



Effective Date: June 12, 2018

FINANCIAL PLANNING AND BUDGETING

Definitions

- The following definitions apply to this Policy:
 - Annual Budget** - the annual consolidated budget of Cowichan Tribes approved by Council for the fiscal year;
 - Appropriation** - an allocation of money under a budget to the purposes for which it may be used, as specified by Council;
 - Budget** - the allocation of funding and other resources for a specific purpose (i.e., annual budget, multi-year financial plan, capital assets, departments, programs, etc.);
 - Local Revenues** - are monies raised under a local revenue law made by Cowichan Tribes under the *First Nations Fiscal Management Act*;
 - Planning Documents** - are financial planning related documents such as a strategic plan, annual budget, multi-year financial plan, and capital plan;
- 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 implement an effective, comprehensive, and accountable financial planning and budgeting process that is integrated with and supports the priorities of Cowichan Tribes and its members.

Related Cowichan Teaching

"Give thanks for what you have been given, and share what you have"

Applicable Legislation and Standards

- Cowichan Tribes' financial planning and budgeting related practices must comply with all applicable legislation and standards, and Cowichan Tribes' laws, policies, and procedures, including:
 - The *First Nations Fiscal Management Act* (the Act);
 - Cowichan Tribes First Nation Financial Administration Law (the FAL);
 - First Nations Financial Management Board (FNFMB) Standards
 - First Nations Tax Commission Standards; and
 - Public Sector Accounting Standards (PSAS) of the Canadian Public Sector Accounting Board.



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Reason for Policy

4. The objectives of this Policy include:
 - i) Providing guidelines and a framework for the establishment of an effective, comprehensive, and integrated annual and multi-year financial planning and budgeting process for Cowichan Tribes, consistent with its strategic plan;
 - ii) Clarifying the roles and responsibilities related to the planning and budgeting process for Cowichan Tribes;
 - iii) Ensuring Cowichan Tribes implements and maintains a comprehensive and integrated annual and multi-year financial planning and budgeting process which effectively provides for an appropriate level of financial management, control and accountability and supports decisions made by Cowichan Tribes;
 - iv) Ensuring Cowichan Tribes' resources are used in an economic and effective manner, and for the specific purposes authorized by Council;
 - v) Holding Council, officers and applicable managers responsible and accountable for managing the expenditures for their area of authority in an effective and prudent manner, in accordance with the respective delegated budgets; and
 - vi) Ensuring Cowichan Tribes' practices respecting financial planning and budgeting 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 Cowichan Tribes' financial planning and budgeting process;
 - ii) Inappropriate degree of integration and consistency with other planning documents such as the strategic plan, capital plan, etc.;
 - iii) Inadequate financial management, control, and accountability;
 - iv) Unauthorized or unnecessary budget deficits or surpluses; and
 - v) Contravention of applicable legislation, standards, and 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) Managers with authorized budgets; and
 - v) All other employees, committees or persons involved in the financial planning and budgeting process on behalf of Cowichan Tribes.



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Policy Requirements

7. Cowichan Tribes shall prepare and implement a documented:
 - i) Strategic plan that includes the input of its members and is integrated with its annual budget and multi-year financial plan;
 - ii) Annual budget on a consolidated basis that encompasses all of its operations, includes local revenues, and is integrated with the strategic plan and the multi-year financial plan; and
 - iii) Multi-year financial plan that is integrated with the strategic plan and annual budgets, and is aligned with the respective priorities of Cowichan Tribes and those of its members.
8. The strategic plan, annual budget, and multi-year financial plan shall be developed and implemented in accordance with the budget development schedule and timelines established by Cowichan Tribes.
9. The annual budget package for Cowichan Tribes shall include the:
 - i) Overall consolidated budget;
 - ii) Capital budgets;
 - iii) Departmental budgets;
 - iv) Local revenues budget;
 - v) Any other budget requested by Council; and
 - vi) Any related notes and assumptions, reports and schedules.
10. The annual budget shall include the respective authorized budget for local revenues. Local revenues shall only be expended as authorized in the respective budget.
11. Cowichan Tribes' proposed budgets shall not contain any budget deficits unless approved in writing by Council.
12. Budget deficits must not involve local revenues or adversely impact Cowichan Tribes' credit, and must be addressed and managed through the multi-year financial plan.
13. The strategic plan, annual budget, multi-year financial plan for Cowichan Tribes, and any related changes or budget deficits, require the prior written approval of Council before they may be implemented.
14. After the approved budget has been implemented, Cowichan Tribes shall undertake regular budget monitoring and control measures, and any necessary corrective action in case of significant variances between the budget and actual expenses/revenues.
15. A mid-year annual budget and multi-year financial plan adjustment process shall be undertaken by Cowichan Tribes to address the need for any necessary changes to the budget and multi-year financial plan.



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16. The budget and multi-year financial plan must not be changed without Council's prior written approval.
 17. Any necessary expenditures for emergency purposes must be approved by the General Manager.
 18. Members of Cowichan Tribes must be informed about Cowichan Tribes' budget, multi-year financial plan, and budget deficits or extraordinary expenses in accordance with applicable legislation, standards, and Cowichan Tribes' laws, policies and procedures.
 19. Proper records and documentation relating to Cowichan Tribes' planning and budgeting process and the associated informing of members, must be kept and retained in a secure and confidential manner in accordance with applicable records management related requirements.



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Procedures: Financial Planning and Budgeting

Roles and Responsibilities

20. The responsibilities of Council include:
 - i) Ensuring Cowichan Tribes establishes an effective, comprehensive, and integrated annual and multi-year financial planning and budgeting process based on the strategic priorities of Cowichan Tribes and its members;
 - ii) Establishing specific goals, and service priorities to guide resource and allocation decisions during the annual budget planning sessions and ensuring a process is in place to address the priorities of Cowichan Tribes' members;
 - iii) Reviewing and approving strategic plans, annual budgets, multi-year financial plans, and any amendments to these budgets and plans, and ensuring they:
 - a) Are prepared in accordance with the FAL and any other applicable Cowichan Tribes' laws, policies and procedures, budget limitations, and applicable funding agreements,
 - b) Are consistent with and support Cowichan Tribes' strategic plan,
 - c) Are based on plausible assumptions, and
 - d) Provide for an appropriate level of programs and services for members;
 - iv) Establishing general budget guidelines such as requirements for balanced budget and use of cash reserves;
 - v) Approving and overseeing the management of any proposed or projected budget deficit(s); and
 - vi) Ensuring that Cowichan Tribes' members are informed about the annual budget, multi-year financial plan, forecasted budget deficits or forecasted extraordinary expenditures as required by FNFMB standards and the FAL.
21. The responsibilities of the Finance and Audit Committee include:
 - i) Reviewing drafts of the annual budget, multi-year financial plan, strategic plan, other planning documents, and any draft amendments of the annual budget, and recommending them to Council for approval;
 - ii) Providing recommendations to Council respecting plans to eliminate any projected budget deficits;
 - iii) Reviewing information, schedules and proposed budget for rehabilitation or replacement of tangible capital assets and plans for new construction of tangible capital assets; and
 - iv) On an ongoing basis, monitoring Cowichan Tribes' financial performance against the budget and reporting any significant variations to Council.



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22. The responsibilities of the General Manager include:
- i) Ensuring a budget development and implementation calendar is in place, the related deadlines are met, and that information required for the development of the budget is provided to the Comptroller in a timely manner;
 - ii) Providing operational advice and input to the Comptroller with respect to the preparation of the draft annual budget and multi-year financial plan;
 - iii) Reviewing draft annual budgets, multi-year financial plans, and other draft planning documents in consultation with the Finance and Audit Committee;
 - iv) Monitoring expenses, respective budgets and addressing related variances or issues;
 - v) Reviewing the need for and approving any emergency expenditures; and
 - vi) Reviewing the FAL, this Policy and Procedures, and the related practices of Cowichan Tribes, and recommending to the Finance and Audit Committee changes that will help improve the compliance and effectiveness of Cowichan Tribes' financial planning and budgeting system.
23. The responsibilities of the Comptroller include:
- i) Establishing the format for draft budgets, creating a budget development calendar, and ensuring deadlines are met, subject to the FAL;
 - ii) Collaborating with managers who have authorized budgets in setting draft budgets for their area of authority/department;
 - iii) Preparing the draft budget, or consolidating and evaluating draft budgets from authorized managers, for accuracy, reasonableness, applicable guidelines, and anticipated resources;
 - iv) Preparing, with the Tax Administrator's advice and input, any draft amendments to the component of the annual budget respecting Cowichan Tribes' local revenues;
 - v) Developing revenue forecasts based on reviews of fiscal transfer agreements and collaboration with other officers or managers on own source revenues forecasts;
 - vi) Making forecasts and preparing budgets for tangible capital assets;
 - vii) Presenting draft annual budgets to the General Manager and the Finance and Audit Committee prior to each fiscal year and during mid-year budget revisions;
 - viii) Implementing financial monitoring including preparing and analyzing budgeted versus actual revenue and expense reports for the Finance and Audit Committee and overseeing Council approved corrective actions (i.e., budget amendments); and
 - ix) Any other responsibilities as outlined in the FAL.
24. The responsibilities of the Tax Administrator include recommending to the Comptroller:
- i) The draft and amended budgets for the component of the annual budget respecting local revenues; and
 - ii) The local revenues components of the multi-year financial plan.



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25. The responsibilities of managers with authorized budgets, as applicable, include:
 - i) Providing the Comptroller with timely information, as requested or necessary, for developing and monitoring the budgets for their respective department or area;
 - ii) Analyzing budget related issues and meeting budget development related timelines;
 - iii) Monitoring and effectively managing their expenditures and staffing within the budget allocated to their respective department or area of authority by Council; and
 - iv) Promptly reporting any actual or projected budget over-expenditures or surpluses for their respective department or area of authority to the Comptroller as soon as they become aware of the respective budget variance, and taking the necessary corrective action to ensure the effective management of their budget.

Strategic Plan

26. Council shall establish and implement, as appropriate, a current documented strategic plan for Cowichan Tribes that articulates its short and long term vision and objectives for Cowichan Tribes and its members.
27. Cowichan Tribes' strategic plan shall include input from Cowichan Tribes' community respecting the vision and priorities reflected in the plan, and shall be integrated with Cowichan Tribes' annual budget and multi-year financial plan.
28. Council shall review and, if appropriate, approve the strategic plan for Cowichan Tribes, including any amendments, through a resolution at a duly convened meeting of Council.
29. Cowichan Tribes shall review the strategic plan annually and revise it so as to ensure that it is kept up to date and reflects Cowichan Tribes' current strategic priorities.

Preparation of Annual Budget

30. Based on the strategic plan, multi-year financial plan, funding agreements, and Council's or the General Manager's directives, the Comptroller shall prepare a draft annual budget on a consolidated basis for Cowichan Tribes.
31. The annual budget must encompass all the operations, including related bodies and entities, for which Cowichan Tribes is responsible and must identify:
 - i) Anticipated revenues, segregated by significant category, with estimates of the amount of revenue from each category;
 - ii) Anticipated expenditures, segregated by significant category, with estimates of the amount of expenditure for each category; and
 - iii) Any anticipated annual and accumulated surplus or annual and accumulated deficit, and the application of any year-end surplus.
32. Capital budgeting estimates shall be prepared or updated accordingly and include all capital improvement projects and capital equipment expenditures.



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33. The revenue category of moneys derived from Cowichan Tribes' lands must be shown separately in the annual budget from other revenues and must include a sub-category for revenues from natural resources obtained from Cowichan Tribes' lands, if applicable.
34. The draft annual budget shall be presented for discussion at a Finance and Audit Committee meeting.
35. The Finance and Audit Committee shall review the draft annual budget and may accept the draft annual budget as presented or recommend amendments, in accordance with Cowichan Tribes' operational and strategic priorities and goals.
36. The annual budget, once finalized, shall be recommended by the Finance and Audit Committee to Council.

Preparation of Multi-Year Financial Plan

37. The Comptroller shall annually, in consultation with the General Manager and Finance and Audit Committee, prepare a draft multi-year financial plan for Cowichan Tribes that:
 - i) Has a planning period of five (5) years comprised of the current fiscal year and the four (4) succeeding fiscal years;
 - ii) Is based on the projections of revenues, expenditures and transfers between accounts;
 - iii) Sets out projected revenues, segregated by significant category;
 - iv) Sets out projected expenditures, segregated by significant category;
 - v) In respect of transfers between accounts, sets out amounts from reserve accounts;
 - vi) Includes the life-cycle management program for tangible capital assets;
 - vii) Includes the economic and social impacts of Cowichan Tribes' planned capital projects and projects undertaken by with other governments; and
 - viii) Indicates whether in any of the five (5) years of the plan a deficit or surplus is expected from the projection of revenues and expenditures for that year.
 38. The multi-year financial plan shall be integrated with Cowichan Tribes' strategic plan and annual budgets, and be consistent with and support the vision, goals, and priorities of Cowichan Tribes and its members, as outlined in the strategic plan.
 39. The draft multi-year financial plan shall be presented for discussion at a Finance and Audit Committee meeting.
 40. The Finance and Audit Committee shall review the draft multi-year financial plan and may accept the plan as presented or request amendments, within the context of the operating objectives and the strategic plan.
 41. The draft multi-year financial plan, once finalized, shall be recommended by the Finance and Audit Committee to Council.
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Requirements for Budget Deficits

42. Subject to the section below, Cowichan Tribes' proposed budget shall not contain any proposed or projected budget deficits unless absolutely necessary.
43. Council shall review all proposed budget deficits in detail and, after due consideration, approve only those budget deficits that are deemed to be necessary and appropriate.
44. Council shall seek and consider the advice or recommendations of the Finance and Audit Committee with respect to proposed budget deficits and the plans for balancing any proposed, or actual, budget deficit.
45. Any projected deficit must be accompanied by a report that outlines the contributing factors and circumstances and the plan by which it will be eliminated in a future year.
46. Where a projected deficit exists, the Finance and Audit Committee shall provide recommendations to Council on plans to eliminate the budget deficit in a future year.
47. If a draft annual budget contains a proposed deficit, Council, after considering any related recommendations from the Finance and Audit Committee, must ensure that:
 - i) No portion of the proposed deficit originates in or relates to local revenues;
 - ii) The deficit does not negatively impact the credit worthiness of Cowichan Tribes;
 - iii) The multi-year financial plan of Cowichan Tribes includes the impact of the proposed deficit and demonstrates how and when the deficit will be addressed and how it will be serviced; and
 - iv) The deficit doesn't breach legislation, or Cowichan Tribes' laws and policies.
48. Council approval of proposed budget deficits, and plans for balancing those deficits, shall be done through a successful resolution at a duly convened meeting of Council.

Local Revenues Budget

49. Despite any other provisions of the FAL, any part of a budget relating to local revenues must be prepared, approved and amended in accordance with applicable provisions of the *Act* and of the First Nations Tax Commission standards.
50. Council shall ensure that within the time prescribed by regulation under the *Act*:
 - i) Council passes a law under the *Act* establishing a budget for the expenditures of revenues raised under Cowichan Tribes' property taxation law; and
 - ii) The First Nations Tax Commission approves that law.
51. Council shall review and, if appropriate, approve any amendments of the component of the annual budget respecting Cowichan Tribes' local revenues as required in the FAL.
52. Council shall ensure that Cowichan Tribes expends its local revenues only as authorized in a budget made under a law referred to in section 50 above.



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Budget Development and Approval Schedule

53. The Comptroller must prepare a draft annual budget for the next fiscal year and a draft multi-year financial plan for Cowichan Tribes and submit them to the Finance and Audit Committee for their review by no later than March 25th of each year.
54. On or before March 25th of each year, the Finance and Audit Committee must review the draft annual budget, and the draft multi-year financial plan, for Cowichan Tribes and recommend an annual budget and a multi-year financial plan to Council for their consideration and approval.
55. Council must review and consider the draft annual budget, and the draft multi-year financial plan, recommended by the Finance and Audit Committee and, if appropriate, approve the annual budget for the next fiscal year, and the multi-year financial plan, by no later than March 31st of each year.
56. The Comptroller must prepare a draft amendment of the component of the annual budget respecting Cowichan Tribes' local revenues and submit it to the Finance and Audit Committee for their review by no later than June 15th of each year.
57. The Finance and Audit Committee must, by no later than June 30th of each year, review the draft amendment of the component of the annual budget respecting local revenues and recommend an amendment to the budget to Council for consideration and approval.
58. Council must review and consider the draft amendment discussed in the sections above as recommended by the Finance and Audit Committee and, if appropriate, approve the amendment by no later than July 15th of each year.
59. The approval by Council of the annual budget, multi-year financial plan, and the amendment of the component of the annual budget respecting local revenues shall be done through a successful resolution at a duly convened meeting of Council.

Amendments to Annual Budget and Multi-Year Financial Plan

60. Cowichan Tribes shall undergo a mid-year annual adjustment process to adjust the annual budget and/or the multi-year financial plan, as required.
61. The circumstances to make adjustments to budgets include the following:
 - i) Changes to funding arrangements;
 - ii) Impacts related to Capital Project adjustments;
 - iii) Unforeseen changes to budget assumptions; and
 - iv) Council approved changes to priorities or operating objectives.
62. Proposed or required amendments to Cowichan Tribes' annual budget or multi-year financial plan shall be brought forward to the Finance and Audit Committee for review.



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63. The Finance and Audit Committee shall forward all recommendations for changes to the annual budget and multi-year financial plan to Council for their review and approval.
 64. Council shall review and, if appropriate, approve any necessary changes to the annual budget, multi-year financial plan, and the local revenues budget in a timely manner, as per Cowichan Tribes' laws, policies, budget limitations and related funding agreements.

Implementation of Annual Budget

65. The Comptroller shall ensure the annual budget approved by Council is appropriately entered into Cowichan Tribes' Integrated Financial Information System so that Cowichan Tribes' financial reports reflect practical, accurate, and timely information to allow for the appropriate financial and budgetary reviews, and any control measures or corrective actions that may be necessary to ensure effective budget management.

Budgetary Control

66. Once an annual budget has been approved by Council and implemented, budgetary control must be exercised on an aggregate and department by department basis (or on the basis of assigned budgets) to ensure actual revenues and expenditures do not differ significantly from the respective authorized budgets, and that all major budget variances are quickly identified, investigated and addressed.
67. An amount that is appropriated in a budget for Cowichan Tribes must not be expended for any purpose other than that described in the appropriation.
68. The total amount expended in relation to an appropriation must not exceed the amount specified in the budget for Cowichan Tribes for that appropriation.
69. On an ongoing basis, managers with assigned budgets must monitor their expenditures and revenues and promptly report any significant anticipated and actual variances from their budget to the Comptroller, including the estimated amount of the variance, underlying reason(s) for the variance, and the proposed corrective action(s).
70. The Comptroller must monitor and report on Cowichan Tribes' expenditures and revenues in relation to the annual budget on an ongoing basis, including an analysis of any major variances, and the development of options to address the variance.
71. The Comptroller shall advise the Finance and Audit Committee of any anticipated or actual major budget variances on a timely basis, and of any proposed corrective action to balance the budget or minimize the impact of the budget variance, as appropriate.

Emergency Expenditures

72. The General Manager may approve an expenditure for an emergency purpose that was not anticipated in the annual budget if the expenditure is not expressly prohibited by or under the FAL or another Cowichan Tribes' law, and complies with Cowichan Tribes' Emergencies Policy and Procedures.



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73. Any emergency expenditures approved by the General Manager as per the above section must be promptly reported to Council and the annual budget must be amended to include the expenditures.

Informing Cowichan Tribes' Members

74. Council must ensure that the members of Cowichan Tribes are informed about:
- The annual budget, including any component of the annual budget respecting Cowichan Tribes' local revenues;
 - The multi-year financial plan;
 - Any budget deficits; and
 - Extraordinary expenditures.
75. Council must post a public notice of each Council meeting when the multi-year financial plan, annual budget, or an amendment to the annual budget is presented for approval.
76. Members of Cowichan Tribes may attend that part of the Council meeting when the matters referred to in the section above are being considered.

Records Management

77. The General Manager must ensure that proper records are kept of matters respecting Cowichan Tribes' planning and budgeting process, and that all related records and documents are retained in a secure manner as per Cowichan Tribes' Financial Records Management Policy and Procedures, including records and documents relating to:
- The development of the strategic plan, annual budget, and multi-year financial plan;
 - The planning and budgeting development schedule for Cowichan Tribes;
 - Council's review and approval of the strategic plan, annual budget, and multi-year financial plan, and the planning and budgeting development schedule;
 - Budgetary monitoring, control, and any corrective actions approved and taken;
 - The occurrence and respective approval of any budget deficits, budget amendments, and emergency or extraordinary expenses; and
 - The informing of Cowichan Tribes' members.

Related Cowichan Tribes' Policies

- Capital Asset Management Policy and Procedures;
- Emergencies Policy and Procedures;
- Expenditure Management Policy and Procedures;
- Financial Records Management Policy and Procedures;