



Effective Date: June 12, 2018

FINANCIAL INSTITUTION ACCOUNTS

Definitions

- The following definitions apply to this Policy:
 - Cash** - is currency, cheques, money orders, and equivalent instruments;
 - Financial Institution** - refers to the First Nations Finance Authority, a bank, credit union or caisse populaire;
 - Financial Institution Accounts** - are accounts in financial institutions authorized by and under the name of Cowichan Tribes;
 - First Nations Finance Authority** - a non-profit organization which provides low-rate loans, investment options, and capital planning advice to First Nations governments;
 - Local Revenue Account** - an account with a financial institution in which local revenues (monies raised under local revenue law) are deposited separately from other monies of Cowichan Tribes;
 - Restricted Monies** - are funds from either government transfers, local revenues, or other revenues. Most, if not all, of have restrictions on their use;
- Please refer to Cowichan Tribes' "Definitions Guide for Policies and Procedures" for the definitions of other terms used in this Policy and the associated procedures.

Policy Directive:

Cowichan Tribes shall establish effective and efficient controls for all banking activities and financial service agreements with financial institutions.

Related Cowichan Teaching

"Give thanks for what you have been given"

Applicable Legislation and Standards

- Cowichan Tribes' practices respecting banking activities and financial institution accounts must comply with applicable legislation and standards, and Cowichan Tribes' laws, policies and procedures, including:
 - The *First Nations Fiscal Management Act*;
 - Cowichan Tribes First Nation Financial Administration Law (the FAL);
 - First Nations Financial Management Board (FNFMB) Standards; and
 - Public Sector Accounting Standards (PSAS) of the Public Sector Accounting Board.



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Reason for Policy

4. The objectives of this Policy include:
 - i) Providing Cowichan Tribes with guidelines and a framework for the establishment of effective and efficient controls for all financial institution accounts, banking activities, and financial service agreements with financial institutions;
 - ii) Specifying authorities and responsibilities over banking activities including signing and approval authorities, opening and closing of accounts, processing transactions, and borrowing funds;
 - iii) Ensuring that all financial institution accounts are:
 - a) Operated solely for the identified purposes,
 - b) Operated by properly authorized persons,
 - c) Reconciled in a timely manner,
 - d) Independently reviewed and approved,
 - e) Properly recorded in the book of accounts,
 - f) Reported in Cowichan Tribes' financial statements, and
 - g) Records maintained of all financial institution transactions; and
 - iv) Ensuring that Cowichan Tribes' practices respecting banking activities and financial institution accounts comply with all applicable requirements.

Consequences of Non-Compliance with Policy

5. Potential consequences of non-compliance with this Policy include:
 - i) Lack of clarity and directions respecting banking activities and financial institution accounts, and the related approvals, authorities, and responsibilities;
 - ii) Inappropriate controls over Cowichan Tribes' banking activities and financial institution accounts;
 - iii) Deficiencies respecting reviews, reconciliations, and records of banking activities financial institution accounts; and
 - iv) Breach of legislation, standards, or Cowichan Tribes' laws, policies and procedures.

Policy Application

6. This Policy applies to or affects Cowichan Tribes':
 - i) Chief and Council;
 - ii) Finance and Audit Committee;
 - iii) General Manager, Comptroller and Tax Administrator;
 - iv) Finance Department; and
 - v) Any other person(s) authorized to conduct banking and account related duties and functions with financial institutions on behalf of Cowichan Tribes.



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Policy Requirements

General

7. Cowichan Tribes may only open an account for the receipt and deposit of Cowichan Tribes' money *if* the account is:
 - i) In the name of Cowichan Tribes;
 - ii) Opened in a financial institution; and
 - iii) Authorized by the Comptroller.
8. Cowichan Tribes shall establish the following accounts in a financial institution:
 - i) A general account for money from any sources other than those described below in this section;
 - ii) A local revenue account for money from local revenues; and
 - iii) A trust account if Cowichan Tribes has money held in trust.
9. Cowichan Tribes may establish any other accounts not referred to in this Policy as may be necessary and appropriate to manage its financial assets.
10. All financial institution accounts must be reconciled monthly and any significant irregularities or unusual reconciling items must be promptly investigated and resolved.

Approvals

11. Cowichan Tribes may only conduct banking activities and have accounts with financial institutions that have been designated by Council.
12. All changes to authorized signing authorities for financial institution accounts require the prior written approval of Council.
13. Withdrawals from Cowichan Tribes' financial institution accounts must be as per the limits set out in Cowichan Tribes' Expenditure Management Policy and Procedures.

Representation and Records

14. The Comptroller is Cowichan Tribes' main representative in dealing with financial institutions and is the only person authorized to negotiate financial service agreements on behalf of Cowichan Tribes.
15. Cowichan Tribes shall ensure that proper records and documents respecting its banking activities and financial institution accounts are kept and retained in accordance with applicable records management requirements.



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Procedures: Financial Institution Accounts

Roles and Responsibilities

16. The responsibilities of Council include:
 - i) Approving the addition or the removal of authorized signatories for each financial institution account used by Cowichan Tribes; and
 - ii) Approving the establishment of an operating line of credit or overdraft account.
17. The responsibilities of the Finance and Audit Committee include ensuring significant irregularities or unusual reconciling items with respect to financial institution accounts are investigated and resolved in a timely manner.
18. The responsibilities of the Comptroller include:
 - i) Representing Cowichan Tribes in dealing with financial institutions;
 - ii) Approving financial service agreements with financial institutions;
 - iii) Controlling the opening, maintenance and closing of any of Cowichan Tribes' financial institution accounts;
 - iv) Assigning banking duties and ensuring adequate segregation of duties is maintained;
 - v) Ensuring physical safeguards are implemented over any handling of cash and blank cheques;
 - vi) Ensuring all money received by Cowichan Tribes is deposited as soon as practicable into the appropriate accounts;
 - vii) Ensuring that a reconciliation is performed each month for every financial institution account;
 - viii) Reviewing and approving monthly bank reconciliations for each financial institution account;
 - ix) Documenting and alerting the Finance and Audit Committee of any irregularities in the reconciliation process; and
 - x) Managing Cowichan Tribes' short term liquidity and working capital including credit line facilities.
19. The responsibilities of Finance Department staff, as assigned by the Comptroller, include:
 - i) Managing cheques and cash deposits to the appropriate financial institution account;
 - ii) Preparing reconciliations for financial institution accounts and petty cash accounts and retaining documentation and records for each reconciliation; and
 - iii) Alerting the Comptroller in a timely manner of any irregularities in the reconciliation process or any unusual reconciling items with respect to the reconciliations discussed above in this section.



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Financial Institution Accounts Maintenance and Operations

20. Cowichan Tribes shall ensure that Cowichan Tribes' accounts in financial institutions are operated in accordance with the following requirements:
 - i) All accounts are maintained and operated solely for identified purposes;
 - ii) Current records of all account transactions are retained and available for review;
 - iii) All records pertaining to financial institution authorities are maintained and changes reported to Council; and
 - iv) Written notification of any withdrawals or changes to cheque writing limitations established by Council, the Finance and Audit Committee or the Comptroller are communicated as soon as possible to the financial institution with a copy retained in Cowichan Tribes' records.

Accounts Management

21. The Comptroller shall maintain correspondence and official documents relating to the opening, maintenance, and closing of all financial institution accounts.
22. The Comptroller is Cowichan Tribes' primary representative in dealing with financial institutions and at least annually provides the designated financial institution representative with necessary financial reporting information and updates on Cowichan Tribes' operations and forecasts in order for the financial institutions to respond to Cowichan Tribes' financial service requirements.
23. The Comptroller is the only individual authorized by Council to negotiate financial service agreements on behalf of Cowichan Tribes.
24. The Comptroller shall develop a clear description of the purpose of each financial institution account and provide it to all employees who are responsible for depositing funds or reconciling the accounts.
25. Financial institution accounts shall be established in a manner so that all non-deposit transactions (i.e., cheques, electronic transfers) require two (2) signatures for approval.
26. The list of individuals with authorized signing authorities for each financial institution account shall be maintained by the Comptroller.
27. All changes to signing authorities for financial institution accounts must be approved in writing by Council before such changes may take effect.



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Account Deposits and Transactions

28. The Comptroller must:
 - i) Ensure the safekeeping of all money received by Cowichan Tribes;
 - ii) Deposit all money received by Cowichan Tribes as soon as practicable into the appropriate financial institution accounts established by Cowichan Tribes; and
 - iii) Not authorize payment of money from any financial institution account established by Cowichan Tribes unless the payment relates to the subject matter for which the account was established and is otherwise authorized or permitted under the FAL.
29. The Comptroller shall ensure that:
 - i) All cash transactions are handled in a controlled and transparent manner designed to minimize errors;
 - ii) A record is kept of all anticipated recurring deposit account transactions;
 - iii) All deposits are identified by revenue source; and
 - iv) All funds received for deposit are segregated as appropriate.
30. Cheques received by direct mail shall be recorded in a receipt log and endorsed (stamped) as “for deposit only” by a designated person. The log shall include the date, amount, source and reason for the payment.
31. A list of anticipated recurring deposits shall be maintained and reviewed on a monthly basis by designated Finance Department employee(s). Any expected deposits that have not been deposited in the financial institution account(s) shall be promptly reported by the designated Finance Department employee(s) to the Comptroller.

Financial Institution Account Reconciliation

32. The Comptroller shall reconcile all Cowichan Tribes’ financial institution accounts on a monthly basis within thirty (30) calendar days of each month end, except under documented extenuating circumstances.
33. The Comptroller shall ensure that:
 - i) Records of all financial institution account reconciliations conducted by Cowichan Tribes are retained; and
 - ii) Any reconciliation irregularities or unusual reconciling items are documented and investigated immediately.
34. The Comptroller shall review and approve each financial institution account’s monthly reconciliation for completeness, timeliness and accuracy.
35. The Comptroller shall ensure that any reconciliation irregularities or unusual reconciling items or adjustments are well explained, supported, and, if material in nature, are reported in writing the Finance and Audit Committee as soon as practicable.



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Records Management

36. Cowichan Tribes shall ensure that proper records respecting its banking activities and financial institution accounts are kept, and that these records are maintained in a secure and confidential manner, in accordance with Cowichan Tribes' Financial Records Management Policy and Procedures, including documentation and records regarding:
- i) The financial institutions designated by Council that Cowichan Tribes may conduct banking activities;
 - ii) Financial institution authorities as established by Council, including any changes in these authorities;
 - iii) All accounts opened and closed in financial institutions by Cowichan Tribes;
 - iv) Financial services agreements, and communications, with financial institutions;
 - v) Local revenues and their administration;
 - vi) Account transactions, including those of the Local Revenue Account;
 - vii) All account reconciliations, including documentation to support the amounts recorded on the reconciliation;
 - viii) Any significant irregularities or unusual reconciling items in the account reconciliations process, and the related investigation and findings; and
 - ix) Withdrawal of, or change to, cheque writing limitations authorized by Cowichan Tribes.

Related Cowichan Tribes' Policies

- Expenditure Management Policy and Procedures;
- Financial Records Management Policy and Procedures;