



## **TAKLA NATION**

### **Purchasing and Expenditure Authority Policy**

#### **Policy Statement**

Under the authority of the Financial Administration Policy and Procedures, Council establishes purchasing standards and procedures that adhere to good financial management practice, general accounting standards, accountability, and that provide the best value for the Nation. Related to this, Council defines expenditure authority for employees and elected officials.

#### **Purpose/Rationale**

The purpose of this policy is to provide all Takla Nation (TN) employees and Council members with direction and guidance relating to TN purchasing transactions. This policy provides accountability with respect to financial authorization and the authority to bind the Nation to legal obligations.

#### **Principles**

Takla Nation is committed to purchasing and purchasing-related systems and activities that:

- are equitable;
- are transparent;
- adhere to clear standards;
- support Takla Nation solvency;
- support good value for expenditures;
- support up-to-date reporting of TN's financial position and link financial planning to work planning and to Nation priorities.

Procurement principles:

- a. Procurement methods must be fair and transparent;
- b. Where all factors are equal, TN member-owned businesses or employers who employ TN members will be awarded first;
- c. Procurements will comply with expenditure authority limits;
- d. Employees procuring will seek the best value for TN purchasing dollars and will capitalize on the use of resources to obtain maximum benefit for Takla Nation.

#### **Scope/Limitations**

The TLFN purchasing and expenditure authority policy and related procedures apply to all TN employees and officials and to all areas of operations included in the annual audited consolidated financial statements.

**Definitions**

**Equitable:** the quality of being fair and impartial.

**Fair:** treating individuals or situations in a way that is right or reasonable, treating a group of people equally and not allowing personal opinions to influence judgment.

**Solvency:** Solvency is the ability of an organization to meet its long-term financial obligations. Solvency is essential to financial health as it asserts the organization’s ability to continue operations into the foreseeable future.

**Transparency:** Financial transparency means timely, meaningful and reliable disclosures about an organization’s financial status and direction.

**POLICY APPROVAL SUMMARY**

Approved by: Takla Nation Council  
Original approval date: March 15, 2018  
Latest approval date:

## Procedures

In conjunction with the Purchasing and Expenditure Authority Policy, these procedures outline how Takla Nation will manage its procurement services.

The guidelines in this section are to be applied when Council is considering acquiring assets using unattached TN funds (i.e. funds that TN owns outright and is not tied to any government criteria). Most of the projects and programs the Nation operates are funded by outside agencies. Some projects, however, are paid for with money that has been generated by the Nation itself through land claims settlements, private enterprise, or by surpluses due to careful management of the annual operating programs that it carries out.

### Definitions

**Conflict of interest:** a situation in which the concerns or aims of two different parties are incompatible, or a situation in which a person can derive personal benefit from actions or decisions made in their official capacity.

**Emergency:** a serious, unexpected, often dangerous situation requiring immediate action.

## Procedures

### Expenditure authority:

1. Council designates positions within the organization that have expenditure authority, and establishes purchasing limits for each staff position or elected official granted purchasing authority:
  - a. The Director of Finance will annually review expenditure authorities, with recommendations for changes provided to Council;
  - b. Authority is established based on position, not individual;
  - c. Updated expenditure authority information is to be provided to all employees and Council members;
2. Standard expenditure authorities:
  - Band Council Resolution: all individual expenditures greater than \$50,000
  - Chief: \$50,000 maximum per expenditure
  - Councillors: \$10,000 maximum per expenditure
  - Director of Capital/Operations & Maintenance/Housing: \$25,000 maximum per expenditure
  - Designated administrators and managers: \$10,000 maximum per expenditure
  - Operations Manager (Village and Water Treatment): \$5,000 maximum per expenditure
  - Director of Finance: \$2,500 maximum per expenditure
3. Expenditures requiring \$1,000,000 or more of the Nation's own funds (i.e. funds not provided by outside parties for that project or purchase) must be taken to the membership for their approval. Projects that cost \$1,000,000 or more but that are fully funded by outside agencies, or that require less than \$1,000,000 of the Nation's own money, may be approved by Council alone. Should the Council require more than \$1,000,000 of the Nation's internally generated funds the Council shall obtain approval

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in the following manner:

- a. Council will provide notice to authorize the expenditures to all households on the Reserve and to Band members who live off the Reserve. The notice will include a brief description of the project or purchase, the total cost, information on the sources of funding and the amounts from each source. A similar notice will be posted at the TN administration offices and at a conspicuous place on the Reserve fourteen (14) days prior to the meeting;
  - b. The notice will state time, date and location of a meeting of the TN membership to vote on the proposed expenditures;
  - c. Council will hold a vote of members present at the meeting before proceeding to spend the funds. Fifty-one percent (51%) of the persons present must indicate, by a show of hands, or secret ballot, approval to proceed with the expenditures, in order for Council to proceed.
4. If an item exceeds the purchasing approval limit of the employee, approval is required by the supervisor;
  5. Under no circumstances are the purchasing limits of each authority to be circumvented by using two (2) or more purchase requisitions to commit funds in the purchase of any one (1) item or service;
  6. Under no circumstances are multiple authorized purchasing authorities able to combine their authorized limits to commit funds in the purchase of an item or service;
  7. Persons with purchasing authority shall authorize purchases relating only to the program or service budgets for which they are responsible and have authority;
  8. Under no circumstances shall employees authorize purchases outside their designated program/service area(s);
  9. Cheques require two signatures. The Nation's cheques are signed by any two of Chief and Councillors;
  10. If the Chief and/or sufficient Council members are not available, the Executive Assistant to the Chief and the Director of Finance may together sign a cheque up to \$1,500;
  11. If a previously-approved major expenditure authorization is required and the normal signatories are not available, the line manager and a quorum of the Finance Committee may authorize the expenditure.

### **Purchase requisitions and purchase orders:**

Purchasing goods or services consists of three separate functions:

- Initiating a purchase order
- Receiving goods or services
- Payment

Procedures are required in each of these areas to ensure that all purchases are authorized and are accurately recorded in the accounts of TN, and that the liability arising on purchases is paid on a timely basis.

1. Purchase requisitions can only be authorized by those with purchasing and expenditure authority. A purchase requisition will contain the following information:
  - a. Name and address of the vendor
  - b. Description of the item or service
  - c. Quantity to be purchased
  - d. Total anticipated cost of the purchase
  - e. Expected receipt date

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- f. General ledger code used to record the expenditure
  - g. Signature of the person authorizing the purchase
2. Purchase requisitions are to be delivered in person or electronically to the TN Purchaser. The Purchaser will reject the purchase requisition and notify the issuer if the requisition does not contain all the required information. The Finance Department is not responsible for program and account coding
3. Those with purchasing and expenditure authority will be provided with current charts of accounts of their programs/services to assist them when account-coding purchase requisitions
4. Prior to completing a purchase requisition, the program or service manager will determine if:
  - a. The program budget to which the purchase relates has sufficient funds available
  - b. The goods or services are being purchased for the sole benefit of the TN
  - c. The purchase is in accordance with any existing funding agreements between TN and any funding agencies
5. The Purchaser will use purchase orders wherever possible when placing orders for goods or services
6. Blank, sequentially pre-numbered Purchase Order forms will be issued and controlled by the Finance Department. These blank Purchase Order forms are to be safeguarded and locked away
7. The TN Purchaser will obtain the best possible financial arrangement for TN. This means:
  - a. Obtaining the best possible price quotes based on criteria provided by the authorizing employee
  - b. Purchasing in bulk when beneficial to do so
  - c. Minimizing shipping costs
8. Purchase Orders will only be completed by the Purchaser, or a designated leave replacement
9. All Purchase Order forms will be completed in triplicate, containing the following information:
  - a. Name and address of the vendor
  - b. Description of the item(s) or service(s)
  - c. Quantity to be purchased
  - d. Total anticipated cost of the purchase
  - e. Expected receipt date
  - f. General ledger code used for recording the expense
  - g. Signature of the Purchaser

### **Payment processing procedures:**

1. For payment on major projects, the Project Manager is required to sign off on all invoices prior to submission to Finance;
2. Cheque runs for TN suppliers will be on the 15<sup>th</sup> of the month or the nearest working day to the 15th, and on the last working day of the month;
3. Cheque runs for cheques payable to TN members will be Tuesday and Thursday, each week. For weeks with statutory holidays, cheque runs will occur on Wednesday and Friday, excluding the Christmas/New Year's period;
4. The Finance Office must receive properly completed Authorized Cheque Requisitions by 11am on the day prior to the next cheque run day, i.e. on Monday for the cheque to be ready for Tuesday;

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5. The Director of Finance or delegate will review, initial, and date the list of accounts payable being paid, prior to the cheques being produce;
6. Emergency payments will be managed at the discretion of the Director of Finance or designate.

**PROCEDURE APPROVAL SUMMARY**

Approved by:	Takla Nation Council
Original approval date:	March 15, 2018
Amendments approved by:	Finance Committee
Latest approval date:	