li> </ol>

- Annual carry forward of project budgets if required including details on unused amounts, reasons for carry-forwards and how amounts will be spent
10. Public reports on published financial statements (to the extent such releases discuss the financial position or operating results) for consistency of disclosure with the financial statements themselves
  11. Key estimates and judgments of Management that may be material to the financial reporting of the AFNWA
  12. New or pending developments in accounting and reporting standards that may affect the AFNWA

**(b) Internal Controls and Risk Oversight Management**

<b>Delegated Committee Role</b>	<b>Responsibilities</b>
<i>Review and recommend to the Board</i>	13. Review and recommend to the Board the approval of an enterprise risk management framework
<i>Monitor and report highlights to the Board</i>	14. Monitor and report to the Board on the effectiveness of the AFNWA enterprise risk management system through a bi-annual risk assessment  15. Monitor and report to the Board on the adequacy and effectiveness of the AFNWA internal control system and information systems through quarterly reports from the CFO  16. Reports from the CEO on any issues, events or pending matters that may affect the AFNWA’s relationship with its clients and business partners, or which place at risk the organization’s resources, reputation or achievement of its goals and objectives; report on these to the Board as the Committee considers appropriate  17. Annual overview and discussion of the inventory of AFNWA plans in place to address emergency response/business continuity issues

**(c) External Audit**

<b>Delegated Committee Role</b>	<b>Responsibilities</b>
<i>Review and recommend to the Board</i>	18. The appointment of an external auditor
<i>Decide/approve and report to the Board</i>	19. The terms of the annual external audit engagement plan, including but not limited to the following:

	<ul style="list-style-type: none"> <li>(i) engagement letter</li> <li>(ii) objectives and scope of the external audit work</li> <li>(iii) materiality limit set by external auditors</li> <li>(iv) areas of audit risk</li> <li>(v) staffing, and in particular, the lead audit partner and the audit partner responsible for reviewing the audit, including partner rotation</li> <li>(vi) timetable, and proposed fees</li> </ul> <p>20. In advance, where the estimated fee for such services is greater <b>than \$10,000</b>, the non-audit services to be provided by the external auditor's firm or its affiliates (including the estimated fees) in accordance with a policy established by Management and approved by the Finance &amp; Audit Committee, consider the impact on the independence of the external audit work and receive an annual report thereon from Management</p> <p>21. Assess the performance and independence of the external auditor</p>
<p><i>Monitor and report highlights to the Board</i></p>	<p>22. The work of the external auditor</p> <p>23. The plan, conduct and reporting of the annual external audit, including but not limited to the following:</p> <ul style="list-style-type: none"> <li>• any difficulties encountered, or restriction imposed by Management, during the annual audit.</li> <li>• any significant accounting policies or financial reporting issues, alternative Accounting Standards for Not-For-Profit Organizations (ASNPO methods discussed with Management, ramifications and external auditors' preferred alternative, and any other material written communications with Management.</li> <li>• the external auditor's evaluation of the AFNWA system of internal controls, procedures and documentation.</li> <li>• the post audit or management letter containing any findings or recommendations of the external auditor including Management's response thereto and the subsequent follow-up to any identified internal control weaknesses.</li> <li>• any significant disagreements between management and the external auditor with regard to financial reporting.</li> <li>• any other matters that the external auditor brings to the attention of the Finance &amp; Audit Committee; and</li> <li>• any issues relating to review or appointment of external auditors</li> </ul> <p>24. Direct and open communication among the Finance &amp; Audit Committee and the external auditor.</p>

**(d) Compliance and Other Oversight**

<b>Delegated Committee Role</b>	<b>Responsibilities</b>
<i>Monitor and report to the Board</i>	<ul style="list-style-type: none"> <li>25. Annually the AFNWA insurance coverage of significant business risks and uncertainties</li> <li>26. Annual report from the CEO of any litigation matters that could significantly affect the financial statements</li> <li>27. Exception reports from the CEO regarding any significant actual or anticipated non-compliance with any legal or regulatory requirements, or inter-jurisdictional agreement</li> <li>28. Quarterly Management Representations on regular, statutory reporting requirements</li> <li>29. Responses by Management to material information requests from government or regulatory authorities</li> <li>30. Receive annual report of expenses of Board, senior management and employees</li> <li>31. Receive annual audit report of expenses of Board, senior management and employees.</li> </ul>

**(e) Other Duties**

The Finance & Audit Committee will investigate (or cause an investigation to be undertaken) and recommend a resolution to the Board of any issues or concerns referred to it by the Governance and Policy Committee (as the point of entry for any complaints or concerns) arising from complaints under the AFNWA Code of Conduct that may relate to a breakdown of financial disclosure controls or internal controls over financial reporting. Depending upon the nature of the complaint, the Committee may delegate the investigation and resolution of the complaint to Senior Management.

The Committee will also carry out such other duties as may be determined from time to time by resolution of the Board.

**Committee Functioning**

The Finance & Audit Committee will have access to Management and AFNWA documents as required/appropriate. It will also be provided with the resources necessary to carry out its responsibilities. The Finance & Audit Committee may engage independent counsel and other advisors and set and pay the compensation for any advisors so engaged.

In co-ordination with the Governance and Policy Committee, the Committee shall annually review and assess the adequacy of its mandate in relation to evolving best practices and evaluate its effectiveness in fulfilling its mandate.

The Finance & Audit Committee may establish a subcommittee to review any matters deemed appropriate by the Committee Chair. The subcommittee will provide its recommendation to the Finance & Audit Risk Committee.

The secretary to the Committee shall be the Recording Secretary and is responsible for:

- Ensuring that minutes are prepared recording decisions, recommendations and general discussion of the Committee
- Ensuring that decisions and recommendations of the Committee are forwarded to the Board for its next meeting
- Compiling and distributing the agenda of Committee meetings at least five (5) days prior to the Committee meetings, and
- Ensuring that action points identified are carried out.

### **Membership**

The Board appoints Directors to committees. The Finance & Audit Committee will consist of three (3) Directors, one of whom shall be appointed as Chair of the Committee by the Board Chair.

All members of the Finance & Audit Committee shall meet the standard of financial literacy, which entails the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the AFNWA financial statements. Committee members shall exercise the care, diligence and skill that a person of ordinary prudence would exercise in dealing with the property of another person and shall use all relevant knowledge and skill that the member possesses.

All committee members shall be independent of management of the AFNWA. At least one committee member shall have accounting or financial management expertise.

Ex officio, non-voting members of the Finance & Audit Committee include: Chief Executive Officer, Chief Financial Officer and Recording Secretary.

Any Director who is a member of the Finance & Audit Committee serves at the pleasure of the Board Chair.

From time to time, additional non-voting resources may be added to the Committee by the Board Chair where considered necessary to enable the Committee to fulfill its mandate.

### **Meetings**

The Finance & Audit Committee shall meet at least four (4) times per year, with additional meetings at the call of the Committee Chair, or as directed by the Board. The AFNWA external auditor, or any two members of the Finance & Audit Committee, may call a special meeting of the Finance & Audit Committee by contacting the Committee Chair.

The agenda will normally be set by the Committee Chair based upon the Committee's work plan and annual objectives. Committee members or the Board Chair may also suggest agenda items to the Committee Chair. The agenda and background material for meetings will be delivered to members at least five (5) days prior to the Committee meeting.

The Finance & Audit Committee will have separate private meetings with the external auditors, Management or any other persons to discuss any matters that the Committee or these groups believe should be discussed.

The external auditor shall attend meetings of the Finance & Audit Committee if either has requested the opportunity to do so or has been requested to do so by a Finance & Audit Committee member. The external auditors may be invited to make presentations to the Finance & Audit Committee, as appropriate.

### **Quorum & Decision Making**

A quorum for the transaction of business at a meeting of the Committee will be a majority of Directors appointed to the Committee.

The Committee will attempt to reach consensus on recommendations to the Board on decisions delegated to the Committee. In exceptional circumstances, where consensus does not appear to be possible, the Committee may refer the matter directly to the Board without a recommendation.

**Accountability and Reporting to the Board**

The Chair of the Committee will prepare written reports for the Board on the work of the Committee and will be guided in the preparation of these reports by a reporting template for Committees.

**Committee Objectives, Annual Work Plan and Timetable**

In consultation with the Board Chair, the Committee will formulate annual objectives for the Finance & Audit Committee for each year and review progress against them at least annually.

The Committee will annually establish a work plan for its scheduled committee meetings, which plan will include any specific priorities assigned to the Committee by the Board. The attached table sets out the basic work plan to be used as a starting point each year.

<b>Finance &amp; Audit Committee Agenda Item</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
<b>Financial Statements</b>				
- Reviews external audited annual financial statements and recommends to the Board.	X			
- Recommends unaudited quarterly financial statements, including public reports on financial statements for consistency of disclosure with financial statements.	X	X	X	X
- Reviews quarterly and annual financial performance of the AFNWA and reports highlights to the Board.	X	X	X	X
- Approves financial content of the Annual Report.	X			
- Receive mid-year and annual report from the external actuary to understand the valuation of the organization's liabilities.	X			
<b>Corporate Plan and Budget</b>				
- Reviews and recommends Annual Business Plan, including balanced scorecard measures and targets and proposed rate of return.			X	
- Reviews and recommends operating and capital budgets, including proposed rate of return.			X	
<b>Internal Controls and Risk Oversight</b>				
- Monitors and reports to the Board on the effectiveness of the enterprise risk management system				X
- Reviews and discusses inventory of plans in place to address emergency response/business		X		

continuity issues and reports highlights to the Board.				
<b>External Auditors</b>				X
- Approves terms of yearly engagement letter.				
- Monitors and reports to the Board on the plan, conduct and reporting of the annual external audit.	X			
- Annual <i>in camera</i> meeting with External Auditor.	X			
<b>Compliance and Other Oversight</b>				
- Recommends quarterly reports on goods and services procurement, statutory employer remittances and OH&S compliance.	X	X	X	X
- Receives annual report from the CEO of any litigation matters that could significantly affect the financial statements.	X			
- Receives annual report of expenses of Executive Committee and Board	X			
- Receives annual audit report of expenses of Board, senior management and employees				X
- Receives results of annual Committee evaluation process			X	

## APPENDIX A: Travel Rates

### Mileage

The rates payable in cents per kilometer for the use of privately owned vehicles driven on authorized government business travel are .55 cents.

### Allowances

The standard for accommodation is a single room, in a safe environment, conveniently located and comfortably equipped.

Total cost of Hotel/Motel accommodations not to exceed \$200.00 per night taxes included within the Atlantic Provinces. Total cost of Hotel/Motel accommodation is not to exceed \$250.00 per night taxes included if traveling domestically outside of Atlantic Canada or Internationally. Any exceptions to this amount require the approval of the CEO for employees and the Chair or Vice Chair for Board members and the CEO.

Private accommodations will be paid at a rate of \$50.00 per night.

### Meals

The rates payable for Meals per day are as follows:

Breakfast	17.23
Lunch	17.04
Supper	42.92
Daily Rate	\$77.19
<b>Breakfast</b>	<b>12.35</b>
<b>Lunch</b>	<b>11.85</b>
<b>Supper</b>	<b>33.15</b>
<b>Daily Rate</b>	<b>\$57.35</b>

### Incidental expenses

Incidental rate payable for each night in a hotel/private accommodation is \$17.30 per night of overnight stay.

**ANNEX K**

**AFNWA CORPORATE CREDIT CARD AGREEMENT**

**BETWEEN:**

**THE Atlantic First Nations Water Authority (hereinafter referred to as “AFNWA”)**

**and \_\_\_\_\_ (hereinafter referred to as the “Cardholder”)**

All Cardholders have been issued an AFNWA Corporate Credit Card. This card is a privilege and thus carries a responsibility. The Cardholder agrees to adhere to the AFNWA Travel Directive (as approved and amended from time to time) and the applicable AFNWA policies for continued use of the credit card privilege:

- (a) This card is intended for AFNWA corporate/business expenses only.
- (b) All expenses are to be claimed on approved AFNWA Credit Card Reconciliation forms with original receipts attached.
- (c) Diligent protection of the number and expiry date is the AFNWA employee’s responsibility. It is not recommended to give this information out in emails or over cell phones.
- (d) Purchases that are outside the Cardholder’s ordinary business expenses (as listed below), as they may vary from cardholder to cardholder, require pre-approval from a Manager.

Any violations of the AFNWA Travel Directive and the above noted rules regarding the usage of the corporate credit card will result in the loss of use of the credit card privileges. There are to be no personal expenses charged to the Corporate Credit Card.

If you have read and understood the AFNWA Travel Directive and relevant policies and if you are in agreement with the above noted terms/conditions and the corporate credit card cardholder agreement, please sign and date below.

Identified ordinary business expenses specific to Cardholder:

Cardholder Signature: \_\_\_\_\_

Name, Title: \_\_\_\_\_

Date: \_\_\_\_\_

Manager Signature: \_\_\_\_\_

**AFNWA Contract Amendment Request Form**

**Contract Number:** \_\_\_\_\_

**Name of Contractor/Company:** \_\_\_\_\_

**Original Start Date/End Date of Contract:** \_\_\_\_\_

**Total Contract Value:** \_\_\_\_\_

**Amount of Contract paid out to date:** \_\_\_\_\_

**Reason(s) for Contract  
Amendment:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**List the Terms and Conditions of the Contract to be Amended (new end date, revised products, timelines)**

\_\_\_\_\_

**Recommended Amendment(s) by Manager: (please check if 'yes' and attach written authorization, if applicable)**

\_\_\_\_\_

**Recommendation by Legal Advisor: \_\_\_\_\_ (please check if 'yes' and attach written authorization)**

**Authorization by Chief Executive Officer: \_\_\_\_\_ (please check if 'yes' and attach written authorization)**

**Dated:** \_\_\_\_\_

**Employee Name:**

**Atlantic First Nations Water Authority  
Financial Policies and Procedures Manual**

**Acknowledgement**

I, \_\_\_\_\_, hereby acknowledge that I have received a copy of the Atlantic First Nations Water Authority **Financial Policy and Procedure Manual** (dated \_\_\_\_\_, \_\_\_\_\_).

I have read and understood that the provisions of the Financial Policy and Procedures Manual impacts upon my employment or placement with the AFNWA.

**Name (Please Print)**

\_\_\_\_\_

**Signature**

\_\_\_\_\_

**Date**

\_\_\_\_\_

**Witness**

\_\_\_\_\_