
Report on Regional Aboriginal Planning Committees
Ministry of Children and Family Development

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Glossary

APFA	Aboriginal Peoples Family Accord (Interior Regional Aboriginal Planning Committee)
CRA	Canada Revenue Agency
EOI	Expression of Interest
FRAPC	Fraser Regional Aboriginal Planning Committee
GST	Goods and Services Tax
host agency	Trust and Disbursement Agent
NAAFF	Northern Aboriginal Authority For Families (Northern Regional Aboriginal Planning Committee)
RC	Regional Coordinator
the committees	Regional Aboriginal Planning Committees
the Guidelines	Trust and Disbursement Guidelines
the ministry	Ministry of Children and Family Development
VIATT	Vancouver Island Aboriginal Transition Team (Vancouver Island Regional Aboriginal Planning Committee)

Executive Summary

We have completed the second phase of our audit of the Regional Aboriginal Planning Committees (the committees). This report presents the results of our audit of the North, Interior, Fraser and Vancouver Island committees. The results of our audit of the Vancouver Coastal committee have been reported separately, as part of the first phase of our audit. Our audit covered the period from April 1, 2003 to January 31, 2004 and included an examination of the committees' disbursement processes. Our audit also included an assessment of whether the committees' expenditures, including host agency administration costs, applied against the grant funding provided by the Ministry of Children and Family Development (the ministry) were reasonable in amount, supported and relevant to the planning activities. We also reviewed the existing financial management guidelines and processes for governing the committees, and relevant publications on governance topics.

Trust and Disbursement Guidelines and Processes

The ministry provided funding to the committees with Trust and Disbursement Guidelines (the Guidelines). These Guidelines recommended a process for committees to contract for experts and support agents through host agencies, who would hold the committee's funds, issue contracts and make payments on the committee's behalf.

All four committees implemented a similar variation of the Guidelines, with committees or committee staff initiating expenditures, preparing and managing contracts, and approving expenditures for payment by the host agency. The host agencies provide accounting and financial reporting services to the committees, and in some cases payroll, human resource and facilities services as well.

Committee Financial Management Practices

We found that the committees were at different stages of implementing financial controls, and the effectiveness of the controls varied by committee and type of transaction. Some expenditure areas, such as honorariums, were generally well controlled, but controls in other areas, particularly contracting, were quite informal.

We also found that financial transactions in the four committees were generally reasonable, supported, and consistent with the purpose of the committees. However, this success primarily reflects the efforts of the people involved, rather than the existence of a strong financial control framework. We have recommended that committees implement a more complete control framework to

provide greater assurance that expenditures will continue to be properly supported and committee funding well managed. We have included a number of financial management standards for the future that will support the committees in strengthening their financial control framework. By comparing these standards to each committee's current practices, we found that committees are currently meeting the standards in some areas but that changes are needed in many areas for committee financial management practices to align with the future standards.

Existing Financial
Management
Processes

We reviewed the financial management process recommended in the Guidelines and the processes implemented by the committees, to determine whether either of these processes provides an appropriate model for the ministry's future financial relationship with committees. We found that the Guidelines provided limited direction to the committees. For example, the Guidelines do not address all types of expenditures or the committees' responsibility to ensure economical use of the funds. In addition, although the process implemented by the committees creates greater opportunities for committee capacity building, we noted areas that were not addressed by policy and require strengthening, such as contracting.

Future Financial
Management
Processes

As both the Guidelines and the existing financial management processes do not clearly and completely outline the financial relationship between the committees and the ministry, we have proposed a financial management model consisting of three agreements between the ministry and committees, including:

- a Protocol Agreement that defines the overall relationship, establishing roles and responsibilities, expectations, and a framework for managing the financial relationship;
- periodic Business Plan or funding agreements that outline planning deliverables for each funding period and the basis for funding those deliverables; and
- a Financial Management agreement that outlines standards for committees' overall management of their financial affairs, standards for expenditure processes, and processes for funding the committees.

Implementing these agreements will clarify expectations and standards and help ensure financial transactions meet the committees' and ministry's requirements for transparency and public accountability.

Financial
Accountability
Relationships

In defining the relationship between the ministry and committees several options are available for creating financial accountability and building committee capacity. As the committees are at different stages in implementing financial controls, we have suggested the ministry and committees tailor each relationship to the needs of that committee, considering the risks associated with the various financial transactions. Accordingly, we have presented four potential options for financial accountability structures, each providing a differing level of involvement for the ministry and committees.

The remainder of this report discusses these and other issues in more detail, and outlines the purpose, scope and objectives of the audit. We would like to thank the committees, host agencies and ministry staff and management for their assistance and co-operation throughout this assignment.

David J. Fairbotham
Executive Director
Internal Audit & Advisory Services

March 7, 2005

Introduction

The Ministry of Children and Family Development (the ministry) has been working toward implementing a new, community-based model for delivering child and family services. In June 2002, the Aboriginal community supported the ministry's initiative through the historic *Tsawwassen Accord*, which supported the establishment of Regional Aboriginal Authorities to parallel the non-Aboriginal authorities being planned to deliver these services.

The ministry followed through on this initiative by providing grant funding to five Regional Aboriginal Planning Committees (the committees) to support the development of Regional Aboriginal Authorities. The five committees represent aboriginal people in the North Region, Interior Region, Vancouver Coastal Region, Fraser Region and the Vancouver Island Region.

In March 2002, the interim planning process for the development of the Regional Aboriginal Authorities began. In September 2002 each committee identified a Trust and Disbursement Agent (host agency) that would hold grant funds received from the ministry until payments were made. The host agencies were a legal entity through which the committee funding could be managed, since the committees were not legal entities. The grant funding mechanism was chosen as a means of providing maximum flexibility to the aboriginal community, who had requested more decision-making authority in the way funds were spent.

In the Guidelines included with each committee's grant letter, the ministry requested that the committee identify and approve individuals, organizations or companies that have the necessary expertise or supports required to assist the work of the committee. A statement of deliverables outlining the work to be performed was to be signed by the committee and the expert or support agent. This statement would accompany a letter of agreement issued by the host agency functioning as an agent of the committee, which outlined the funds approved for the services and the basis of payment. The experts or support agents were to invoice the host agency for the services they agreed to deliver. Prior to making a payment, the host agency was to obtain confirmation from the committee that the services received were satisfactory. Any issues of accountability, due diligence and matters that may result in a conflict of interest were to be adequately addressed by the committee when approving the experts or support agents.

The host agency could be reimbursed out of the grant funds for reasonable expenses incurred while acting on behalf of the committee. The host agency was to track expenditures made against the grant and provide the ministry and the committee with periodic updates, as needed.

In March 2003, the ministry provided \$500,000 in funding to each committee, intended to cover work to be completed during the period April to September 2003. In October 2003, the ministry advised the committees that a new funding model would be adopted for future transition funding, to improve accountability for the funds and assist in moving forward with a new phase of community governance. The committees were asked to provide a detailed accounting of expenditures to date against the initial allocation of transition funding. Upon complying with the information request, additional grant funds were provided to the Vancouver Coastal committee (\$208,000) in November 2003 and North committee (\$203,600) in December 2003.

Due to allegations made in relation to the Vancouver Coastal committee and the delay of some committees in complying with the ministry's financial information request, the ministry asked Internal Audit & Advisory Services to conduct an audit of all committees.

Purpose

The audit was completed in two phases. The first phase related to the Vancouver Coastal committee has been reported separately. The purpose of the second phase of the audit was to provide the ministry with:

- information regarding the expenditures applied against the grant funding, and the disbursement processes used by the committees and their Trust and Disbursement Agents; and
- advice regarding capacity building, and recommended processes and financial guidelines for all committees and the Board of the new interim authority for Aboriginal Children and Family Development to use in the future.

Scope and Objectives

The second phase of this audit included a review of expenditures made by the North, Interior, Fraser and Vancouver Island committees during the period April 1, 2003 to January 31, 2004. Specifically, we reviewed the expenditures for this period, to determine whether:

- for payments made to experts or support agents:
 - a statement of deliverables exists, which clearly defines service expectations and is signed by the committee and the expert or support agent;
 - an invoice is provided for the services delivered;
 - the host agency obtained confirmation from the committee that the deliverables have been received and are satisfactory; and
 - the payment amounts are reasonable and are consistent with the purpose of the committee.
- payments made to reimburse administration costs of the host agency are reasonable in amount and supported.

The second phase of the audit involved interviewing committee members, host agency staff, and selected service providers as necessary, as well as reviewing relevant documents for the four committees. In addition, we reviewed governance practices in other relevant programs and publications on aboriginal governance.

Comments and Recommendations

The ministry provided funding to the North, Interior, Fraser and Vancouver Island committees with Trust and Disbursement Guidelines (the Guidelines) recommending a process for committees to contract for experts and support agents and manage expenditures through host agencies. However, the committees implemented the Guidelines differently than recommended, creating a process where committees assumed responsibility for initiating and managing contracts and expenditures, with the host agencies in a support role.

Section 1 of the report reviews the ministry's recommended financial management process, and the process used by the committees at the time of our fieldwork, and assesses whether either process provides a sound basis for the ministry's financial relationship with the committees.

Section 2 summarizes our review of committees' financial management processes and the payments made, and assesses whether the expenses are reasonable and committees' financial management processes support the need for transparency and public accountability in the use of committee funding.

Section 3 builds on the assessments in Sections 1 and 2 by outlining a potential model for the financial relationship between the ministry and committees, and also discusses the issues and options the ministry and committees will need to consider in creating a relationship that builds capacity and functions effectively.

Section 4 presents, in greater detail than Section 2, the results of our review of committees' financial management processes and expenditures, and outlines opportunities to create stronger financial management practices.

1.0 Current Financial Management Guidelines and Processes

We reviewed the Trust and Disbursements process recommended in the Guidelines and the processes implemented by the committees, to determine whether either of these processes provide the clear expectations and logically structured financial accountabilities needed for an effective financial management relationship between the committees and the ministry.

Conclusion

We found that neither of these two processes provides an appropriate model for the ministry's future financial relationship with committees. The Guidelines provide limited direction. For example, they do not address all types of expenditures or the committees' responsibility to ensure economical use of the funds.

The financial management process implemented by committees creates more opportunities for committee capacity building and provides greater independence from the host agencies, but we noted areas within these processes that were not addressed by policy and require strengthening, such as contracting.

1.1 Trust and Disbursements Guidelines

Under the Trust and Disbursement Guidelines, the host agency functions as an agent of the committee, holding the committee's funds, preparing contracts and making payments as directed by the committee, and preparing financial reports for the committee and ministry as needed. The host agency is the legal entity for the committee's contracts, but is not involved in day-to-day committee operations.

The Guidelines addressed payments to experts or support agents and host agency administration fees, but did not provide guidance on other committee expenses, such as honoraria and meeting costs. In addition, the Guidelines provided limited direction to the committees on establishing financial management frameworks to effectively control the funds and assign accountability for economical use of these funds.

As host agencies would issue contracts and make payments on behalf of the committees, there is a risk that host agencies could attempt to influence committee financial transactions, creating a perception that committees may not be entirely independent of their host agencies. As the committees are a balance of stakeholder groups, and in every region the host agencies are managed by one of those stakeholder groups, some committee members and staff indicated a need to avoid any perception that the host agency relationship could give this group additional influence on the committee.

Further, as the host agencies are not involved in the day-to-day operations of the committees and have limited resources, significantly involving host agencies in the contracting process may not be practical or effective.

1.2 Current Committee Process

All four committees implemented a similar variation of the Trust and Disbursement process. Specifically, the host agencies hold the grant funds, but committees or committee staff initiate expenditures, prepare and manage contracts, approve expenditures for payment by the host agency, and manage their funding allocations. The host agencies provide accounting and financial reporting services to the committees, and in some cases payroll, human resource and facilities services as well. Day-to-day committee operations are generally managed by seconded host agency employees or contractors reporting to the committees.

Compared to the Guidelines, the committees have assumed all the responsibility for initiating and managing contracts, creating greater opportunities for building committee capacity. However, as the committees do not have legal status, there are liability concerns regarding contracts signed by committee members or seconded host agency staff.

The host agency role is limited to providing financial services to committees, providing the committees with greater apparent independence. However, this process is based on the Guidelines and has similar limitations in not addressing all types of expenditures or the committees' responsibility to implement processes ensuring economical use of the funds.

2.0 Committee Current Financial Management Practices

The Guidelines did not direct the committees to use any specific financial management policies or procedures and as a result, each committee established their own policies and processes. We reviewed these processes and assessed whether they represented reasonable and prudent business practices. We also reviewed a representative sample of committee expenditures, to determine whether the expenses were supported, reasonable and consistent with the purpose of the committee.

Conclusion

We found that financial transactions in the four committees were generally reasonable, supported, and consistent with the purpose of the committee. However, this success reflects the efforts of the people involved rather than the existence of strong financial controls. Implementing a more complete financial management and control framework will provide greater assurance that expenditures are properly supported and committee funding is well managed.

We found that the four committees were at different stages of implementing financial controls and that the effectiveness of controls varied by committee and type of transaction. Some expenditure areas, such as honorariums, were generally well controlled, but controls in other areas, particularly contracting, were quite informal. Section 4 of the report outlines these findings in more detail, highlighting specific areas where financial practices require changes to improve their effectiveness.

As discussed previously, host agencies provide the committees with financial and accounting services, staff resources, and in one case, office space. There is a need for one committee to establish a formal agreement with their host agency, and for the other committees to define their relationship with the host agency more comprehensively. Further, two of the agencies could better relate their fees to the cost of providing these services.

We also noted that financial management at the committee level would be strengthened by establishing a "Treasurer" role with responsibility for overseeing committee financial affairs, and in some committees by more frequent financial reporting to the committee.

3.0 Managing Committees in Future

The previous sections of this report indicate that:

- neither the Trust and Disbursements Guidelines issued by the ministry, nor the variation on these Guidelines implemented by the committees provide an appropriate basis for the financial relationship between committees and the ministry; and

- all the committees' financial control frameworks require further development, with each committee continuing to build on their particular strengths.

In addition, the committees and ministry expressed a desire for clear and comprehensive committee financial management standards to support transparency and public accountability. Together, these factors indicate a need for the ministry and committees to create a more effective financial relationship, with flexibility to accommodate committees' different needs and priorities. This section of the report outlines, for the ministry's and committees' consideration, a financial management model including issues and options the ministry and committees will need to consider in creating and implementing a new structure. The model consists of three agreements between the ministry and the committee, including:

- a Protocol Agreement that defines the overall relationship between the parties, establishing roles and responsibilities, expectations, and a framework for managing the financial relationship;
- periodic Business Plan or funding agreements that outline activity plans and planning deliverables for each funding period, and the basis for funding those deliverables; and
- a Financial Management Agreement that describes standards for overall management of committees' financial affairs, standards for expenditure processes, and processes for funding the committees.

The following report sections are intended to provide a starting point to assist the ministry in working with committees to create the new arrangement. Key priorities and strategic concerns of the ministry will also need to be taken into account in defining the relationship.

3.1 Protocol Agreement

The protocol agreement would define the overall relationship between the ministry and committees, identifying roles, responsibilities and expectations. Key elements to cover in this agreement include:

- the context of the agreement, including the commitments made by the parties in the *Tsawwassen Accord* and the *Memorandum of Understanding for Aboriginal Children*, and a summary of the ministry's overall plan for transitioning to regional aboriginal governance;
- the purpose of the committee, the committee's agreement to undertake this purpose, and the ministry's agreement to support this work with stable funding allowing committees to maintain staffing and planning continuity;
- reference to, or insertion of the Business Plan Agreement, which provides the framework for committee planning activities and ministry funding in each fiscal period;
- the committee's and ministry's agreement to use the financial management standards defined in the Financial Management Agreement;
- the committee's authority to make expenditures consistent with the committee's purpose and budget allocations, and to delegate this authority within the committee and to committee staff;
- the processes or criteria, such as those published by the BC Government Board Resourcing and Development Office, that will be used to select committee members, or committee members with specific functions, such as the chairperson;
- a process for resolving disputes between the parties;
- the ministry's ownership of assets purchased with committee funding and intellectual property developed by the committees;
- the ministry's right to review or audit committee, host agency or contractor records upon reasonable notice to the committee; and
- the committee's and ministry's right to a reasonable notice period when requesting changes in the agreement.

The above listing concentrates on financial management concerns, consistent with the purpose of this assignment. However, as this agreement defines the overall relationship between the ministry and committees, the parties will also need to ensure that all the necessary non-financial elements are included. In addition, this template could be used as a basis for defining the ministry's relationship with non-aboriginal planning committees.

To ensure that all the individuals significantly involved in the committee relationship understand their rights and responsibilities under the agreement, this protocol agreement could either be signed by all committee members, or by the Chairs with a requirement that they communicate the information to the other committee members, and also by key senior ministry staff.

Recommendation

- (1) We recommend the ministry, in conjunction with the committees and legal counsel, develop and implement an agreement defining the relationship between the committees and the ministry.**
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Joint Ministry and Committee Comments

A Protocol Agreement has been developed with the Regional Aboriginal Planning Committees and was approved on February 18, 2005. Legal council has reviewed the Agreement. In addition to a Protocol Agreement between the ministry and each Regional Aboriginal Planning Committee, the planning committees will develop a protocol agreement with their host / support agency. As well, the ministry will provide each host agency with a funding letter, outlining financial management expectations, linked to the Financial Management Agreement between the ministry and the planning committees. The Chairs of the planning committees and the ministry will sign the Protocol Agreements on the 23rd of March 2005.

3.2 Business Plan Agreement

The Business Plan Agreement would outline the committee's undertaking to accomplish certain planning deliverables during the funding period, and the ministry's agreement to provide certain funding to support those deliverables. Key elements to cover in this agreement include:

- clearly defined planning deliverables for each funding period, including specific outputs and outcomes to be achieved;
- the basis for ministry funding of these deliverables, including a schedule for delivering this funding over the period;
- a process and schedule for the committee to report progress on the deliverables;
- processes or options in the event deliverables are not met or planning priorities change, such as an option to renegotiate the agreement and the funding levels; and
- a process for resolving any disputes.

This agreement builds on the ministry's existing work with committees' business plans and provides a mechanism for committees to present an overall project management plan. The agreement will also support committee capacity building related to project management and allow the committees and ministry to agree on the planning expectations and priorities for the fiscal period.

Recommendation

- (2) We recommend that the ministry, in conjunction with the committees and legal counsel, develop and implement periodic Business Plan agreements outlining committees' commitment to achieving specific deliverables and the ministry's commitment to provide funding supporting those deliverables.**
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Joint Ministry and Committee Comments

A Business Plan Agreement has been developed with the Regional Aboriginal Planning Committees and reviewed by Legal council. It is currently being used to outline deliverables and associated funding needs by each planning committee for fiscal 2005/06, anticipated to be signed off at the end of March 2005.

3.3 Financial Management Agreement

This agreement would define the standards or processes to be used by the committee and ministry in managing their financial relationship. Key elements to cover in this agreement include:

- standards or procedures to be used by the committee in managing their financial affairs;
- standards, guidelines and processes for initiating, managing and processing committee expenditures; and
- ministry procedures for providing funding to the committee.

Committee
Financial
Management

This element of the Financial Management Agreement supports committees in moving toward the standards of committee management expected of regional authorities, by establishing expectations for committees to adopt certain key committee management practices, including:

- defining roles and responsibilities for committee members, including lines of authority for accountability and committee decision-making, and documenting these accountabilities in a volunteer agreement similar to a job description;
- creating a committee position with responsibility for overseeing committee financial management, such as a Treasurer, to be filled by an individual with appropriate financial training;
- preparing written delegations of financial authority, authorizing committee chairs, members and staff to initiate and approve financial transactions within certain limits defined by the committee;
- dividing key financial management duties among committee members and committee and host agency staff, to segregate responsibility for authorizing, processing, recording and reviewing financial transactions;
- preparing and approving budgets that support the planning activities, deliverables and funding level agreed to in the Business Plan Agreement;
- presenting monthly reports to the committee outlining expenditures to date and compared to budget, and projected budget status at year-end;
- recording any discussions of significant budget variances and expenditure decisions in the meeting records;

- presenting regularly scheduled financial reports to the ministry, in a format to be agreed on by the ministry and committees; and
- implementing a conflict of interest policy for committee members and staff, and a process for identifying, communicating and addressing conflicts of interest.

Financial Management Standards

Committees and the ministry agree that committee financial transactions should be timely, accurate and able to withstand public scrutiny. The Financial Management Agreement would allow the parties to meet this expectation by describing the financial administration standards or processes the committees will use, such as:

- standards for banking and cash management;
- guidelines for travel expenses, honorariums, and meeting expenses; and
- standards or processes for purchasing, contracting and contract management, and approving expenses for payment.

Some committee members and staff expressed concerns about committee procedures moving away from more informal community business practices primarily based on trust and becoming “too bureaucratic”. The ministry can help address these concerns by providing training to committee members and staff on financial management processes, particularly in the higher-risk area of contract management.

Payment of Ministry Funding

The Financial Management Agreement would also document how the ministry will provide the funding, allowing both the ministry and committees to better plan their financial commitments. For example, funding could be delivered by:

- scheduled periodic payments to the committees or host agencies;
- a single payment; or
- the ministry paying certain committee expenses directly.

The method of funding will be significantly influenced by the structure of the financial accountability relationships with committees, which will be discussed in the next section of the report.

Recommendation

- (3) We recommend that the ministry, in consultation with their financial advisors, and committees develop and implement an agreement defining the standards and processes to be used by the committees and ministry in managing their financial relationship.**
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Joint Ministry and Committee Comments

A Financial Management Agreement has been developed, in consultation with the ministry's financial advisors. It was approved by the Regional Aboriginal Planning Committees on January 28, 2005. The Chairs of the planning committees and the ministry will sign the Financial Management Agreements on the 23rd of March 2005.

3.4 Accountability Relationships

The ministry is currently evaluating options for creating clear accountability relationships with committees which help build committee and community capacity, and also provide assurance that committee financial transactions meet expectations for transparency and public accountability. As the committees have different needs and priorities in further developing and implementing financial controls, providing a range of accountability relationships will support flexibility in tailoring each relationship based on the committee's needs and the risks associated with the particular transactions. In addition, providing opportunities to adjust the accountability relationship in response to changes in individual committee functioning will support continued capacity building.

We have outlined four options for consideration by the ministry and committees below. Each option defines the accountability relationships with different levels of committee and ministry involvement in contracting processes and in other types of expenditures, such as travel claims, meeting expenses and honorariums. These options each provide a different combination of committee autonomy and assurance that committee transactions meet expectations.

Under all four options, committees would be responsible for key financial processes that are most effectively performed by individuals directly involved in committee operations, including:

- developing the statements of requirements to be included in contracts, managing the contracts and ensuring that deliverables are achieved, and approving payments to contractors;
- initiating other types of expenditures and approving these expenditures for payment; and
- managing committee financial commitments to the funding allocations outlined in the Business Plan Agreement.

Option	Contract Expenses	Other Expenses
A	Committee is responsible for all aspects of contracting, contract management and payments to contractors. Ministry has no direct involvement.	Committee initiates, manages and pays non-contract expenses. Ministry has no direct involvement
B	Committee prepares statements of requirements for contracts, participates in contractor selection, manages contracts and approves contractor invoices for payment by the ministry.	Committee initiates and manages other expenses and approves expenditures for payment by the ministry. Ministry reviews committee-approved expenditures for reasonableness and makes payment.
	Ministry participates in contractor selection process, prepares and issues contracts, reviews committee-approved expenditures for reasonableness and makes payment.	
C	Committee prepares statements of requirements for contracts, participates in contractor selection, manages contracts and approves contractor invoices for payment.	Committee and ministry roles are as in Option A.

Option	Contract Expenses	Other Expenses
	Ministry could participate in the contractor selection process and could also review committee-approved invoices for reasonableness. Either committee or ministry could prepare and issue contracts and pay invoices.	
D	Committee and ministry roles are as in Option A.	Committee initiates and manages other expenses and approves expenditures for payment. Ministry reviews committee-approved expenditures for reasonableness. Either committee or ministry could pay invoices.

Option A

Under this option, committees would receive the funding and manage their financial processes using the expectations defined in the Financial Management Agreement. This option would be appropriate for committees that have already demonstrated significant financial management capacity, as it provides the ministry less assurance that committee expenditures meet expectations. The accountability for transparent and accountable financial management is placed directly on the committees, and the experience gained in managing this responsibility would build committees' capacity for transition to the permanent authorities, which is consistent with the ministry's goal of increasing committee and community capacity.

Committees have several alternatives for obtaining the accounting services needed for their financial operations, including contracting with host agencies or other accounting service providers, or developing their own internal capability, depending on the needs and capacity of the committee. However, the committees would be responsible for all aspects of contracting, and at present the committees do not have legal status for entering into contracts. To implement this option, committees would need to obtain legal status, or make arrangements with host agencies or the ministry to issue contracts on their behalf.

In this option the ministry would employ various review and monitoring strategies to provide assurance that committee financial transactions continue to meet expectations. Committees would report regularly to the ministry in an agreed format, and ministry staff would then review these reports, asking for explanations and support for unusual items. In addition, the ministry may also initiate on-site reviews or audits and require committees to provide annual audited financial statements.

Option B

Under this option, committees and the ministry would jointly manage committee financial and administration processes, with the ministry providing the support currently supplied by host agencies. This approach would provide the ministry with direct assurance that committee transactions meet expectations. However, since certain financial functions are retained in the ministry, this option is less effective than Option A at committee capacity building. As such, it would be most appropriate in cases where a committee had experienced consistent challenges achieving financial management expectations and needed assistance to build the capacity to operate more autonomously in the future. Combining this approach with training strategies to help build the committee's capacity in specific areas would support committees in being prepared to adopt a more autonomous model.

A potential risk associated with this approach is that the committee may interpret the ministry review of expenses as an approval, rather than an assurance process, and that the committee relaxes their financial controls in favour of the ministry review. In addition, as ministry staff are not involved in day-to-day committee operations, their ability to accurately assess the reasonableness of some committee expenditures may be limited.

As key financial processes are shared between the committee and the ministry, effective and timely planning and communication is necessary to ensure accountabilities are clearly assigned and financial transactions are processed quickly and efficiently. The ministry will also need to consider the following issues in exploring this option:

- the ministry's expenditure review could involve processing an estimated 100-150 transactions per month for each committee;
- there will need to be an arrangement for concluding transactions initiated by committees but not supported by the ministry's review of expenses, to avoid leaving the vendor unpaid while a resolution is reached;

- the ministry will be the accounting service provider, and will need to arrange a suitable format and schedule for monthly financial reporting to the committee;
- the ministry will need to establish goals for timely transaction processing, so the committee and ministry staff understand the timeliness expectation for the ministry's review and payment process; and
- most committees have two to four staff seconded from host agencies, and the ministry will need to make arrangements to ensure these employees continue to be paid as necessary.

Option C

Under this option, contracting processes would be shared between the ministry and committee, providing more assurance that these transactions meet expectations. The ministry's role in contracting could include some or all of the following functions:

- involvement in contractor selection processes;
- preparing and issuing contracts using committee-provided statements of requirements;
- reviewing committee-approved contractor invoices for reasonableness; and
- paying contractor invoices on behalf of the committee.

This option draws elements from both Options A and B, and would be most appropriate when there is a need to build a committee's capacity to manage the risks associated with contracting only, with other types of expenditures considered lower risk. Since the ministry would assume responsibility for certain contracting functions, this approach would need to be supplemented by contract management training to help build the committee's ability to contract effectively in the future.

This alternative requires coordinating contracting processes and accountabilities between the ministry and committee, and many of the administrative concerns already outlined in Option B also apply to this option. In addition, if the ministry pays the contract invoices, there may need to be an arrangement to charge these costs back to the committee.

Option D

Under this option, the ministry would participate in managing expenses other than contracts, by reviewing the expenses for reasonableness and/or appropriate process, and possibly by paying these invoices on behalf of the committee. Depending on the level of assurance needed, the ministry could review the actual invoices and other supporting documentation, or review the expenditures in summary form requesting supporting documentation for a selected sample of transactions only.

This option also draws elements from both Options A and B, and would be appropriate when there is a need to build a committee's capacity to manage certain types of expenses, such as travel claims or honoraria, but where contracting processes are considered lower risk.

This alternative is administratively simpler than Options B and C, as the ministry's participation in processing these expenses would be limited to reviewing and possibly paying committee-approved expenditures. However, there would still need to be a process for concluding transactions approved by committee staff but not supported by the ministry's review, and goals for timely transaction processing. In addition, if the ministry pays the invoices, there may need to be an arrangement to charge these costs back to the committee.

Committee Self-Assessment Tool

The ministry and committees may also consider using a self-assessment tool (see Appendix A) to review and assess committee financial control environments. By communicating the results of the assessments to the ministry, opportunities for committee training and capacity building can be identified and a plan for addressing these implemented. In addition, the results could also be used to support giving committees more autonomy, depending on which of the four accountability options they are currently under.

4.0 Committee Financial Management Practices for the Future

We noted that the Guidelines did not direct the committees to use any specific financial management policies or procedures. As a result, each committee established their own policies and processes. We assessed these policies, processes and expenses in comparison to applicable ministry or government core policy, to identify and communicate the extent and nature of the change needed for committees' financial transactions to meet key financial management standards in the future. These standards are based on prudent business practices as well as ministry and government core policy.

For each financial management area we reviewed, we have identified:

- a "financial management standard" summarizing a future processing standard or control expectation;
- the results of our review of each committee's current practices; and
- as necessary, comments on the changes needed for committee financial management practices to align with the future financial management standards.

Appendix B presents additional detailed guidance for committees in selected financial management areas, to assist in further developing their financial control frameworks.

4.1 Committee Internal Financial Management

4.1 (a) Authority Delegation and Authorization	
Financial Management Standard	<ul style="list-style-type: none"> • Committees have delegated specific authorities to the Chair and (as necessary) support staff to initiate financial transactions and make financial commitments on behalf of the committee. • Financial transactions and commitments are initiated and approved by individuals who have been delegated this authority. <p>These processes help ensure the committee Chair and staff initiate financial transactions or commitments which are supported by the committee.</p>
Committee Practices	<p>Most purchasing, contract management and payment approval is done by Regional Coordinators (RCs), but only the Interior Regional Aboriginal Planning Committee (APFA) has formally delegated contracting or expenditure authority to the RC. None of the committees have formalized the Chair's authority to make financial commitments on behalf of the committee. However, we did not see any indication that Chairs or RCs made inappropriate commitments.</p>

4.1 (a) Authority Delegation and Authorization	
Meeting the Standard	Committees will need to prepare formal delegations of authority to individuals who are expected to initiate and approve financial transactions on behalf of the committee. These delegations will need to be documented in an authorities matrix, which specifies the types of transactions covered and dollar limits (i.e., authority to initiate contracts to \$10,000 and to approve travel expenses to \$1,500).

4.1 (b) Approving Significant Financial Transactions	
Financial Management Standard	<ul style="list-style-type: none"> • Committees review and approve significant financial transactions and commitments, such as hiring staff and entering larger or sensitive contracts. • Committees' decisions on these transactions are documented in the meeting minutes. <p>These processes help ensure the committees are involved in significant financial decisions, and the committees' decisions are documented to reduce the risk of misunderstanding.</p>
Committee Practices	Our review of committee meeting minutes indicates that APFA and Vancouver Island Regional Aboriginal Planning Committee (VIATT) discuss major commitments, and the minutes clearly document the discussion and the decisions made. The Fraser Regional Aboriginal Planning Committee (FRAPC) minutes indicate discussion of significant commitments, but the decisions are less consistently recorded. The Northern Regional Aboriginal Planning Committee (NAAFF) minutes contain little discussion of significant commitments, and our review of expenses confirms there were few significant commitments to discuss.
Meeting the Standard	APFA, NAAFF and VIATT are meeting the standard, although NAAFF will need to ensure significant items are discussed when they occur in the future. FRAPC will need to improve the documentation of decisions made.

4.1 (c) Conflict of Interest	
Financial Management Standard	<ul style="list-style-type: none"> • Committees do not contract with or employ individuals or vendors in a capacity that can create an apparent or actual conflict of interest regarding their committee duties. <p>This standard helps ensure that persons working on behalf of committees do not have other responsibilities that may affect their ability to act in the best interests of the committee.</p>
Committee Practices	<p>Only NAAFF had a formal policy regarding conflict of interest, although we noted that VIATT implemented a Code of Conduct subsequent to our scope period, and FRAPC had drafted but not yet approved a Code of Conduct. We also noted that family connections were not uncommon among persons involved in the committees, but we did not see any indications that these relationships affected committee financial management.</p> <p>The RCs who manage the committees' relationships with the host agencies are often host agency employees themselves, creating a potential for these individuals to experience conflicting roles or accountabilities. In NAAFF, a regular host agency employee filled the RC position for a period. In other regions the RC was a contractor or host agency employee hired specifically to serve the committee with no expectation of longer-term employment with the host agency, reducing the risk of conflicting accountabilities.</p> <p>Another foreseeable conflict of interest would occur when a committee member is a host agency employee, although we were not aware of this situation occurring in any of the four regions.</p>
Achieving the Standard	<p>The three committees will need to implement a conflict of interest policy, and a process to communicate actual and perceived conflicts of interest. If host agencies are to continue, committees will need to ensure that relationships with host agencies are supervised by committee members with no significant affiliation with the agencies.</p>

4.2 Procurement

4.2 (a) Vendor and Contractor Selection	
Financial Management Standard	<p>Committees' purchasing and contracting policies are aligned with government procurement policy, including:</p> <ul style="list-style-type: none">• contractors for significant contracts (for example, over \$25,000) should be selected in a process which ensures qualified contractors and value for money, such as a Request for Information, Request for Proposals, or Invitation to Quote, unless the committee is able to demonstrate conclusively that only one contractor is qualified or able to provide the services;• vendors for significant goods purchases (for example, over \$25,000) should be selected in a process which ensures quality products and value for money, such as a bidding process or Invitation to Quote advertised on BC Bid, unless the committee is able to demonstrate conclusively that only one supplier is able to provide the goods;• contractors and vendors for smaller contracts or purchases (under \$25,000) should be selected in an appropriate process which ensures that the committee receives quality products and services, and good value for money; and• all vendor and contractor selection processes, steps and sourcing decisions should be documented. <p>These standards help ensure committees' procurement decisions are defensible, and are fair and open and provide value for money.</p>

4.2 (a) Vendor and Contractor Selection	
Committee Practices	<p>The committees selected vendors and contractors primarily by referral and reputation. VIATT and FRAPC carried out an Expression of Interest process, and FRAPC contracted with some of the respondents, and VIATT did not, as none of the respondents were considered suitable. Most committees reported some use of comparative sourcing, but did not retain any supporting documentation, and committee staff noted that procurement decisions can also provide some strategic benefits in helping to build capacity in the communities.</p> <p>At present the committees are not in the best position to demonstrate that their procurement processes are consistent with openness, transparency and accountability, and value for money. Our limited review of contract rates did not identify any significantly unreasonable rates in relation to the type and complexity of services performed. In addition, pricing on vendor invoices appeared to be reasonable for the type of item purchased.</p>
Achieving the Standard	<p>Committees will need to develop procurement policies based on the principles of openness, value for money, transparency and accountability, and will need to use comparative sourcing processes on a consistent basis, documenting processes used and reasons for selecting the chosen vendor or contractor.</p> <p>To assist committees in developing procurement and contracting processes, the ministry will need to support committees with training. In addition, the ministry and committees could consider providing information or training to support potential vendors and contractors in aboriginal communities in responding to these contracting processes.</p>

4.2 (b) Contract Deliverables and Payment Terms	
Financial Management Standard	<ul style="list-style-type: none"> • Contracts clearly indicate contractor deliverables and responsibilities, including the expected number of days or hours of service, and deliverables are linked to contract payments. • Payments made under contracts are related to the completion of contract deliverables. • Contracts and renewals are signed before services are provided. <p>These processes help ensure that before the contractors begin work, contractors and committees have a documented understanding of the services to be provided by the contractor, and the payments to be made when the services are provided.</p>
Committee Practices	<p>Three committees had reasonably well-defined deliverables in most of their contracts, while one committee's service contracts would benefit from more consistently indicating the number of hours included in the contractor's per-day rate. Three committees prepared most of their contracts and renewals before the work began, while one was less consistent. We noted that, in spite of committees' sometimes informal methods, RCs were able to ensure that contractors completed the expected deliverables.</p>
Achieving the Standard	<p>Committees will need to address these aspects of contract management more consistently in future. As discussed above, the ministry could assist by providing training on contract management processes to committee staff.</p>

4.2 (c) Contract Wording	
Financial Management Standard	<ul style="list-style-type: none"> Committees use a contract form which has received legal approval, and contains wording defining the rights and responsibilities of the contracting parties. <p>This standard helps ensure that contracts contain provisions defining responsibilities in areas such as contract termination, appropriate insurance coverage, and the ownership of materials and intellectual property developed under the contract.</p>
Committee Practices	<p>The VIATT contract form contains clauses to address these risks, and other committees' contracts sometimes contain some of these clauses. Some RCs indicated a reluctance to include these types of provisions in their smaller contracts, as in their view it makes the contracts complex and intimidating. To address these concerns, we suggest RCs provide advice and training to help contractors in their communities respond to these requirements.</p> <p>Although these contract clauses were absent, we did not see any indication that committees had experienced any contracting problems related to these risks.</p>
Achieving the Standard	<p>Committees will need to develop and use a standard contract form that appropriately addresses contracting risks, and has received legal approval. This form could be developed on a province-wide basis, considering the forms used by government or other organizations, for use by all committees.</p>

4.2 (d) Contract Management Roles	
Financial Management Standard	<ul style="list-style-type: none"> Each contract has an assigned contract manager responsible for ensuring that contract requirements are met and payments are correct. <p>This requirement helps ensure that all contracts are managed, and that contract management is consistent and complete.</p>
Committee Practices	<p>The responsibility for managing contracts was clearly assigned to the RCs in all four committees.</p>
Achieving the Standard	<p>The committees are meeting this standard.</p>

4.2 (e) Inter-regional Contracts	
Financial Management Standard	<ul style="list-style-type: none"> • Inter-regional contracts are managed under the same processes and controls as regional contracts. <p>This requirement helps ensure that inter-regional contracts are managed effectively and consistently.</p>
Committee Practices	<p>Three committees were each responsible for engaging service providers for inter-regional purposes and apportioned the associated costs among the committees. While the responsibility for managing these service providers was assigned, none of the three committees was able to provide a copy of a contract. Without documenting expectations in a contract, we were unable to determine whether these service providers were managed effectively.</p>
Achieving the Standard	<p>The committees will need to ensure inter-regional contracts are managed using the same processes and controls as regional contracts, including that the contract managers have the information necessary to manage these contracts effectively.</p>

4.2 (f) Relevance of Expenditures	
Financial Management Standard	<ul style="list-style-type: none"> • Goods and services acquired and paid for by the committees support achieving committee objectives. <p>This requirement helps ensure that the committee funding is effectively utilized.</p>
Committee Practices	<p>The sample of expenses we reviewed were generally consistent with achieving committee goals.</p>
Meeting the Standard	<p>The committees are meeting this standard.</p>

4.3 Payments

4.3 (a) Payment Authorization and Documentation	
Financial Management Standard	<ul style="list-style-type: none"> • Persons approving payments ensure that: <ul style="list-style-type: none"> ➤ goods and services were received and were satisfactory; ➤ the payment amount is correctly calculated and as agreed to in the contract or order; and ➤ the above checks are documented. <p>This expectation helps ensure that committees' payments are supported and are the correct amount. Documenting the check reduces the risk that these steps will be inadvertently overlooked in processing the payment.</p>
Committee Practices	In all committees the RCs approve payments, and advised us that they conduct all these checks as part of their approval process. We noted that RCs sign or initial the invoices or payment documents to indicate their approval, and our review detected only isolated minor undetected errors in payments.
Meeting the Standard	The committees are meeting this standard.

4.3 (b) Recording Payments	
Financial Management Standard	<ul style="list-style-type: none"> • Revenues and expenses are accurately recorded into the proper account codes. • Assets purchased with committee funding are recorded as assets and tracked in asset records. <p>These processes help ensure that:</p> <ul style="list-style-type: none"> • committees are not charged with costs from other host agency departments; • committee financial statements accurately reflect the committee's financial situation; and • committee assets are identified and tracked, and are not inadvertently absorbed into the host agencies.

4.3 (b) Recording Payments	
Committee Practices	<p>Account coding was generally accurate, except in one committee where coding errors were significant enough to affect internal financial reporting, but did not change the overall expenditure totals.</p> <p>Most committees purchased modest amounts (ranging from a few hundred to a few thousand dollars) of assets, but only VIATT and APFA recorded them as committee assets.</p>
Meeting the Standard	<p>Account coding in most committees met the financial management standard. Subsequent to our fieldwork the committee with coding concerns simplified their chart of accounts, which should reduce the likelihood of coding errors. Providing training to staff responsible for coding the invoices would also strengthen their knowledge of the account codes.</p> <p>To meet this standard, NAAFF and FRAPC will need to implement asset tracking policies and procedures.</p>

4.4 Service Agency Relationships

4.4 (a) Service Agency Agreements	
Financial Management Standard	<ul style="list-style-type: none"> • Committees have protocols or service agreements with their service agencies (i.e. host agencies) outlining the services to be provided and fees to be charged, and the approvals and documentation required to charge costs to the committee. <p>These processes help ensure that the services provided meet committees' needs, there is agreement on the fees and that appropriate costs authorized by the committees are paid.</p>

4.4 (a) Service Agency Agreements	
Committee Practices	<p>Three of the committees have protocol agreements with their host agencies. While none of these agreements cover all the areas that should be considered in a committee / host agency relationship, particularly the host agency fees, APFA has a reasonably comprehensive agreement.</p> <p>The fourth committee, does not have a formal agreement with the host agency, and has experienced challenges with the host agency's management of agency employees working with the committee. For example, the host agency reassigned a seconded employee without consultation, presenting continuity issues for the committee, and also granted vacation bonuses to two seconded employees without seeking committee approval.</p>
Meeting the Standard	<p>If the relationship with host agencies continues, the three committees will need to review and update their protocol agreements where appropriate, and the fourth will need to formalize their service arrangement with the host agency. Appendix C outlines topics for committees to consider in reviewing their protocol agreements or developing contracts with other service providers.</p>

4.4 (b) Service Agency Fees	
Financial Management Standard	<ul style="list-style-type: none"> • Service agencies (i.e., host agencies) are reimbursed for reasonable expenses incurred to provide support and services to the committees. <p>This expectation was established in the Trust and Disbursement Guidelines, to help ensure the funding is effectively utilized.</p>

4.4 (b) Service Agency Fees	
Committee Practices	<p>The VIATT and FRAPC host agencies' fees were approximately based on the actual or estimated cost of providing services to the committees, charging reasonable fees (\$500-\$1,000/mo.) for providing accounting services and in FRAPC, payroll for host agency employees seconded to the committee.</p> <p>The other two host agencies' fees were initially set at 10% of the anticipated committee funding amount, and through changes in committee funding levels and monthly fees, both fees were exceeding 10% of committee funding at the time of our review.</p> <p>In one case, the host agency fees amounted to approximately \$9,000/month for payroll / HR services, providing furnished and equipped office space for five committee staff, and processing approximately 150 accounting transactions per month. We understand this fee was significantly reduced subsequent to our fieldwork.</p> <p>In another case, the host agency fees amounted to approximately \$5,000/month, for payroll / HR services and processing approximately 150 accounting transactions per month, plus an additional charge for office space and supplies used by seconded employees working from host agency offices.</p> <p>Committee members and staff advised that the 10% fee is consistent with a ministry guideline that program administration costs should represent approximately 10% of total funding. However, this guideline was created for agencies delivering programs on the ministry's behalf, and in our view this is not an appropriate model for the committees, which have more limited administrative needs.</p>
Meeting the Standard	<p>If the relationship with host agencies continues, there is a need for two committees and their host agencies to justify their host agency fees by relating the fees more closely to the cost of providing the services.</p>

4.5 Specific Expenses

4.5 (a) Travel Expenses	
Financial Management Standard	<ul style="list-style-type: none"> • Committee travel policies are aligned with the BC Government Travel Policy. • Travel vouchers are approved by an independent individual with sufficient knowledge of the reasons for travel. Individuals are not to approve their own travel expenses. <p>Travel costs are a significant discretionary expense. These processes help ensure that travel costs are reasonable, justified, and supported.</p>
Committee Practices	<p>Only VIATT consistently uses BC Government Travel Policy hotel and per diem rates. The other committees use somewhat higher rates, typically based on host agency policies. One committee uses the host agency practice of reimbursing actual expenses for committee members, which could result in travel expenses that would not withstand public scrutiny. However, we saw no unreasonable expenses in our review of these claims.</p> <p>Overall, we noted a few travel expenses significantly exceeding the BC Government Travel Policy rates, such as a hotel room costing approximately double the Travel Policy rate. However, we did not identify any inappropriate transactions and the travel claims were generally reasonable and supported. Two committees require improvement to their documentation practices, by more consistently indicating the reason for travel, particularly for RCs and Chairs whose travel is not always related to regional committee meetings.</p> <p>RCs approve the travel claims in all four committees. One RC authorizes her own travel claims, relying on budget controls and travel plans presented to the committee for overall approval. While this approval method does not provide any scrutiny of individual travel costs, our review of these claims did not indicate any unreasonable expenses. In two committees, the RC approves the chair's travel, which is not entirely an independent approval, due to the close working relationships between RCs and Chairs. In one case, the committee Chair did not submit any travel claims during our period of review.</p>

4.5 (a) Travel Expenses	
Meeting the Standard	<p>The three committees whose travel policies are not consistent with the BC Government Travel Policy will need to bring their policies into alignment with this standard.</p> <p>In addition, the approval of chair travel expenses in two committees needs to be strengthened by requesting a committee member, preferably the proposed Treasurer position, to perform a periodic review of the Chair's travel claims.</p>

4.5 (b) Honoraria	
Financial Management Standard	<ul style="list-style-type: none"> Committee members receive an honorarium consistent with applicable ministry guidelines for time actually spent on committee business. <p>These processes help ensure that honorariums are reasonable and supported.</p>
Committee Practices	<p>Two chairs were compensated through ministry contracts. These chairs' compensation would exceed (in one case more than double) the ministry guideline rates if they worked only the minimum days specified in their contracts. We were advised these contracts were not renewed for the current fiscal year. One chair was not compensated, and one chair received \$250/day, which was consistent with Treasury Board Guidelines for Board Compensation at the time. In January 2004, the last month of our review period, the ministry established a guideline of \$225/day for committee chairs.</p> <p>All four committees' compensation of committee members was consistent with or less than the ministry's guideline. Honoraria were paid only for time spent at committee meetings. One committee also included travel time, which is not discussed in the ministry guideline or the Treasury Board directive on Board compensation, but is not unreasonable considering the distances some members travel to attend meetings. FRAPC paid modest honoraria to an Elders Committee and a Youth Committee that supported the committee's community consultation.</p>

4.5 (b) Honoraria	
	FRAPC has an honoraria “sign-in” process, and NAAFF attendees invoice the committee for their honoraria. Both of these processes contain controls ensuring that honoraria are only paid to members who attended the meeting. VIATT made a modest one-time payment amounting to significantly less than the ministry guideline. APFA prepares honoraria cheques in advance for presentation at the meeting, recognizing that some committee members have very limited financial resources. While this process could result in cheques being distributed to members not present at the meeting, our review found that only the members recorded as being present at the meetings received honoraria.
Meeting the Standard	Committee practices are generally consistent with the financial management standard. The ministry will need to provide direction to committees on compensating members for travel time, and we suggest the ministry consider honorariums for travel time in excess of a threshold amount. In addition, we suggest that in the future, the Chairs continue to be compensated by the committees, rather than through ministry contracts, to ensure compensation is transparent and consistent with the ministry guideline.

4.5 (c) Meeting Expenses	
Financial Management Standard	<ul style="list-style-type: none"> Catering costs for committee meetings and community consultation meetings are consistent with ministry guidelines. <p>Meeting costs are a discretionary expense, and these processes help ensure that meeting costs are reasonable, justified, and supported.</p>
Committee Practices	We noted that many community consultation and committee meetings were catered, and we were advised this is a cultural expectation.

4.5 (c) Meeting Expenses	
	Committee meeting catering costs were generally consistent with the applicable meal allowance rates in the BC Government Travel Policy, which we used as a general guide. In addition, we did not identify any instances where committee members claimed meal allowances when provided a catered meal. Catering costs at community consultation meetings were also generally less than the relevant meal allowance rates.
Meeting the Standard	The committees and ministry will need to develop guidelines for catering costs at committee and community consultation meetings (i.e. by considering BC Government Travel Policy meal rates as a starting point for establishing maximum amounts). Committees will also need to implement policies consistent with these guidelines.

4.5 (d) Goods and Services Tax	
Financial Management Standard	<ul style="list-style-type: none"> Committees manage their GST liability in accordance with Canada Revenue Agency (CRA) requirements. <p>Committees need to ensure they do not pay unnecessary Goods and Services Tax (GST) costs or claim unjustifiable exemptions, credits or recoveries.</p>
Committee Practices	All the committees except VIATT are using their host agency's GST status and procedures, primarily due to the committees not being legal entities. However, it is not clear that this is appropriate, due to the committees' relationship with host agencies, and because GST status is also affected by which party created the transaction and received the goods or services.
Meeting the Standard	Each committee will need to clarify their GST situation with CRA, and arrange with their host or support agencies to account for GST in the appropriate manner.

4.6 Budgeting and Reporting

4.6 (a) Budgeting and Reporting	
Financial Management Standard	<ul style="list-style-type: none"> Timely, accurate and relevant financial reports which communicate financial results and budget status are provided to the committees and the ministry. <p>Committees and the ministry need to know on a timely basis how the funding is being spent and whether the committees are operating within their budget allocations, so committees and the ministry can take appropriate action when required.</p>
Committee Practices	<p>We noted that the host agencies all provide the RCs with financial reports in a suitable format on a monthly basis. Our review of committee minutes indicates that the VIATT and APFA committees are regularly presented with financial reports. The FRAPC and NAAFF minutes indicate only occasional discussion of the committee's financial position. We noted that one committee did not provide the host agency with a committee budget until several months into the fiscal year, limiting the host agency's ability to present financial reports comparing budget to actual expenses.</p> <p>VIATT has a comprehensive financial reporting package, including:</p> <ul style="list-style-type: none"> Financial Services (summary) Report, Statement of Operations, with current month and year-to-date financial results compared to budget, by department and in total, Balance Sheet, and Projected Expenditures with expenditures to date, forecasted expenditures for the rest of the year, and total projected expenditures to year-end. <p>The committees reported financial results to the ministry when requested by the ministry, which was consistent with the expectations in the Trust and Disbursement Guidelines.</p>

4.6 (a) Budgeting and Reporting	
Meeting the Standard	<p>Committees will need to implement the committee management processes presented in report section 3.3, including:</p> <ul style="list-style-type: none"> • preparing detailed budgets promptly after funding commitments have been received from the ministry; • ensuring that a knowledgeable party, such as the proposed Treasurer position, performs regular reviews of the financial statements from the host agency; • reviewing financial reports that compare actual expenses to budget, with a discussion of significant variances and projected expenditures to the end of the year, at monthly committee meetings; and • preparing regular financial reports for the ministry, in a format agreed upon by the committee and the ministry. <p>As noted above, VIATT and APFA have already implemented many of these procedures.</p>

Appendix A – Committee Self-Assessment Tool

This appendix presents a potential self-assessment tool for committees to use to review and assess their policies, practices and controls in key areas. The checklist also explains why certain policies and processes are needed for effectively managing committees and committee operations.

Committee members and staff involved in the processes should be included in completing the assessment. Not all questions may be applicable to the committees at this time, particularly those related to staff, and this should be indicated in the assessment as applicable.

Once completed, the committee Chair and a committee member are to sign and date the checklist to provide a written committee acknowledgement that it has been properly completed. The results may then be communicated to the ministry, so that any significant training and capacity building issues can be identified and addressed.

Committee Self Assessment Tool

COMMITTEE NAME:				DATE:	
I. COMMITTEE GOVERNANCE:					
Committee Composition and Orientation	Yes	No	Partial Yes/No	Comments	Why is this important?
1. Are new committee members orientated, either through training or a manual, to the committee's processes, policies and programs, as well as their roles and responsibilities?					<i>Organizational knowledge and training will support the committee in effectively governing and fulfilling its mandate. Further, clearly communicating roles and responsibilities to parties will help ensure accountabilities and significant control procedures are assigned and fulfilled.</i>
2. Does your committee have a specific committee member, with financial expertise, or a finance subcommittee, to lead in a financial capacity (i.e. Treasurer)?					<i>It is essential that the committee elect or appoint a Treasurer with financial expertise or a finance subcommittee to lead the committee in a financial capacity and support committee accountability.</i>
Committee Meetings	Yes	No	Partial Yes/No	Comments	Why is this important?
3. Does the committee meet on a regular basis and periodically evaluate the effectiveness of the meetings?					<i>Regular committee meetings allow the members to learn together, contemplate and deliberate, and arrive at decisions together. An engaged, committed and knowledgeable committee will enhance committee governance and facilitate their self-evaluation for effectiveness.</i>
4. Does the committee document in the meeting minutes, key discussions and decisions for reference purposes, transparency and accountability?					<i>Documenting key decisions and matters of importance will support transparency and accountability, particularly when concerns regarding these matters are raised at a later date. In addition, meeting minutes can provide stakeholders with a frame of reference for both past and future committee activity.</i>

Roles and Responsibilities	Yes	No	Partial Yes/No	Comments	Why is this important?
<p>5. Are roles and responsibilities clearly defined and documented for the committee members and Chair in the following key areas:</p> <ul style="list-style-type: none"> • establishing and communicating financial and program expectations; • monitoring whether expectations have been met; • developing and approving policy; • ensuring compliance with legal and contract requirements; • establishing controls to manage risks that threaten financial stability or achievement of goals; • establishing expectations for the Regional Coordinator's performance; and • hiring, evaluating, managing and compensating the Regional Coordinator and other committee staff, as applicable? 					<p><i>A committee, particularly one with less experienced members, will need guidance regarding their role and responsibilities to ensure effective governance and timely decision making. Defined roles and responsibilities help to ensure that committee members have a common understanding of their duties, to facilitate achieving objectives efficiently and effectively. Each of the key areas noted is equally important for effective committee governance.</i></p>

Roles and Responsibilities	Yes	No	Partial Yes/No	Comments	Why is this important?
<p>6. Does the committee ensure that:</p> <ul style="list-style-type: none"> • suitable insurance coverage is in place by periodically reviewing the level and types of insurance coverage; • contingency plans are in place in the event of a disaster; • the physical environment is safe; and • succession plans are in place for key committee members and staff for continuity purposes? 					<p><i>Sufficient insurance coverage will protect the committee's assets and resources in the event of a disaster or loss.</i></p> <p><i>Contingency plans in the event of a disaster, such as plans to back-up computer files and operate in an alternate location, will help to mitigate the risk of any service interruptions or loss of service. In addition, the organization's commitment to workplace safety will also lessen the risk of personal injury that may result in service interruption or potential liability.</i></p> <p><i>Succession planning by the committee, to identify current committee and management profiles and determine future requirements for committee and staff members, will help to ensure committee continuity.</i></p>

II. MANAGEMENT AND STAFF CAPACITY:					
Roles and Responsibilities	Yes	No	Partial Yes/No	Comments	Why is this important?
7. Are roles, responsibilities and authorities for managing committee operations clearly defined and documented (i.e. in a job description) for the Regional Coordinator, such that committee expectations will be met?					<i>The Regional Coordinator is accountable to the committee for the performance of the operational team. Consequently, the Regional Coordinator's role and responsibilities need to support the achievement of the committee's expectations for operational performance.</i>
8. Are roles and responsibilities for committee members and staff clearly defined and documented in volunteer agreements or job descriptions for all positions within the committee?					<i>Clearly defined and documented staff roles and responsibilities will support accountability, an effective control environment and achieving objectives. Defined roles and responsibilities will also enhance the members and staff's understanding of their performance expectations and help ensure that the expectations will be met.</i>
9. Are all committee members and staff evaluated periodically, and a file maintained for these evaluations?					<i>Periodic performance evaluations will help to ensure that objectives are achieved, efficiencies are gained through improving competencies, and any performance issues are documented and addressed.</i> <i>Maintaining files for staff evaluations will mitigate the risk of non-compliance with regulated employment standards, should any personnel concerns be raised.</i>
10. Are lines of authority for committee members and staff clearly established to support decision-making and accountability?					<i>Clearly established lines of authority in documents such as an organizational chart, will help to ensure a common understanding of who individuals are accountable to, what they are accountable for and what their responsibility for decision making is.</i>

III. KEY ORGANIZATIONAL PROCESSES:					
Policies and Procedures	Yes	No	Partial Yes/No	Comments	Why is this important?
<p>11. Does the committee have documented policies and procedures for:</p> <ul style="list-style-type: none"> • financial processes, such as: <ul style="list-style-type: none"> ➤ banking duties; and ➤ authorized cheque signers; • personnel, such as: <ul style="list-style-type: none"> ➤ conditions of employment; ➤ employee benefits; ➤ timesheets; ➤ staff travel; ➤ code of conduct, including code of ethics; and ➤ conflict of interest guidelines. • records management? 					<p><i>Documented policies and procedures in each of these areas will help to ensure that staff and committee members have a clear and common understanding of their role in operating a functionally efficient and effective committee. Established policies and procedures will reduce the risk of error and support compliance, as well as facilitate improvements in the control environment.</i></p>
<p>12. Do committee members and staff have copies of or reasonable access to the documented policies and procedures?</p>					<p><i>It is essential that documented policies and procedures are communicated and readily available for all committee members and staff to utilize in day-to-day operations, to help ensure effectiveness in meeting operational requirements.</i></p>

Policies and Procedures	Yes	No	Partial Yes/No	Comments	Why is this important?
13. Does your committee ensure that the processes documented in the policy and procedures manual are followed (i.e. records properly maintained and secured)?					<i>Ensuring compliance with documented policy and procedures will support process accountability and effective operations. Non-compliance may indicate that the policies and procedures are unclear or outdated and require modification.</i>
Conflict of Interest/Related Party Transactions	Yes	No	Partial Yes/No	Comments	Why is this important?
14. Does your committee have a process to identify and communicate actual or potential conflicts of interest? Note: Such situations exist when a Committee member or a staff member's personal or professional interests may affect or appear to affect their ability to put the interests of the organization before personal benefit (e.g. hiring/contracting with family members, etc.).					<i>Self-monitoring is the best preventative measure for conflict of interest situations. Well-defined operating policies on all matters that might lead to conflict of interest situations will help to avoid their occurrence through a common understanding of how to identify and manage such situations.</i>

Conflict of Interest/Related Party Transactions	Yes	No	Partial Yes/No	Comments	Why is this important?
<p>15. Where related parties (e.g. relatives of committee members and staff) perform paid services for the committee, are:</p> <ul style="list-style-type: none"> • the service expectations defined and documented in a contract; and • quotes obtained from third party vendors/contractors to ensure services are delivered at fair market value? 					<p><i>Committee members who have a relationship, contractual or other, with a related party could find that it interferes with their ability to act in the committee's best interests</i></p> <p><i>Where related parties, such as a committee or staff member's spouse, perform paid services for the committee, the expectations need to be documented to ensure that all parties have a common understanding of successful contract completion. If issues are subsequently raised, documentation will enhance transparency and accountability related to the transaction.</i></p> <p><i>If the committee has a process where quotes are obtained from all related and outside vendors, then it is more likely that the process is fair and results in goods or services provided at fair market value.</i></p>

Expenditure Approvals	Yes	No	Partial Yes/No	Comments	Why is this important?
<p>16. Does your committee's documented policy and procedures on expenditure approval and cheque signing clearly outline independent approvals, prior to payment, where:</p> <ul style="list-style-type: none"> • there are two cheque signers, other than the payee, required for each cheque; • the committee authorizes all significant and extraordinary expenditures beyond approved budgets; • a designated committee member authorizes expenditures of the Regional Coordinator; • the Regional Coordinator authorizes the expenditures of committee members and staff; and • an assigned committee member, such as the Treasurer, periodically reviews the Chair's travel claims? 					<p><i>Committee authorization of the Regional Coordinator's expenditures and Regional Coordinator authorization of committee member and staff expenditures helps ensure an independent review of expenditures and reduces the risk of collusion among staff resulting in funding misuse.</i></p> <p><i>The committee is responsible for monitoring monthly budget to actual expenditure amounts to ensure that adequate resources are available. It is appropriate that the committee be advised of proposed extraordinary and significant expenditures prior to payment, to allow them an opportunity to consider the impact of the payment on operations.</i></p>

Expenditure Approvals	Yes	No	Partial Yes/No	Comments	Why is this important?
<p>17. Are key duties and responsibilities in authorizing, processing, recording, and reviewing expenditure transactions divided among individuals such that no error or irregularity is likely to remain undetected? (E.g. bank statements and cancelled cheques are received and reconciled by a person independent of the authorization and cheque signing function, and subsequently reviewed and approved by the Regional Coordinator in a timely manner each month)</p>					<p><i>Financial duties which are properly separated (i.e., an individual does not authorize, process and record a financial transaction) reduces the risk of making and concealing an error or irregularity in the normal course of duties.</i></p> <p><i>Bank reconciliations performed each month by a person independent of the authorization and cheque signing function, usually the bookkeeper, will help ensure errors are identified and cash balances updated on a timely basis. Regional Coordinator review and approval of the bank reconciliation and two independent cheque signers on each cheque serve as controls in safeguarding the committee's cash. If the payee is a cheque signer and concerns are subsequently raised regarding the payment, the individual involved is placed in a vulnerable position.</i></p>
<p>18. Are the cheque signers required to review supporting documentation (i.e. receipts, invoices and/or explanations, timesheets) prior to signing?</p>					<p><i>To support the processing of payments, appropriate documentation needs to be attached. The cheque signers are responsible for the committee's funds and therefore should be assured that the expenditure is appropriate. Cheque signers should not pre-sign blank cheques as this practice effectively reduces the number of cheque signers who approve the specific payment to one.</i></p>
<p>19. Is the number of authorized cheque signers kept to a minimum, based on operational requirements (i.e. 3 or 4 individuals)?</p>					<p><i>The number of cheque signers needs to be minimized, to reduce the risk of misused funds.</i></p>

IV. PLANNING, REPORTING AND MONITORING					
Budgets	Yes	No	Partial Yes/No	Comments	Why is this important?
20. Do staff and committee members participate collaboratively in the budgeting process, and the committee approve the budgets?					<p><i>Involving all accountable parties in budgeting will increase the likelihood that budgets will be realistic, attainable and will promote "buy-in" by those responsible for managing the budgets.</i></p> <p><i>The committee's timely approval of the budgets will support financial monitoring throughout the fiscal period.</i></p>
21. Are the budgets: <ul style="list-style-type: none"> • reflective of economic realities for your committee (i.e. are amounts projected consistent with the funded amount); and • adjusted during the year when funding is reduced or additional categories of expenditures are required. 					<p><i>If the committee has effective financial reporting and monitoring processes in place to help ensure budget adherence, the committee may identify significant budget variances for which they had little control over, such as changes in ministry funding allocations. Some organizations revise their forecasts as they receive new information, which is necessary. A revised and realistic budget is more meaningful and therefore, allows the committee to better gauge its financial performance.</i></p>

Budget to Actual Expenditure Statements	Yes	No	Partial Yes/No	Comments	Why is this important?
22. Are monthly budget to actual expenditure reports prepared and presented to the committee for discussion at the committee meetings?					<i>Budget to actual expenditure reports support committee members in monitoring financial performance. At a glance, the committee is able to identify significant variances from budgeted amounts. Once identified, reasons and explanations can be sought and corrective action taken where necessary.</i>
23. In cases of significant budget variances or when financial pressures may exist, does the committee ensure that corrective action is immediately taken?					<i>Financial pressures may be such that the committee is unable to pay its bills on a timely basis and when this occurs, the committee needs to ensure that immediate corrective action is taken to remedy the financial pressures. Gathering information as to why significant budget variances and financial pressures exist, including increased or unusual expenditures, etc. will help the committee to understand and ensure that the financial pressures are eliminated.</i>
24. Do committee members (i.e., Treasurer or equivalent) have reasonable access to the bookkeeper and financial records if desired?					<i>The Treasurer or equivalent needs access to the bookkeeper and financial records when questions or concerns are raised. Transparency and accountability are key elements of effective operations.</i>

Service Delivery	Yes	No	Partial Yes/No	Comments	Why is this important?
25. Does the committee plan for its resource requirements (i.e. staffing or contracting needs) and establish its business plan on a timely basis?					<p><i>The committee needs to plan and identify staffing and contracting requirements to ensure it has the resources needed to accomplish its planning commitments. Sufficient planning will support the committee in ensuring commitments are fulfilled. Over delivery increases the risk that the committee may encounter financial difficulty and under delivery may result in expectations not being met.</i></p> <p><i>The business plan may include the activities needed to achieve the specific planning outputs (tangible results such as documents created) and outcomes (such as alliances among stakeholder groups) agreed to with the ministry.</i></p>
26. Do operational team members regularly communicate (i.e. monthly) on activities performed and results achieved with the Regional Coordinator?					<p><i>Results and performance needs to be communicated to the Regional Coordinator on a regular basis, to ensure compliance and success in meeting the committee's commitments.</i></p>
27. Does the Regional Coordinator monitor and communicate program delivery results and program performance (i.e., performance measures) to the committee?					<p><i>The Regional Coordinator is responsible for managing committee operations, while the committee is accountable for the results. By regularly disclosing and reviewing results, both the Regional Coordinator and the committee are fulfilling their monitoring duties.</i></p>

Financial Reporting	Yes	No	Partial Yes/No	Comments	Why is this important?
28. Are the committee's accounting records current?					<i>Accounting records that are current, reconciled and accurate will allow staff and committee members to rely on the financial reports with confidence.</i>
29. Does your committee have controls in place to ensure that expenditures are allocated to accounts that reasonably reflect the nature of the expenditure?					<i>Typically, the committee identifies the appropriate expense category for expenditures, and the bookkeeper verifies that the coding is reasonable prior to posting. Appropriate and accurate expenditure allocations are necessary for reliable financial reporting and budgeting purposes.</i>
30. Does the committee meet external reporting requirements?					<i>Compliance with external reporting requirements will support transparency and accountability and ensure that stakeholders expectations are met.</i>
31. Does an independent accounting professional review or audit your financial records and prepare financial statements on an annual basis?					<i>An independent review by an accounting professional provides assurance to stakeholders that financial statements are fairly presented in accordance with generally accepted accounting principles.</i>
32. If the organization's external auditor issues a management letter, are the recommendations made in the letter: <ul style="list-style-type: none"> • communicated to the committee, Regional Coordinator, and bookkeeper; and • implemented in a timely manner? 					<i>During an audit or review engagement, a management letter may be compiled, which makes recommendations for improvements to the committee's financial records or control processes. These recommendations need to be communicated to all relevant parties and implemented in a timely manner for an effective control environment.</i>

Acknowledgement and Signature

We have reviewed this checklist, and to the best of our knowledge, the information given in this checklist is accurate and complete.

Committee Chair

Committee Member

Date

Date

Appendix B – Supplementary Information for Financial Management Standards

This appendix supplements several of the Financial Management Standards presented in section 4 of the report with additional information, to assist committees in implementing strong financial control frameworks. The item numbers in this appendix refer to the report section containing the relevant Financial Management Standard.

4.1(a) Authority Delegation and Authorization

The committee's authority resides with the committee as a whole, not the individual committee members, so the committee will need to delegate specific authorities to committee members with roles requiring them to make decisions on behalf of the committee, such as the chair and treasurer, and to the senior staff reporting directly to the committee, such as the RC. In most cases the individuals who have been delegated an authority by the committee are not permitted to further delegate this authority.

As an example of delegation to a chair, the authority could include to:

- represent the committee at Aboriginal Chairs Caucus and Joint Chairs Caucus meetings;
- negotiate committee funding levels with the ministry within \$50,000 of the negotiating position pre-authorized by the committee; and
- make financial commitments which do not exceed \$50,000, but excluding any authority to hire an employee or take out a loan.

The authority delegation to the RC might include, in part, authority to:

- initiate and approve contracts with a value not exceeding \$10,000;
- approve payments on all approved contracts, within budget;
- approve committee honorariums up to a total of \$7,500 per meeting; and
- initiate and approve operating expenditures within budget, up to \$2,000 per transaction.

The ministry's spending authorities matrix provides an example of documented authority delegation, and is available at

http://icw.mcf.gov.bc.ca/manuals/mgmtserv_accounting_index.htm

4.1(b) Approving Significant Financial Transactions

Decisions involving staff (hiring, termination, performance management matters and compensation) and contracts (particularly the choice of contractor and the rate of pay) can present particular risks and often merit discussion at committee meetings, along with any decisions or changes in funding levels that may have a significant impact on the committee's financial position.

4.1(c) Conflict of Interest

Code of Conduct policies usually contain guidance on identifying and managing conflicts of interest. Key components of conflict of interest policy include:

- communicating the policy to all committee members and staff, including contractors in key roles;
- requiring all recipients of the policy to sign a statement indicating that they have read the policy and agree to be bound by it;
- a simple, well-understood and non-judgmental process for individuals to communicate their concerns regarding potential or actual conflicts of interest; and
- a process for objectively assessing the concerns, addressing the situation, and documenting the processes followed and conclusions reached.

4.2(a) Vendor and Contractor Selection

Some committees used an Expression Of Interest (EOI) process to identify potential vendors or contractors. The effectiveness and objectivity of this process can be enhanced by developing the criteria for an acceptable response before issuing the EOI.

For example, the criteria could include:

- amount of experience with similar projects;
- amount of experience working in aboriginal communities;
- cost; and
- favourable references from previous clients.

Committees indicated that procurement decisions can have an impact on building capacity in their communities. Direct award contracts without a formal competitive process are higher-risk procurement decisions, requiring thorough examination of procurement alternatives and comprehensive documentation.

Government core policy for procurement is available at http://www.fin.gov.bc.ca/ocg/fmb/manuals/CPM/06_Procurement.htm.

4.2(b) Contract Deliverables and Payment Terms

While it is preferable to contract for completion of tangible deliverables, contracts for personal services are still needed in some circumstances. These contracts could include:

- names of the individuals who will provide the service;
- daily rates, the expected number of hours in a day, and arrangements for partial days and hours in excess of the expected daily amount;
- requirement for detailed invoices indicating the days and time worked, and subject of the work; and
- basis for compensating contractor travel costs - per diem rates, etc.

4.3(a) Payment Authorization and Documentation

Committees that are not already using a cheque requisition form to process invoice payments may wish to consider using a "block stamp" to facilitate documenting the payment approval checks. These stamps provide blocks (spaces) for documenting receipt of goods or services, invoice accuracy check, accounting coding, approval to pay, and other reference information such as contract numbers.

Committees could also consider the following financial control steps in procedures for authorizing payments and managing bank transactions:

- committee approval is required for all significant and extraordinary expenditures beyond approved budgets;
- responsibility for authorizing, processing, recording and reviewing expenditure transactions are divided among individuals to minimize the possibility that an error or irregularity will remain undetected;
- bank statements and cancelled cheques are received and reconciled by a person independent of the expenditure authorization and cheque signing functions;
- two cheque signers, other than the payee, are required for each cheque;
- cheque signers are required to review supporting documents prior to signing cheques; and

- the number of cheque signers is kept to a minimum.

4.3(b) Recording Payments

Asset tracking processes could include:

- a policy identifying the assets to be tracked, such as computer hardware, software, communication and office equipment items;
- a system for listing and tracking the location and key information (i.e. serial numbers) of the assets, such as a spreadsheet; and
- periodic asset counts to verify the accuracy of these records.

4.5(a) Travel Expenses

In addition to providing per diem and accommodation rates, the BC Government travel policy covers other areas relevant to committees, including:

- less costly alternatives to travel, such as video-conferencing;
- using the least-cost method of travel, as air travel or rental vehicles can be more cost-effective than paying mileage on personal vehicles; and
- combining personal and business travel, and travel costs for spouses or family members accompanying committee members on business travel.

BC Government travel policy is available at
http://www.fin.gov.bc.ca/ocg/fmb/manuals/CPM/10_Travel.htm.

4.6(a) Budgeting and Reporting

Committees may wish to consider the following items in budgeting and reporting procedures:

- budgets are consistent with the funded amount;
- the committee reviews and approves the budgets;
- budgets are adjusted during the year when funding is changed or additional categories of expenditures are required;

- monthly budget to actual expenditure reports are presented and discussed at committee meetings;
- expenditures are reported in expense categories that reasonably reflect the nature of the expenditure;
- the committee becomes involved when significant budget variances or financial pressures occur, to ensure that corrective action is taken;
- committee members (particularly the Treasurer) have reasonable access to the bookkeeper and financial records;
- an independent accounting professional reviews or audits the financial records and prepares the financial statements on an annual basis; and
- if the external auditor issues a management letter, recommendations made in the letter are communicated to the committee, Regional Coordinator and bookkeeper, and are implemented in a timely manner.

Appendix C – Checklist for Service Agreements with Financial / Administrative Service Providers

The following checklist outlines key items to consider in preparing or revising a service agreement between the committee and a financial / administrative service provider, such as a host agency.

General

- Either party can terminate the agreement upon a specified reasonable notice period.

Employee Administration and Management

- Specific identification of any service provider employees who are assigned to work for the committee.
- Service provider provides statutory benefits and Workers Compensation insurance for these employees.
- Committee approval required for hiring, re-assigning or terminating any service provider employee assigned to work for the committee.
- Committee approves all aspects of the compensation of these employees, including pay rates, vacation eligibility, and any non-statutory benefits.

Infrastructure Support

- Description of any office accommodation to be provided by the service provider, including offices, utilities, janitorial services, computer ports, and access to meeting rooms, washrooms, kitchen and lunchroom.
- Description of any office services to be provided by the service provider, such as reception services and telephone answering, telephones, fax, computers, printers, computer networks and internet access, and copiers.

Finance

- List the specific accounting services to be provided by the service provider, and the anticipated volume of these transactions.
- Identify and include in the agreement any specific financial management policies, procedures, and standards to be applied by the service provider in processing committee transactions.

- Committee provides and maintains a listing of approval authorities for committee financial transactions, and the service provider agrees to ensure the appropriate approvals are in place before processing committee financial transactions.

Banking

- Provide a separate bank account for committee transactions.
- Committee will identify the signing authorities for the committee's bank account.
- Service provider reconciles the committee's bank account no later than 15 days after the end of each month, with the reconciliations reviewed by a specified competent and independent reviewer and available for review by the committee at any time during business hours.

Financial Reporting

- Describe or include sample copies of monthly and annual financial reports to be provided by the service provider, with deadlines for providing the reports, e.g. within 2 weeks following the end of each month and 4 weeks after year-end.
- Describe or include sample copies of "ad hoc" financial reports to be provided by the service provider when requested by the committee.

Assets

- Service provider maintains a listing of committee assets and accounts for the assets separately in the committee's financial statements.

Records

- Service provider provides committee members and specified committee staff access to any record of committee financial transactions upon an agreed notice period.
- Accounting documents supporting transactions initiated by the committee, such as vendors' invoices, may be filed in the service provider's files but remain the property of the committee.

Fees for Service

- Agreement documents how the service provider's fee is calculated and provided to the committee, and how the fee will be paid. Committees authorize and pay the service provider fees upon receipt of an invoice for services provided.