**Sample Procedures – Cash Management**

1. **Account Management**

No Bank account may be opened for the purpose of receipt/deposits of funds for the First Nation unless:
- in the name of the First Nation
- opened in a financial institution
- authorized by Council and documented accordingly

The First Nation must establish the following accounts in a financial institution:

1. general account for funds from any sources other than those described in (b) to (d)
2. a local revenue account for funding from local revenues, if applicable
3. a trust account if the First Nation has funds held in trust, if applicable, and
4. a tangible assets reserve account for funds set aside for tangible capital asset replacement

The First Nation may establish any other accounts not referred to above as may be necessary and appropriate to manage the First Nations financial assets.

All interest earned on a trust account, local revenue account and tangible capital assets reserve account must be retained in their respective accounts.

The Director of Finance maintains correspondence and official documents relating to the opening, maintenance, and closing of all financial institution accounts.

The Director of Finance 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 reconciling the accounts.

The list of individuals with authorized signing authorities for each financial institution account will be maintained by the Director of Finance. All changes to signing authorities must be approved by Council.

* Online financial institution will be granted and controlled as follows:
employee performing reconciliations has read-only access to those accounts they have been assigned
* only those with delegated authority by Council will be provided a unique login access to perform online transactions
* online transaction activities will be controlled in a similar manner as cheques and required 2 authorized signatories on the account to approve the transaction
1. **Cash Receipts**

The person recording cash receipts in the general ledger will not be the same individual making the deposit at the financial institution or the individual performing the bank reconciliation.

Cheques received by direct mail, or in person, will be recorded in a receipt log that is pre-numbered and endorsed (stamped) as “for deposit only” by a designated person. The log will include the date, source, amount, and reason for payment. For cheques received by mail, the receipt should be mailed back to the payor.

The employee making the deposit at the financial institution provides the deposit book or slip to another employee responsible for accounts receivable.

Cash received will be recorded in a duplicate receipt book. One copy will be provided to the payee submitting the cash and the other will be forwarded to the employee responsible for accounts receivable. The receipt will include the date, source, amount, reason for payment, general ledger account code and financial institution account the funds are to be deposited to, if applicable.

All cash received will be stored in the First Nation’s safe or locked cabinet until it can be deposited in a financial institution account. Access to the secure storage should be limited to the employee responsible for making deposits. Deposits for all cash receipts will be made to the appropriate First Nation bank account as soon as possible (daily preferred) with weekly deposits being the minimum requirement.

Lists of anticipated ongoing deposits will be maintained and reviewed on a monthly basis, such as the following:

* A 30/60/90 day outstanding accounts receivable list that could assist in determining whether the deposits were posted to the correct account
* An outstanding deposits list that could assist in determining whether all expected deposits were deposited in the financial institution account(s)

Any expected deposits that have not been deposited in the financial institution account(s) will be reported by the employee to the Director of Finance immediately.

1. **Petty Cash**

A limited number of petty cash accounts if required, and as determined by the Director of Finance or designate 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 electronic transfer. Petty cash will be managed as follows:

* the creation of a petty cash account must be approved by the Director of Finance
* the total amount of the fund will not exceed $[ X ] (amount to be determined by FN)
* the person responsible for petty cash will maintain an activity log, supporting documentation, and reconciliation
* reconciliations will occur monthly
* petty cash funds will be kept in a locked drawer or safe with controlled access
* accounts payable can replenish petty cash upon completion of monthly reconciliations

OR: Petty Cash accounts are not allowed.

1. **Bank Reconciliations**

Each of the First Nation’s financial institution accounts will be reconciled to the accounting system records on a monthly basis and independently reviewed by a senior member of the finance team within 30 business days of month end.

The employee preparing the financial institution account reconciliation will monitor and investigate unreconciled and outstanding amounts carrying forward beyond 30 business days of month end and will complete the following:

* monitor outstanding cheques and inquire to determine whether the cheques are valid, void or stale-dated
* monitor outstanding deposits and inquire if not cleared by the financial institution

The employee preparing the reconciliation will sign and date it as evidence that the reconciliation is complete and submit the reconciliation to Director of Finance for independent review.

Each financial institution account’s monthly reconciliation must be independently reviewed for completeness, timeliness and accuracy to ensure the following:

* 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
* unusual adjustments are well explained, supported, and, if material in nature, are brought to the attention of the Finance and Audit Committee

The independent review must be undertaken by someone other than the preparer who does not report to the preparer.