

Financial Institution Account and Cash Management Policy

Policy

It is Nipissing First Nations policy that all financial institution accounts be authorized according to the provisions in the Financial Administration Law, operated solely for the identified purposes and by properly authorized person(s), reconciled in a timely manner and independently reviewed and approved, and properly recorded in the book of accounts and reported in the Nipissing First Nation's financial statements.

It is Nipissing First Nations policy to maintain records of all financial institution transactions.

Purpose

The purpose of this policy is to ensure that all financial institution accounts and related transactions, excluding investment accounts, are properly authorized, controlled, recorded and reported.

Scope

This policy and procedure applies to Council, the Chief Executive officer, the Chief Financial Officer, the Finance Manager and any other Nipissing First Nation employee who has been assigned financial institution account responsibilities.

Definitions

“Finance staff” – The employee(s), reporting to the Chief Financial Officer or the Finance Manager, who are responsible for the day-to-day financial administration of Nipissing First Nation.

Responsibilities

Council is responsible for:

- the approval of additions / removals from the signing authority list for each financial institution account, subject to the Financial Administration Law.

The Chief Finance Officer is responsible for:

- the approval of the creation or termination of each financial institution account;
- ensuring the safekeeping of all money received by Nipissing First Nation;
- ensuring all money received by Nipissing First Nation is deposited as soon as practicable into the appropriate accounts described;
- assigning banking duties to employees and ensuring that adequate segregation of duties is maintained;
- providing oversight and monitoring of the deposit process;

- ensuring physical safeguards are implemented for cash and blank cheques;
- performing an independent review of each account reconciliation and acknowledging the same by signing and dating the reconciliation;
- ensuring that a reconciliation is performed each month for every financial institution account; and
- documenting and alerting the Finance and Audit Committee of any irregularities in the reconciliation process.

The Finance staff are responsible for:

- recording revenue deposited in the accounting system; and
- ensuring all anticipated recurring deposits have been received. The accountant will alert the Chief Financial Officer when expected receipts have not been received.
- The employees assigned banking duties by the Chief Financial Officer are responsible for:
 - receiving cheques and cash;
 - preparing cheques and cash for deposit to the appropriate financial institution account;
 - reconciling petty cash accounts on a regular basis.
 - The employee delegated by the Chief Financial Officer and the Finance Manager to prepare financial institution reconciliations is responsible for:
 - preparing a reconciliation for each of Nipissing First Nation's financial institution accounts;
 - ensuring that supporting documentation and records are retained for each reconciliation;
 - alerting the Chief Financial Officer of any irregularities.

The Finance and Audit Committee is responsible for:

- ensuring an investigation takes place of any irregularities from the reconciliation process brought to their attention by the Chief Financial Officer or any other employee.

Procedures

The Finance Manager will 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 recording revenue into the accounting system.

Separate revenue accounts will be created to manage self-generating revenues separately from the other sources of revenue or funding of Nipissing First Nation.

Cash

Cash received will be recorded in the Nipissing First Nation accounting system. Two receipt copies will be provided: the first copy will be for the organization/individual submitting the cash;

and the second (2nd) receipt copy will be maintained for Nipissing First Nation's records. The receipt will indicate the amount, source, date, and reason for payment.

Cash will be deposited once the total amount received reaches Five Thousand (\$5,000) or on a weekly basis, whichever occurs first.

All cash received should be securely stored in a safe or a locked cabinet until it is brought to the financial institution for deposit. Access to the secure storage should be limited to the employee responsible for making deposits.

A limited number of petty cash accounts as determined by the Finance Manager and based on business needs will be created to pay for small items when payment by cheque is not practical or possible; however, every effort will be made to pay by cheque or transfer. Petty cash accounts will be managed as follows:

1. the creation of a petty cash account must be approved by the Chief Financial Officer;
2. the Chief Financial Officer will decide the total value of the petty cash, not to exceed Two Hundred and Fifty dollars (\$250.00), and the maximum transaction that can be paid using a petty cash, not to exceed Forty dollars (\$40);
3. each petty cash account will be assigned to a specific employee who is responsible for managing its use and maintaining all receipts to support cash spent;
4. petty cash reconciliations will occur periodically as determined by the Chief Financial Officer.

Cheques

All cheques received will be recorded the Nipissing First Nation accounting system. The receipt entry will include the date, source amount and reason for payment. All cheques will be deposited at the appropriate financial institution on a weekly basis, at a minimum.

Recording of Deposits

To maintain proper segregation of duties, the employee who accounts for revenue and accounts receivable in the accounting system will not be the same employee who receives cash or cheques or performs bank reconciliations on behalf of Nipissing First Nation.

A list of anticipated ongoing deposits will be maintained and reviewed on a monthly basis. Any expected deposits that have not been deposited in the financial institution account(s) will be reported by the Finance Manager to the Chief Financial Officer immediately.

Financial Institution Account Management

Approval of the Chief Executive officer, the Chief Financial Officer, in accordance with the Nipissing First Nation Financial Administration Law, is required to open a Nipissing First Nation bank account.

Approval of the Council is required to close a Nipissing First Nation bank account.

Separate revenue accounts will be opened and maintained. Only self-generating revenues can be deposited in these accounts.

The Chief Financial Officer and/or the Finance Manager are the main points of contact for all interactions with financial institutions. Arrangements will be made with the financial institution to ensure that all account statements, returned cheques or inquiries are sent to the Chief Financial Officer or an assigned employee. The employee preparing account reconciliations will not be given this assigned responsibility.

Nipissing First Nation will maintain a current list of all financial institution accounts and a file of all financial institution mandates, letters of intent, and correspondence.

Individuals on the authorized signing authorities list for each financial institution account will be set out in the Financial Administration Law.

The financial institution accounts will be created such that all non-deposit transactions (such as cheques, electronic transfers, etc.) require two signatures for approval according to the Delegated and Assigned Responsibilities Policy and the Financial Administration Law.

Online financial institution access will be permitted and controlled as follows:

- the employee performing account reconciliations will be granted read-only access to the account he/she has been assigned to reconcile;
- only employees with signing authority will be provided online banking access to perform transactions;
- ability to complete transactions, such as electronic funds transfers, will be controlled in a similar manner as cheques. Two employees will be required to approve each transaction. Each employee will have a separate login and individual password.

Cheque stock

Blank cheques will be stored in a secure cabinet or safe with controlled or limited access and cheque stock should be sequentially pre-numbered.

Payee and amount must be presented before any of the authorized signatories can sign the cheque. No cheques will be signed if blank.

Reconciliation

Each of Nipissing First Nation's financial institution accounts will be reconciled to the accounting system records within forty-five (45) days of the end of each month, except under documented extenuating circumstances.

Reconciliation records will be retained. Documentation to support the amounts recorded on the reconciliation, such as accounting system general ledger reports, financial institution statements, outstanding cheque reports, etc., will be included in the reconciliation file.

The employee preparing the financial institution account reconciliation will monitor and investigate adjustments that carry over from month to month.

Outstanding cheques will be monitored and any cheques outstanding for more than six months will be investigated with the employee responsible for preparing cheques (i.e. Accounts Payable) to determine whether the cheque remains valid or if it should be stale-dated.

'In transit' deposits will be investigated immediately if not cleared by the financial institution within one week.

Other adjustments that are routine in nature will be entered in the financial system through the journal entry process.

Unusual, or unresolved entries that carry over for more than one month, will be reported to the Chief Financial Officer.

The employee preparing the reconciliation will sign it as evidence that the reconciliation is complete and that they have carried out their duties as described in this policy.

Independent Review

The Chief Financial Officer will review and approve each financial institution account's reconciliation for completeness, timeliness and accuracy. The Chief Financial Officer will review to ensure the following:

- the reconciliation balances;
- all amounts recorded on the reconciliation are appropriately supported by documentation such as financial institution statements and financial system reports;
- adjustments are reasonable, routine in nature (e.g. financial institution fees), supported by documentation, and are not carried over for multiple months on the reconciliation;
- un-usual adjustments are well explained, supported, and, if material in nature, are brought to the attention of the Finance and Audit Committee.

The Chief Financial Officer or the Finance Manager performing the independent review will sign and date the reconciliation to indicate that they have carried out their duties as described in this policy.

Irregularities

Any irregularities, such as reconciliations that do not balance or unusual adjustments, will be reported by the Chief Financial Officer to the Finance and Audit Committee as soon as practicable.