MEMBERTOU

FINANCIAL ADMINISTRATION LAW, 2015

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WHEREAS:

A. Pursuant to section 9 of the *First Nations Fiscal Management Act* the council of a first nation may make laws respecting the financial administration of the first nation;

B. The Council of Membertou considers it to be in the best interests of Membertou to make a law for such purposes;

C. The Council of Membertou enacted the *Membertou Financial Administration Law, 2011* on January 23, 2012 and received compliance approval of the law from the Board on March 1, 2012; and

D. The Council of the Membertou now desires to repeal the *Membertou Financial Administration Law 2011* and to enact the *Membertou Financial Administration Law, 2015* and to request compliance approval of the *Membertou Financial Administration Law, 2015* from the Board.

NOW THEREFORE the Council of the Membertou enacts as follows:

PART I - Citation

Citation

1. This Law may be cited as the *Membertou Financial Administration Law, 2015*.

PART II - Interpretation and Application

Definitions

2. (1) Unless the context indicates the contrary, in this Law:

"Act" means the *First Nations Fiscal Management Act*;

"annual budget" means the annual budget of Membertou that has been approved by the Council;

"annual financial statements" means the annual financial statements of Membertou referred to in Division 7 of Part IV;

"appropriation" means an allocation of money under an annual budget to the purposes for which it may be used;

"auditor" means the auditor of Membertou appointed under section 76;

"Board" means the First Nations Financial Management Board established under the Act;

"Board standards" means the standards established from time to time by the Board under the Act;

"borrowing member" means a first nation that has been accepted as a borrowing member under section 76(2) of the Act and has not ceased to be a borrowing member under section 77 of the Act;

"chief executive officer" means the person appointed chief executive officer under section 18;

"chief financial officer" means the person appointed chief financial officer under section 19;

"code" means a code adopted by Membertou under the *First Nations Oil and Gas and Moneys Management Act* or a land code adopted by Membertou under the *First Nations Land Management Act*;

"Commission" means the First Nations Tax Commission established under the Act;

"Commission standards" means the standards established from time to time by the Commission under the Act;

"Council" means the Council of Membertou;

"councillor" means a member of the Council of Membertou and includes the Chief of Membertou;

"Finance and Audit Committee" means the Finance and Audit Committee established under section 12;

"financial administration" means the management, supervision, control and direction of all matters relating to the financial affairs of Membertou;

"financial institution" means the First Nations Finance Authority, a bank, credit union or caisse populaire;

"financial competency" means the ability to read and understand financial statements that present accounting issues reasonably expected to be raised by Membertou's financial statements;

"financial records" means all records respecting the financial administration of Membertou, including the minutes of meetings of the Council and the Finance and Audit Committee;

"fiscal year" means the fiscal year of Membertou set out in section 24;

"GAAP" means generally accepted accounting principles of the Chartered Professional Accountants of Canada, as revised or replaced from time to time;

"local revenue law" means a local revenue law made by Membertou under the Act;

"local revenues" means money raised under a local revenue law;

"Membertou" means the Membertou First Nation, an Indian band within the meaning of the *Indian Act*;

"Membertou's financial assets" means all money and other financial assets of Membertou;

"Membertou's lands" means all reserves of Membertou within the meaning of the *Indian Act*;

"Membertou law" means any law, including any by-law or code, of Membertou made by the Council or the membership of Membertou;

"Membertou's records" means all records of the Membertou respecting its governance, management, operations and financial administration;

"multi-year financial plan" means the plan referred to in section 25;

"officer" means the chief executive officer, chief financial officer, tax administrator and any other employee of Membertou designated by the Council as an officer;

"other revenues" means other revenues as defined in section 3 of the *Financing Secured by Other Revenues Regulations* made under the Act;

"record" means anything on which information is recorded or stored by any means whether graphic, electronic, mechanical or otherwise;

"related body" means

(a) any agency of Membertou,

(b) any corporation in which Membertou has a material or controlling interest,

(c) any partnership in which Membertou or another related body of Membertou is a partner with a material or controlling interest, or

(d) a trust of Membertou;

"special purpose report" means a report described in section 75;

"standards" means the standards established from time to time under the Act; and

"tax administrator" means the person appointed tax administrator under Membertou's local revenue laws.

(2)Except as otherwise provided in this Law, words and expressions used in this Law have the same meaning as in the Act.

(3)Unless a word or expression is defined under subsection (1) or (2) or another provision of this Law, the definitions in the *Interpretation Act* apply.

(4)All references to named enactments in this Law are to enactments of the Government of Canada.

Interpretation

3. (1) In this Law, the following rules of interpretation apply:

(a) words in the singular include the plural, and words in the plural include the singular;

(b) words importing female persons include male persons and corporations and words importing male persons include female persons and corporations;

(c) if a word or expression is defined, other parts of speech and grammatical forms of the same word or expressions have corresponding meanings;

(d) the expression "must" is to be construed as imperative, and the expression "may" is to be construed as permissive;

(e) unless the context indicates otherwise, "including" means "including, but not limited to", and "includes" means "includes, but not limited to"; and

(f) a reference to an enactment includes any amendment or replacement of it and every regulation made under it.

(2) This Law must be considered as always speaking and where a matter or thing is expressed in the present tense, it must be applied to the circumstances as they arise, so that effect may be given to this Law according to its true spirit, intent and meaning.

(3) Words in this Law referring to an officer, by name of office or otherwise, also apply to any person designated by the Council to act in the officer's place or to any person assigned or delegated to act in the officer's place under this Law.

Posting of Public Notice

4. (1) If a public notice must be posted under this Law, the public notice is properly posted if a written notice is placed in a conspicuous and accessible place for public viewing in the principal administrative offices of Membertou or published in the Membertou community newsletter.

(2) Unless expressly provided otherwise, if a public notice of a meeting must be posted under this Law, the public notice must be posted and published at least ten (10) days before the date of the meeting.

Calculation of Time

5. In this Law, time must be calculated in accordance with the following rules:

(a) where the time limited for taking an action ends or falls on a holiday, the action may be taken on the next day that is not a holiday;

(b) where there is a reference to a number of days, not expressed as "clear days", between two events, in calculating that number of days the day on which the first event happens is excluded and the day on which the second event happens is included;

(c) where a time is expressed to begin or end at, on or within a specified day, or to continue to or until a specified day, the time includes that day;

(d) where a time is expressed to begin after or to be from a specified day, the time does not include that day; and

(e) where anything is to be done within a time after, from, of or before a specified day, the time does not include that day.

Conflict of Laws

6. (1) If there is a conflict between this Law and another Membertou law, other than a code or a local revenue law, this Law prevails.

(2) If there is a conflict between this Law and the Act, the Act prevails.

(3) If there is a conflict between this Law and a local revenue law, the local revenue law prevails.

Scope and Application

7. This Law applies to the financial administration of Membertou.

PART III - Administration

DIVISION 1 - Council

Responsibilities of Council

8. (1) The Council is responsible for all matters relating to the financial administration of Membertou whether or not they have been assigned or delegated to an officer, employee, committee, contractor or agent by or under this Law.

(2) Subject to paragraph 5(1)(f) of the Act, this Law and any other applicable Membertou law, the Council may delegate to any of its officers, employees, committees, contractors or agents any of its functions under this Law except the following:

(a) the approval of Council policies, procedures or directions;

(b) the appointment of members, the chair and the vice-chair of the Finance and Audit Committee;

(c) the approval of the annual budget and financial statements of Membertou; and

(d) the approval of borrowing of Membertou.

Council Policies, Procedures and Directions

9. (1) Subject to subsection (2), the Council may establish policies and procedures and give directions respecting any matter relating to the financial administration of Membertou.

(2) The Council must establish policies or procedures or give directions respecting the acquisition, management and safeguarding of Membertou assets.

(3) The Council must not establish any policies or procedures or give any directions relating to the financial administration of Membertou that are in conflict with this Law, the Act, or GAAP.

(4) The Council must ensure that all human resources policies and procedures are designed and implemented to facilitate effective internal financial administration controls.

(5) The Council must document all its policies, procedures and directions and make the relevant policy, procedure or direction available to any person who is required to act in accordance with it or who may be directly affected by it.

Reporting of Remuneration and Expenses

10. (1) In this section:

"entity" means a corporation or a partnership, a joint venture or any other unincorporated association or organization, the financial transactions of which are consolidated in the annual financial statements of the First Nation in accordance with GAAP;

"expenses" includes the costs of transportation, accommodation, meals, hospitality and incidental expenses; and

"remuneration" means any salaries, wages, commissions, bonuses, fees, honoraria and dividends and any other monetary and non-monetary benefits.

(2) Annually the chief financial officer must prepare a report separately listing the remuneration paid and expenses reimbursed by Membertou, and by any entity, to each councillor whether such amounts are paid to the councillor while acting in that capacity or in any other capacity.

DIVISION 2 - Finance and Audit Committee

Interpretation

11. In this Division, "Committee" means the Finance and Audit Committee.

Committee Established

12. (1) The Committee is established to provide Council with advice and recommendations in order to support Council's decision-making process respecting the financial administration of Membertou.

(2) The Council must appoint not fewer than three (3) members of the Committee, a majority of whom must have financial competency and all of whom must be independent.

(3) For the purposes of this section, an individual is considered to be independent if the individual does not have a direct or indirect financial relationship with Membertou that could, in the opinion of Council, reasonably interfere with the exercise of independent judgment as a member of the Committee.

(4) The Council must establish policies or procedures or give directions

(a) setting criteria to determine if an individual is eligible to be a member of the Committee and is independent;

(b) requiring confirmation, before appointment, that each potential member of the Committee is eligible to be a member and is independent; and

(c) requiring each member of the Committee annually to sign a statement confirming that the member continues to meet the criteria referred to in paragraph (a).

(5) If the Committee consists of:

(a) three (3) members, at least one (1) of the Committee members must be a councillor; and

(b) four (4) or more members, at least two (2) of the Committee members must be councillors.

(6) Subject to subsection (7), the Committee members must be appointed to hold office for staggered terms of not less than three (3) complete fiscal years.

(7) A Committee member may be removed from office by the Council if

(a) the member misses three (3) consecutively scheduled meetings of the Committee; or

(b) the chair of the Committee recommends removal.

(8) If a Committee member is removed from office, resigns or dies before the member's term of office expires, the Council must as soon as practicable appoint a new Committee member to hold office for the remainder of the first member's term of office.

Chair and Vice-chair

13. (1) The Council must appoint a chair and a vice-chair of the Committee, one of whom must be a councillor.

(2)If Council appoints a non-councillor as chair of the Committee,

(a) Council must send to the chair notices and agendas of all council meetings;

(b) on the request of the chair, Council must provide the chair with any materials or information provided to Council respecting matters before it; and

(c) the chair may attend and speak at Council meetings.

Committee Procedures

14. (1) The quorum of the Committee is fifty percent (50%) of the total number of Committee members, including at least one (1) councillor.

(2) Except where a Committee member is not permitted to participate in a decision because of a conflict of interest, every Committee member has one (1) vote in all Committee decisions.

(3) In the event of a tie vote in the Committee, the chair of the Committee may cast a second tiebreaking vote.

(4) Subject to subsection (5), the chief executive officer and the chief financial officer must be notified of all Committee meetings and, subject to reasonable exceptions, must attend those meetings.

(5) The chief executive officer or the chief financial officer may be excluded from all or any part of a Committee meeting by a recorded vote if

(a) the subject matter relates to a confidential personnel or performance issue respecting the chief executive officer or the chief financial officer; or

(b) it is a meeting with the auditor.

(6) The Committee must meet

(a) at least once every quarter in each fiscal year as necessary to conduct the business of the Committee; and

(b) as soon as practical after it receives the audited annual financial statements and report from the auditor.

(7) The Committee must provide minutes of its meetings to the Council and report to the Council on the substance of each Committee meeting as soon as practicable after each meeting.

(8) Subject to this Law and any directions given by the Council, the Committee may make rules for the conduct of its meetings.

(9) After consultation with the chief executive officer, the Committee may retain a consultant to assist in the performance of any of its responsibilities.

Financial Planning Responsibilities

15. (1) The Committee must carry out the following activities in respect of the financial administration of Membertou:

(a) annually develop, and recommend to the Council for approval, short, medium and long-term

(i) strategic plans, projections and priorities,

(ii) operational plans, projections and priorities,

(iii) business plans, projections and priorities, and

(iv) financial plans, projections and priorities;

(b) review the draft annual budget and recommend it to the Council for approval;

(c) on an ongoing basis, monitor the financial performance of Membertou against the annual budget and report any significant variations to the Council; and

(d) review the quarterly financial statements and recommend them to the Council for approval.

(2) The Committee may make a report or recommendations to the Council on any matter respecting the financial administration of Membertou that is not otherwise specified to be its responsibility under this Law.

Audit Responsibilities

16. The Committee must carry out the following audit activities in respect of the financial administration of Membertou:

(a) make recommendations to the Council on the selection, engagement and performance of an auditor;

(b) receive assurances on the independence of a proposed or appointed auditor;

(c) review and make recommendations to the Council on the planning, conduct and results of audit activities;

(d) review and make recommendations to the Council on the audited annual financial statements, including the audited annual financial statements respecting the local revenue account and any special purpose reports;

(e) periodically review and make recommendations to the Council on policies, procedures and directions on reimbursable expenses and benefits of the councillors, officers and employees of Membertou;

(f) monitor financial reporting risks and fraud risks and the effectiveness of mitigating controls for those risks taking into consideration the cost of implementing those controls;

(g) conduct a review of this Law under section 106 and, where appropriate, recommend amendments to the Council; and

(h) periodically review and make recommendations to the Council on the terms of reference of the Committee.

Council Assigned Responsibilities

17. The Council may assign to the Committee or another committee of the Council the following activities in respect of the financial administration of Membertou:

(a) to develop, and recommend to the Council for approval, performance measurements and goals designed to confirm that management activities, including financial management, occur as planned;

(b) to prepare, and recommend to the Council for approval, cash management plans;

(c) to review and report to the Council on the financial content of any Membertou reports;

(d) to review, monitor and report to the Council on the appropriateness of Membertou's accounting and financial reporting systems, policies and practices;

(e) to review, and recommend to the Council for approval, any proposed significant changes in Membertou's accounting or financial reporting systems, policies, procedures or directions;

(f) to monitor the collection and receipt of Membertou's financial assets, including debts owed to Membertou;

(g) to review and report to the Council on Membertou's risk management policies and control and information systems and, where appropriate, recommend improvements to the Council;

(h) to review the adequacy of security of information, information systems and recovery plans and, where appropriate, recommend improvements to the Council;

(i) to monitor compliance with the legal obligations of Membertou, including legislative, regulatory and contractual obligations, and report to the Council;

(j) to review and report to the Council on the adequacy of financial administration personnel and resources;

(k) to review, monitor and report to the Council on the adequacy and appropriateness of Membertou's insurance coverage respecting significant Membertou risks; and

(l) to review, monitor and report to the Council on material litigation and its impact on financial administration and reporting.

DIVISION 3 - Officers and Employees

Chief Executive Officer

18. (1) The Council must appoint a person as chief executive officer of Membertou and may set the terms and conditions of that appointment.

(2) Reporting to the Council, the chief executive officer is responsible for leading the planning, organization, implementation and evaluation of the overall management of all the day-to-day operations of Membertou, including the following duties:

(a) to develop and recommend to the Council for approval, human resources policies and procedures for the hiring, management and dismissal of officers and employees of Membertou;

(b) to prepare and recommend to the Council for approval, descriptions of the powers, duties and functions of all employees of Membertou;

(c) to hire the employees of Membertou, as the chief executive officer considers necessary, and to set the terms and conditions of their employment;

(d) to oversee, supervise and direct the activities of all officers and employees of Membertou;

(e) to oversee and administer the contracts of Membertou;

(f) to prepare, recommend to the Council and maintain and revise as necessary the organization chart referred to in section 21;

(g) to identify, assess, monitor and report on financial reporting risks and fraud risks;

(h) to monitor and report on the effectiveness of mitigating controls for the risks referred to in paragraph (g) taking into consideration the cost of implementing those controls;

(i) to perform any other duties of the chief executive officer under this Law; and

(j) to carry out any other activities specified by the Council that are not contrary to the Act or inconsistent with the chief executive officer's duties specified in this Law.

(3)The chief executive officer may assign the performance of any of the chief executive officer's duties or functions

(a) to an officer or employee of Membertou; and

(b) with the approval of the Council, to a contractor or agent of Membertou.

(4) Any assignment of duties or functions under subsection (3) does not relieve the chief executive officer of the responsibility to ensure that these duties or functions are carried out properly.

Chief Financial Officer

19. (1) The Council must appoint a person as chief financial officer of Membertou and may set the terms and conditions of that appointment.

(2) Reporting to the chief executive officer, the chief financial officer is responsible for the day-to-day management of the systems of the financial administration of Membertou, including the following duties:

(a) to ensure the financial administration systems, policies, procedures, directions and internal controls are appropriately designed and operating effectively;

(b) to administer and maintain all charts of accounts of Membertou;

(c) to prepare the draft annual budget and, with advice and input from the tax administrator, to prepare any draft amendments to the component of the annual budget respecting Membertou's local revenue account;

(d) to prepare the monthly financial information required in section 71, the quarterly financial statements required in section 72 and the draft annual financial statements required in sections 73 and 74;

(e) to prepare the financial components of reports to the Council and of any short, medium and long-term plans, projections and priorities referred to in subsection 15(1);

(f) to actively monitor compliance with any agreements and funding arrangements entered into by Membertou;

(g) to administer and supervise the preparation and maintenance of financial records and the financial administration reporting systems;

(h) to administer and supervise the maintenance of the records of all receipts and expenditures of Membertou to facilitate the annual audit;

(i) to actively monitor compliance with the Act, this Law, any other applicable Membertou law, applicable standards and any policies, procedures and directions of the Council respecting the financial administration of Membertou;

(j) to prepare or provide any documentation and financial information required by the Council or the Finance and Audit Committee to discharge its responsibilities;

(k) to evaluate the financial administration systems of Membertou and recommend improvements;

(l) to develop and recommend procedures for the safeguarding of assets and to ensure approved procedures are followed;

(m) to develop and recommend procedures to Council for identifying and mitigating financial reporting and fraud risks and to ensure approved procedures are followed;

(n) to perform any other duties of the chief financial officer under this Law; and

(o) to carry out any other activities specified by the chief executive officer that are not contrary to the Act or inconsistent with the chief financial officer's duties under this Law.

(3) With the approval of the chief executive officer, the chief financial officer may assign the performance of any of the duties or functions of the chief financial officer to any officer, employee, contractor or agent of Membertou, but this assignment does not relieve the chief financial officer of the responsibility to ensure that these duties or functions are carried out properly.

Tax Administrator

20. (1) If Membertou is collecting local revenues, the Council must appoint a person as tax administrator of Membertou and may set the terms and conditions of that appointment.

(2) The tax administrator reports to the chief executive officer and is responsible for performing the tax administrator's duties or functions under Membertou's local revenue laws, the Act and this Law.

(3) In addition to any duties or functions under Membertou's local revenue laws and the Act, the tax administrator is responsible for the following:

(a) to manage local revenues and the local revenue account on a day-to-day basis;

(b) to recommend to the chief financial officer the draft and amended annual budget for the component of the annual budget respecting local revenues;

(c) to recommend to the chief financial officer the local revenue components of the multi-year financial plan;

(d) on request, to provide advice to the chief executive officer, chief financial officer, Finance and Audit Committee and the Council respecting local revenues matters;

(e) to monitor compliance with the Act, Membertou's local revenue laws and this Law in the administration of local revenues and the local revenue account; and

(f) to perform any other duties of the tax administrator under this Law.

(4) With the approval of the chief executive officer, the tax administrator may assign the performance of any of the duties or functions of the tax administrator under this Law to any officer, employee, contractor or agent of Membertou, but this assignment does not relieve the tax

administrator of the responsibility to ensure that these duties or functions are carried out properly.

Organizational Structure

21. (1) The Council must establish and maintain a current organization chart for the governance, management and administrative systems of Membertou.

(2) The organization chart under subsection (1) must include the following information:

(a) all governance, management and administrative systems of Membertou;

(b) the organization of the systems described in paragraph (a), including the linkages between them;

(c) the specific roles and responsibilities of each level of the organization of the systems described in paragraph (a); and

(d) all governance, management and administrative positions at each level of the organization of the systems described in paragraph (a), including

(i) the membership on the Council, Finance and Audit Committee and all other committees of the Council and Membertou,

(ii) the chief executive officer, the chief financial officer, the tax administrator and other officers of Membertou, and

(iii) the principal lines of authority and the responsibility between the Council, the committees referred to in subparagraph (i) and the officers referred to in subparagraph (ii).

(3) On request, the chief executive officer must provide a copy of the organization chart under subsection (1) to a councillor, a member of a committee referred to in subparagraph (2)(d)(i), an officer, employee or contractor or agent of Membertou and a member of Membertou.

(4) In the course of discharging his or her responsibilities under this Law, the chief executive officer must recommend to the Council for approval and implementation human resource policies and procedures that facilitate effective internal financial administration controls.

(5) The Council must take all reasonable steps to ensure that Membertou hires or retains qualified and competent personnel to carry out the financial administration activities of Membertou.

DIVISION 4 - Conduct Expectations

Conduct of Councillors

22. (1) When exercising a power, duty or responsibility relating to the financial administration of Membertou, a councillor must

(a) comply with this Law, the Act, any other applicable First Nation law and any applicable standards;

(b) act honestly, in good faith and in the best interests of Membertou;

(c) exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances; and

(d) avoid conflicts of interest and comply with the requirements of the Schedule: Avoiding and Mitigating Conflicts of Interest, including required disclosures of private interests.

(2) If it has been determined upon independent investigation and under this Law or by a court of competent jurisdiction that a councillor has contravened this section, the Council must post a public notice of the details of the determination for a period of not less than thirty-one (31) days as soon as practicable after the contravention was determined.

(3) The Council must make policies or procedures in respect of the independent investigation of an alleged contravention of this section by a councillor.

Conduct of Officers, Employees, Contractors, etc.

23. (1) This section applies to

(a) an officer, employee, contractor and agent of Membertou;

(b) a person acting under the delegated authority of the Council or Membertou; or

(c) a member of a committee of the Council or Membertou who is not a councillor.

(2) A person is exercising a power, duty or responsibility relating to the financial administration of Membertou, that person must

(a) comply with this Law, the Act, any other applicable Membertou law and any applicable standards;

(b) comply with all policies, procedures and directions of the Council; and

(c) avoid conflicts of interest and comply with any applicable requirements of the Schedule: Avoiding and Mitigating Conflicts of Interest, including required disclosure of potential conflicts of interest.

(3) The Council must incorporate the relevant provision of this section into

(a) the terms of employment or appointment of every officer or employee of Membertou;

(b) the terms of every contract of a contractor of Membertou;

(c) the terms of appointment of every member of a committee who is not a councillor; and

(d) the terms of appointment of every agent of Membertou.

(4) If a person contravenes subsection (2), the following actions may be taken:

(a) an officer or employee may be disciplined, including dismissal;

(b) a contractor's contract may be terminated;

(c) the appointment of a member of a committee may be revoked; or

(d) the appointment of an agent may be revoked.

PART IV - Financial Management

DIVISION 1 - Financial Plans and Annual Budget

Fiscal Year

24. The fiscal year of Membertou is April 1 to March 31 of the following year.

Multi-year Financial Plan

25. No later than March 31 of each year, the Council must approve a multi-year financial plan that

(a) has a planning period of five (5) years comprised of the current fiscal year and the four (4) succeeding fiscal years;

(b) is based on the projections of revenues, expenditures and transfers between accounts;

(c) in respect of projected revenues, sets out the amounts segregated by significant category;

(d) in respect of expenditures, sets out the amounts segregated by significant category;

(e) in respect of transfers between accounts, sets out the amounts from the tangible capital asset replacement account;

(f) shows all categories of restricted cash; and

(g) 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.

Content of Annual Budget

26. (1) The annual budget must encompass all the operations for which Membertou is responsible and must identify

(a) anticipated revenues, segregated by significant category, with estimates of the amount of revenue from each category;

(b) anticipated expenditures, segregated by significant category with estimates of the amount of expenditure for each category; and

(c) any anticipated annual and accumulated surplus or annual and accumulated deficit and the application of year-end surplus.

(2) The revenue category of moneys derived from Membertou's 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 Membertou's lands.

(3) In subsection (2), "natural resources" means any material on or under Membertou's lands in their natural state which when extracted has economic value.

Annual Budget and Planning Process Schedule

27. (1) On or before January 31 of each year, the chief financial officer must prepare and submit to the Finance and Audit Committee for review a draft annual budget and a draft multi-year financial plan for the next fiscal year.

(2)On or before February 15 of each year, the Finance and Audit Committee must review

(a) the draft annual budget and recommend the draft annual budget to the Council for approval; and

(b) the draft multi-year financial plan and recommend a draft multi-year financial plan to the Council.

(3) On or before March 31 of each year, the Council must review and approve the annual budget for Membertou for the next fiscal year.

(4) On or before June 15 of each year, the chief financial officer must prepare and submit to the Finance and Audit Committee for review a draft amendment of the component of the annual budget respecting Membertou's local revenue account.

(5) On or before June 30 of each year, the Finance and Audit Committee must review the draft amendment of the component of the annual budget respecting Membertou's local revenue account and recommend an amendment to the annual budget to the Council for approval.

(6) No later than July 15 of each year, the Council must approve the amendment of the component of the annual budget respecting Membertou's local revenue account.

Additional Requirements for Budget Deficits

28. If a draft annual budget contains a proposed deficit, the Council must ensure that

(a) no portion of the proposed deficit originates in or relates to the local revenue account;

(b) the multi-year financial plan of Membertou demonstrates how and when this deficit will be addressed and how it will be serviced; and

(b) the deficit does not have a negative impact on the credit worthiness of Membertou.

Amendments to Annual Budgets

29. (1) The annual budget of Membertou must not be changed without the approval of the Council.

(2) Subject to subsection 27(6) and section 37, unless there is a substantial change in the forecasted revenues or expenses of Membertou or in the expenditure priorities of the Council, the Council must not approve a change to the annual budget of Membertou.

Local Revenue Account Annual Budget Requirements

30. Despite any other provisions of this Law, any part of an annual budget relating to the local revenue account must be prepared, approved and amended in accordance with applicable provisions of the Act and of the Commission standards.

Member Information

31. (1) The Council must post a public notice of each Council meeting when each of the following is presented for approval:

(a) the annual budget, including any component of the annual budget respecting Membertou's local revenue account;

(b) the multi-year financial plan;

(c) deficits or extraordinary expenditures; and

(d) an amendment to the annual budget.

(2)Members of Membertou may attend that part of the Council meeting when the matters referred to in subsection (1) are being considered.

DIVISION 2 - Financial Institution Accounts

Financial Institution Accounts

32. (1) No account may be opened for the receipt and deposit of money of Membertou unless the account is

(a) in the name of Membertou;

(b) opened in a financial institution; and

(c) authorized by the chief executive officer or the chief financial officer.

(2) Membertou must establish the following accounts in a financial institution:

(a) a general account for money from any sources other than those described in paragraphs (b) to (e);

(b) a local revenue account for money from local revenues;

(c) a trust account if Membertou has money held in trust;

(d) a land and resources account for money from revenues from Membertou's lands; and

(e) a tangible capital asset replacement account for money set aside for the purposes of section 91.

(3) Membertou may establish any other accounts not referred to in subsection (2) as may be necessary and appropriate to manage Membertou's financial assets.

Accounts Management

33. (1) The chief financial officer must ensure the safekeeping of all money received by Membertou.

(2) The chief financial officer

(a) must deposit all money received by Membertou as soon as practicable into the appropriate accounts described in section 32; and

(b) must not authorize payment of money from an account described in section 32 unless the payment relates to the subject matter for which the account was established and is otherwise authorized or permitted under this Law.

DIVISION 3 - Expenditures

Prohibited Expenditures

34. (1) Money or financial assets in a trust account must not be used for a purpose other than that permitted under the terms of the trust.

(2) Money in a local revenue account must not be used for any purpose other than that permitted under a local revenue law.

(3) Money in a tangible capital asset replacement account must not be used for any purpose other than that described in Part V.

Prohibited Agreements

35. Membertou must not enter into an agreement or undertaking that requires Membertou to expend money that is not authorized by or that contravenes this Law.

No Expenditure Without Appropriation

36. (1) Subject to subsection 37(1), money must not be paid out of any account unless the expenditure is authorized under an appropriation.

(2) Subsection (1) does not apply to expenditures from a trust account where the expenditure is authorized under the terms of the trust.

Emergency Expenditures

37. (1) The chief executive officer 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 this Law or another Membertou law.

(2) The Council must establish policies and procedures to authorize expenditures under subsection (1).

(3) The expenditure under subsection (1) must be reported to the Council as soon as practicable and the Council must amend the annual budget to include the expenditure.

(4) Subsection (1) does not give the chief executive officer the authority to borrow for the purpose of making an expenditure for an emergency purpose.

(5) For clarity, this section does not permit an expenditure from the local revenue account.

Appropriations

38. (1) An amount that is appropriated in an annual budget must not be expended for any purpose other than that described in the appropriation.

(2) The total amount expended by Membertou in relation to an appropriation must not exceed the amount specified in the annual budget for Membertou for that appropriation.

(3) Every person who is responsible for managing an appropriation must establish and maintain a current record of commitments chargeable to that appropriation.

Payments after Fiscal Year-end

39. (1) Money appropriated in an annual budget for a fiscal year must not be expended after the end of the fiscal year except to discharge a liability incurred in that fiscal year.

(2) If the liabilities for an appropriation under subsection (1) exceed the unexpended balance of the appropriation at the end of the fiscal year, the excess must be

(a) charged against a suitable appropriation for the following fiscal year; and

(b) reported in the financial statements for the fiscal year in which the liability was incurred.

Requisitions for Payment

40. (1) No money may be paid out of any account without a requisition for payment as required under this section.

(2) No requisition may be made or given for a payment of money unless it is a lawful charge against an appropriation or an authorized use of money in a trust.

(3) No requisition may be made or given for payment of money that results in expenditures from a trust account in excess of the unexpended balance of the trust account.

(4) No requisition may be made or given for payment of money that reduces the balance available in an appropriation or trust account so that it is not sufficient to meet the commitments chargeable against it.

(5) A requisition may apply to one or more expenditures chargeable against one or more appropriations.

(6) A requisition must identify the appropriation or trust account out of which payment is to be made and must include a statement certifying that the expenditure is not prohibited under this section and that it is

(a) in accordance with the appropriation identified in the certified statement; or

(b) allowed without the authority of an appropriation under this Law.

(7) If a requisition is for the payment of performance of work or services or the supply of goods, the requisition must include a receiving report certifying that

(a) the work or services have been performed or the goods supplied, any conditions in an agreement respecting the work, services or goods have been met and the price charged or amount to be paid is in accordance with an agreement or, if not specified by agreement, is reasonable; or

(b) if payment is to be made before completion of the work or services, delivery of the goods or satisfaction of any conditions in an agreement, the payment is in accordance with the agreement.

(8) The chief executive officer or chief financial officer must authorize payment out of, or sign a requisition for payment from, a trust account.

(9) The tax administrator must authorize payment out of a local revenue account.

(10) Subject to subsection (8) and (9), a person who is responsible for managing an appropriation may authorize payment out of, or sign a requisition for payment from, the appropriation.

Form of Payment

41. (1) Payments by Membertou may be made by credit card, cheque, draft, electronic transfer or other similar instrument signed by a councillor designated by the Council and by either the chief executive officer or chief financial officer.

(2) The Council must establish policies and procedures for the authorization of payments by credit card, cheque, draft, electronic transfer or other similar instrument.

DIVISION 4 - General Matters

Advances

42. (1) The chief executive officer or the chief financial officer may approve an advance to prepay expenses that are chargeable against an appropriation in the current fiscal year or an appropriation in the next fiscal year.

(2) The tax administrator may approve an advance to prepay expenses that are chargeable against an appropriation from the local revenue account in the current fiscal year or an appropriation from that account in the next fiscal year.

Holdbacks

43. If Membertou withholds an amount payable under an agreement, the payment of the amount withheld must be charged to the appropriation from which the agreement must be paid even if the fiscal year for which it was appropriated has ended.

Deposit Money

44. (1) Money received by Membertou as a deposit to ensure the doing of any act or thing must be held and disposed of in accordance with

(a) the agreement under which the deposit has been paid; and

(b) in the absence of any provisions respecting that matter, any policy or directions of the Council.

(2)The Council must make policies or procedures or give directions in respect of the disposition of deposit money referred to in subsection (1).

Interest

45. (1) All interest earned on the accounts described in subsection 32(2), other than a trust account, local revenue account, or tangible capital asset replacement account must be deposited in the general account referred to in paragraph 32(2)(a).

(2) All interest earned on

(a) a trust account must be retained in that account;

(b) the local revenue account must be retained in that account; and

(c) the tangible capital asset replacement account must be retained in that account.

(3) Subject to the *Interest Act*, Membertou may charge interest at a rate set from time to time by the Council on any debts or payments owed to Membertou that are overdue.

Refunds

46. (1) Money received by Membertou that is paid or collected in error or for a purpose that is not fulfilled may be refunded in full or in part as circumstances require.

(2) The Council must establish policies and procedures respecting the refund of money under subsection (1).

Write Off of Debts

47. All or part of a debt or obligation owed to Membertou may be written off

(a) if approved by the Council; or

(b) if done under the authority of a policy or direction of the Council.

Extinguishment of Debts

48. All or part of a debt or obligation owed to Membertou may be forgiven only

(a) if approved by the Council; or

(b) if done under the authority of a policy or direction of the Council.

Year-end Surplus

49. (1) Subject to subsections (2) and (3), an operating surplus at the end of the fiscal year must be paid into the general account described in paragraph 32.

(2) An operating surplus in the local revenue account at the end of the fiscal year must be retained in that account.

(3) An operating surplus in the tangible capital asset replacement account at the end of the fiscal year must be retained in that account.

DIVISION 5 - Borrowing

Limitations on Borrowing

50. (1) Except as specifically authorized in this Law or in a local revenue law, Membertou must not borrow money or grant security.

(2) Subject to this Law, if Membertou is authorized in this Law to borrow money or grant security, the Council may authorize the chief financial officer to borrow money or grant security in the name of Membertou

(a) as specifically approved by the Council; or

(b) in accordance with the policies, procedures or directions made by the Council.

Borrowing for Ordinary Operations

51. (1) Membertou may incur trade accounts or other current liabilities payable within normal terms of trade for expenditures provided for in the annual budget for the fiscal year if the debt will be repaid from money appropriated under an appropriation for the fiscal year or is in respect of an expenditure that may be made without the authority of an appropriation under this Law.

(2) Membertou may enter into agreements with financial institutions for overdrafts or lines of credit and, for the purpose of securing any overdrafts or lines of credit, may grant security to the financial institution in a form, amount and on terms and conditions that the Council approves.

(3) Membertou may enter into a general security agreement or a lease for the use or acquisition of lands, materials or equipment required for the operation, management or administration of Membertou.

Financial Agreements

52. (1) Membertou may enter into the following agreements in the name of Membertou:

(a) for the purpose of efficient management of Membertou's financial assets, agreements with financial institutions and related services agreements; and

(b) for the purpose of reducing risks or maximizing benefits in relation to the borrowing, lending or investing of Membertou's financial assets, agreements with financial institutions respecting currency exchange, spot and future currency, interest rate exchange and future interest rates.

(2) Unless otherwise specified by the Council, the chief financial officer may enter into any agreements referred to in subsection (1) on behalf of Membertou.

Borrowing for Authorized Expenditures

53. (1) If the general account described in paragraph 32(2)(a) is not sufficient to meet the expenditures authorized to be made from it and the chief financial officer recommends that money be borrowed to ensure that the general account is sufficient for these purposes, Membertou may borrow an amount not exceeding a maximum amount specified by the Council and to be repaid within a specified period of time.

(2) Despite the repayment terms specified in subsection (1), if the money borrowed under subsection (1) is no longer required for the purpose for which it was borrowed, the money must be repaid as soon as possible.

Borrowing Member Requirements

54. (1) This section applies if Membertou becomes a borrowing member.

(2) Membertou must not obtain long-term financing secured by property tax revenues from any person other than the First Nations Finance Authority.

(3) Membertou may only obtain long-term financing from the First Nations Finance Authority as permitted under its local revenue law and the Act.

(4) Money borrowed under subsection (2) may only be used for the purposes permitted under the Act.

(5) Money borrowed by the First Nation from the First Nations Finance Authority that is secured by other revenues may only be used for the purposes set out in section 4 of the *Financing Secured by Other Revenues Regulations* made under the Act.

Borrowing for New Capital Projects

55. (1) The Council must post a public notice informing members of Membertou of proposed borrowing for new capital projects described in subsection 93(2).

(2) The Council must post a public notice of each Council meeting when borrowing for new capital projects described in subsection 93(2) is presented for approval.

(3) Members of Membertou may attend that part of the Council meeting when the matters referred to in subsection (2) are being considered.

Borrowing for Repayment of Debts

56. Subject to this Law and a local revenue law, Membertou may borrow money that is required for the repayment or refinancing of any debt of Membertou, other than a debt in relation to money borrowed under subsection 53(1).

Use of Borrowed Money

57. (1) Subject to this section and any local revenue law, money borrowed by Membertou for a specific purpose must not be used for any other purpose.

(2) All or some of the money borrowed for a specific purpose by Membertou and not required to be used immediately for that purpose may be temporarily invested under subsection 63(1) until required for that purpose.

(3) If some of the money borrowed for a specific purpose is no longer required for that purpose, that money must be applied to repay the debt from the borrowing.

Execution of Security Documents

58. (1) Subject to subsection (2), a security granted by Membertou must be signed by a councillor designated by the Council and by either the chief executive officer or the chief financial officer.

(2) A security granted by Membertou in respect of local revenues must be signed by a councillor designated by the Council and by the tax administrator.

Operational Controls

59. The Council must establish policies or procedures or give directions respecting the establishment and implementation of an effective system of internal controls that ensures the orderly and efficient conduct of Membertou's operations.

DIVISION 6 - Risk Management

Limitation on Business Activity

60. (1) Subject to subsections (2) and (3), Membertou must not

(a) carry on business as a proprietor;

(b) acquire an interest in a partnership as a general partner; or

(c) act as a trustee respecting property used for, or held in the course of, carrying on a business.

(2) Membertou may carry on a business that

(a) is ancillary or incidental to the provision of programs or services or other functions of First Nation governance; or

(b) derives income from the granting of a lease or licence of or is in respect of

(i) an interest in, or natural resources on or under, Membertou's lands or lands owned in fee simple by or in trust for Membertou, or

(ii) any other property of Membertou.

(3) Membertou may carry on business activities for the primary purpose of profit if the Council determines that the business activities

(a) do not result in a material liability for Membertou; or

(b) do not otherwise expose Membertou's financial assets, property or resources to significant risk.

(4) Before the Council authorizes Membertou to carry on activities for the primary purpose of profitthe chief financial officer must prepare a report for Council to consider identifying

(a) any material liability for Membertou; and

(b) any exposure of Membertou financial assets, property or resources to significant risk.

Guarantees and Indemnities

61. (1) Membertou must not give a guarantee unless the Council has considered the report of the chief financial officer under subsection (2).

(2) Before the Council authorizes a guarantee under subsection (1), the chief financial officer must prepare a report for Council identifying any risks associated with giving the guarantee and assessing the ability of Membertou to honour the guarantee should it be required to do so.

(3) Membertou must not give an indemnity unless it is

(a) authorized under section 105;

(b) necessary and incidental to and included in another agreement to which Membertou is a party; or

(c) in relation to a security granted by Membertou that is authorized under this Law or another Membertou law.

(4) Subject to a resolution described in section 105, the Council must make policies and directions respecting guarantees and indemnities as follows:

(a) specifying circumstances under which an indemnity may be given without Council approval;

(b) designating the persons who may give an indemnity on behalf of Membertou and specifying the maximum amount of any indemnity which may be given by them;

(c) specifying any terms or conditions under which a guarantee or indemnity may be given; and

(d) specifying the records to be maintained of all guarantees and indemnities given by Membertou.

Authority to Invest

62. (1) Except as specifically authorized in this Law or another First Nation law, Membertou must not invest Membertou's financial assets.

(2) If Membertou is authorized in this Law to invest Membertou's financial assets, the Council may authorize the chief financial officer to invest Membertou's financial assets

(a) as specifically approved by the Council; or

(b) in accordance with the policies, procedures or directions made by the Council.

Approved Investments

63. (1) Money in an account described in section 32 that is not immediately required for expenditures may be invested by Membertou in one or more of the following:

(a) securities issued or guaranteed by Canada, a province or the United States of America;

(b) fixed deposits, notes, certificates and other short-term paper of, or guaranteed by, a financial institution, including swaps in United States of America currency;

(c) securities issued by First Nations Finance Authority or by a local, municipal or regional government in Canada;

(d) commercial paper issued by a Canadian company that is rated in the highest category by at least two (2) recognized security-rating institutions;

(e) any investments a trustee may make under an enactment of a province relating to trustees; or

(f) any other investments or class of investments prescribed by a regulation under the Act.

(2) Subject to the terms of the trust, money held in trust that is not immediately required for expenditures may be invested by Membertou as permitted under the terms of the trust or under the laws of the jurisdiction in which the majority of Membertou's lands are located.

(3) If Membertou has established an investment account under section 32, Membertou may invest money in that account in

(a) a company that is incorporated under the laws of Canada or of a province or territory and in which Membertou is a shareholder;

(b) a trust in which Membertou is a beneficiary; or

(c) a limited partnership in which Membertou is a partner.

(4) Despite any other provision in this section, Membertou may only invest the following in investments specified in subsection 82(3) of the Act and in investments in securities issued by the First Nations Finance Authority:

(a) government transfer funds;

(b) local revenues; and

(c) other revenues, if the First Nation has a loan from the First Nations Finance Authority secured by other revenues.

Membertou Loans to Related Bodies

64. (1) Membertou may only make a loan to a related body.

(2) Before the Council makes a loan under this section, the chief financial officer must prepare a report for Council identifying the risks and benefits associated with making the loan.

(3) A loan referred to in subsection (1) must satisfy the following criteria:

(a) all loans made from the program and all payments received from those loans must be set out in an annual report that includes details about

(i) the amounts loaned,

(ii) the purposes of the loans,

(iii) the name of the related body receiving the loan,

(iv) repayments of principal and interest on the loans, and

(b) all loans must be recorded in a written agreement that provides for proper security for repayment and sets out the terms for repayment of principal and interest.

Administration of Investments and Loans

65. If Membertou is authorized to make an investment or loan under this Law, the chief financial officer may do all things necessary or advisable for the purpose of making, continuing, exchanging or disposing of the investment or loan.

Risk Assessment and Management

66. (1) Annually, and more often if necessary, the chief executive officer must identify and assess any significant risks to Membertou's financial assets, Membertou's tangible capital assets as defined in Part V and the operations of Membertou.

(2) Annually, and more often if necessary, the chief executive officer must report to the Finance and Audit Committee on proposed plans to mitigate the risks identified in subsection

(1) or, where appropriate, to manage or transfer those risks by agreement with others or by purchasing insurance.

Insurance

67. (1) On recommendation of the Finance and Audit Committee, the Council must procure and maintain in force all insurance coverage that is appropriate and commensurate with the risks identified in section 66 and any other risks associated with any assets, property or resources under the care or control of Membertou.

(2) The Council may purchase and maintain insurance for the benefit of a councillor or an officer or their personal representatives against any liability arising from that person being or having been a councillor or an officer.

Fraud Risks

68. (1) In this section:

"fraudulent financial reporting" means an intentional act in financial reporting that is designed to deceive users of financial reports and that may result in a material omission from or misstatement of financial reports;

"fraudulent non-financial reporting" means an intentional act in non-financial reporting that is designed to deceive users of non-financial reports; and

"misappropriation of assets" means the theft of Membertou assets in circumstances where the theft may result in a material omission or misstatement in financial reports.

(2) The Council must establish procedures for the identification and assessment of the following types of potential fraud in Membertou:

(a) fraudulent financial reporting;

(b) fraudulent non-financial reporting;

(c) misappropriation of assets; and

(d) corruption and illegal acts.

DIVISION 7 - Financial Reporting

GAAP

69. All accounting practices of Membertou must comply with GAAP.

Separate Accounting

70. (1) The chief financial officer must account for local revenues of Membertou separately from other moneys of Membertou.

(2) If Membertou has a loan from the First Nations Finance Authority that is secured by other revenues, the chief financial officer must:

(a) account for all other revenues of Membertou separately from other moneys of Membertou; and

(b) provide the First Nations Finance Authority or the Board, on its request, with accounting information respecting the other revenues.

Monthly Financial Information

71. (1) At the end of each month the chief financial officer must prepare financial information respecting the financial affairs of Membertou in the form and with the content approved by the Council on the recommendation of the Finance and Audit Committee.

(2) The chief financial officer must provide the financial information in subsection (1) to the Council and the Finance and Audit Committee not more than forty-five (45) days following the end of the month for which the information was prepared.

Quarterly Financial Statements

72. (1) At the end of each quarter of the fiscal year the chief financial officer must prepare financial statements for Membertou for that quarter in the form and with the content approved by the Council on the recommendation of the Finance and Audit Committee.

(2) The chief financial officer must provide the quarterly financial statements in subsection (1) to the Council and the Finance and Audit Committee not more than forty-five (45) days after the end of the quarter of the fiscal year for which they were prepared.

(3) The quarterly financial statements in subsection (1) must be

(a) reviewed by the Finance and Audit Committee and recommended to Council for approval; and

(b) reviewed and approved by the Council.

Annual Financial Statements

73. (1) This section does not apply to the annual financial statements respecting the local revenue account referred to in section 74(1).

(2) At the end of each fiscal year the chief financial officer must prepare the annual financial statements of Membertou for that fiscal year in accordance with GAAP and to a standard that is at least comparable to that generally accepted for governments in Canada.

(3) The annual financial statements must be prepared in a form approved by the Council on the recommendation of the Finance and Audit Committee.

(4) The annual financial statements must include the following information:

(a) the financial information of Membertou and its related bodies for the fiscal year; and

(b) the revenue categories for Membertou's lands referred to in subsection 26(2).

(5) The chief executive officer must provide draft annual financial statements to the Finance and Audit Committee for review within forty-five (45) days following the end of the fiscal year for which they were prepared.

(6) The Finance and Audit Committee must present draft annual financial statements to the Council for review within sixty (60) days following the end of the fiscal year for which they were prepared.

Local Revenue Account Annual Financial Statements

74. (1) The chief financial officer must prepare separate annual financial statements respecting the local revenue account of the First Nation in accordance with Board standards respecting financial reporting of the local revenue account.

(2) The council must establish policies and procedures respecting the annual preparation, review, audit and approval of the annual financial statements referred to in subsection (1) including any required deadlines for completing these activities.

(3) The policies and procedures referred to in subsection (2) must be consistent with any requirements of the Board standards respecting financial reporting of the local revenue account.

Special Purpose Reports

75. The chief financial officer must prepare the following special purpose reports:

(a) a report setting out all payments made to honour guarantees and indemnities for that fiscal year;

(b) a report setting out the information required in section 10;

(c) a report setting out all debts or obligations forgiven by Membertou;

(d) if Membertou has a land code in force, a report setting out moneys of Membertou derived from Membertou lands, categorized and shown separately from other revenues and that includes a sub-category respecting revenues from natural resources obtained from Membertou lands; and

(e) any other report required under the Act or an agreement.

Appointment of Auditor

76. (1) Membertou must appoint an auditor for each fiscal year to hold office until the later of

(a) the end of the Council meeting when the audited annual financial statements for that fiscal year are being considered; or

(b) the date the auditor's successor is appointed.

(2) The terms and conditions of the appointment of the auditor must be set out in an engagement letter approved by the Finance and Audit Committee and must include the auditor's obligation

(a) to confirm in writing that the annual financial statements and the audit of them comply with this Law, the Act, and Board standards, where applicable; or

(b) to identify in writing consequential non-compliance matters.

(3) To be eligible for appointment as the auditor of Membertou, an auditor must

(a) be independent of Membertou, its related bodies, councillors and officers and members; and

(b) be a public accounting firm or public accountant

(i) in good standing with the Chartered Professional Accountants of Canada, the Canadian Institute of Chartered Accountants, the Certified General Accountants Association of Canada or the Society of Management Accountants of Canada and their respective counterparts in the province or territory in which the public accounting firm or public accountant is practicing; and

(ii) licensed or otherwise authorized to practice public accounting in the province or territory in which the majority of the reserve lands of Membertou are located.

(4) If the auditor ceases to be independent, the auditor must as soon as practicable after becoming aware of the circumstances

(a) advise Membertou in writing of the circumstances; and

(b) eliminate the circumstances that resulted in loss of independence or resign as the auditor.

Auditor's Authority

77. (1) To conduct an audit of the annual financial statements of Membertou, the auditor must be given access to

(a) all records of Membertou for examination or inspection and given copies of these records on request; and

(b) any councillor, officer, employee, contractor or agent of Membertou to ask any questions or request any information.

(2) On request of the auditor, every person referred to in paragraph (1)(b) must

(a) make available all records referred to in paragraph (1)(a) that are in that person's care or control; and

(b) provide the auditor with full information and explanation about the affairs of Membertou as necessary for the performance of the auditor's duties.

(3) The auditor must be given notice of

(a) every meeting of the Finance and Audit Committee; and

(b) every Council meeting where matters relating to the annual audit, including the approval of the annual financial statements, will be considered.

(4) Subject to subsection (6), the auditor may attend any meeting for which he or she must be given notice under this section or to which the auditor has been invited and must be given the opportunity to be heard at those meetings on any subject that concerns the auditor as auditor of Membertou.

(5) The auditor may call a meeting of the Finance and Audit Committee to discuss any subject that concerns the auditor of Membertou.

(6) The auditor may be excluded from all or any part of a meeting of the Finance and Audit Committee or the Council by a recorded vote if the subject matter relates to the retaining or dismissal of the auditor.

Audit Requirements

78. (1) The annual financial statements of the First Nation referred to in subsection 73(2) must be audited by the auditor not more than one hundred and twenty (120) days after the fiscal-year end.

(2) The separate annual financial statements respecting the local revenue account referred to in subsection 74(1) must be audited by the auditor at least once every calendar year.

(3) The auditor must conduct the audit of the annual financial statements referred to in subsections 73(2) and 74(1) in accordance with generally accepted auditing standards established by the Chartered Professional Accountants of Canada.

(4) When conducting the audit, the auditor must provide

(a) an audit opinion of the annual financial statements; and

(b) an audit report or review engagement report on the special purpose reports referred to in section 75.

Review of Audited Annual Financial Statements

79. (1) This section does not apply to the annual financial statements respecting the local revenue account referred to in section 74(1).

(2) The audited annual financial statements must be provided to the Finance and Audit Committee for its review and consideration not more than one hundred and five (105) days after the fiscal year-end for which the statements were prepared.

(3) The Council must review and approve the audited annual financial statements not more than one hundred and twenty (120) days after the fiscal year-end for which the statements were prepared.

Access to Annual Financial Statements

80. (1) Before the annual financial statements referred to in subsections 73(2) and 74(1) may be published or distributed, they must

(a) be approved by the Council;

(b) be signed by

(i) the Chief of Membertou,

(ii) the chair of the Finance and Audit Committee, and

(iii) the chief financial officer; and

(c) include the auditor's audit report of the annual financial statements.

(2) The audited annual financial statements referred to in subsection 73(2) must be available for inspection by members of Membertou at the principal administrative offices of Membertou during normal business hours.

(3) The audited annual financial statements referred to in subsection 74(1) must be available for inspection by any person referred to in subsection 14(2) of the Act at the principal administrative offices of Membertou during normal business hours.

Annual Report

81. (1) Not later than one hundred and eighty (180) days after the end of each fiscal year, the Council must prepare an annual report on the operations and financial performance of Membertou for the previous fiscal year.

(2) The annual report referred to in subsection (1) must include the following:

(a) a description of the services and operations of Membertou;

(b) a progress report on any established financial objectives and performance measures of Membertou;

(c) the audited annual financial statements referred to in subsection 78(1) for the previous fiscal year; and

(d) any special purpose reports referred to in section 75, including the auditor's report or review engagement report, as applicable.

(3) The chief executive officer must provide the annual report referred to in subsection (1)

(a) to a member of the First Nation as soon as practicable after a request is made by the member;

(b) to the Board as soon as practicable after the report's publication, if Membertou has a certificate issued by the Board under subsection 50(3) of the Act; and

(c) to the First Nations Finance Authority as soon as practicable after the report's publication, if Membertou is a borrowing member.

(4) The Council must establish policies or procedures respecting, or give directions respecting, an accessible process and remedy available to Membertou members who have requested but have not been provided with the annual report of Membertou including requiring

(a) the maintenance of a register for the annual report that identifies all members who have requested a copy of the annual report, the date each request was received and the date the annual report was provided to the member; and

(b) the chief executive officer to report quarterly to the Finance and Audit Committee on the steps taken to ensure compliance with subsection (3) and council policy made under this subsection.

DIVISION 8 - Information and Information Technology

Ownership of Records

82. (1) All records that are produced by or on behalf of Membertou or kept, used or received by any person on behalf of Membertou are the property of Membertou.

(2) The Council must establish policies or procedures or give directions to ensure that the records referred to in subsection (1) remain the property of Membertou.

Policy and Law Manual

83. (1) The chief executive officer must prepare and maintain a current policy and law manual respecting every element of Membertou's administrative systems, including any financial administration systems referred to in this Law.

(2) The operations manual under subsection (1) must be made available to councillors, members of the Finance and Audit Committee and all other Council committees and officers and employees of the First Nation.

(3) If any part of the policy and law manual under subsection (1) is relevant to the performance of the services being provided by a contractor or agent of Membertou, that part of the policy and law manual must be made available to the contractor or agent..

Record Keeping and Maintenance

84. (1) The chief executive officer must ensure that Membertou prepares, maintains, stores and keeps secure all of Membertou's records that are required under this Law or any other applicable law.

(2) Membertou's records may not be destroyed or disposed of except as permitted and in accordance with the policies, procedures or directions of the Council.

(3) All financial records must be stored for at least seven (7) years after they were created.

(4) The Council must establish policies and procedures or give directions respecting access of any persons to Membertou's records.

Confidentiality of Information

85. (1) No person may be given access to the First Nation's records containing confidential information except as permitted by, and in accordance with, the policies, procedures and directions of the Council.

(2) All persons who have access to the First Nation's records must comply with all policies, procedures or directions of the Council respecting the confidentiality, control, use, copying or release of that record or information contained in those records.

Account Records

86. (1) The tax administrator must prepare, maintain, store and keep secure a complete set of all records respecting the local revenue system of the First Nation, including all records referred to in section 5 of the *Local Revenue Management Implementation Regulations.*

(2) If Membertou has a loan from the First Nations Finance Authority that is secured by other revenues, the chief financial officer must prepare, maintain, store and keep secure a complete set of all records respecting other revenues of the First Nation, including all records referred to in section 5 of the *Local Revenue Management Implementation Regulations* as amended by the *Financing Secured by Other Revenues Regulations.*

Information Technology

87. The Council must establish policies or procedures or give directions respecting information technology used by Membertou in its operations to ensure the integrity of Membertou's financial administration system and its database.

PART V - Capital Projects

Definitions

88. In this Part:

"capital project" means the construction, rehabilitation or replacement of Membertou's tangible capital assets and any other major capital projects in which Membertou or its related bodies are investors;

"Membertou's tangible capital assets" means all non-financial assets of Membertou having physical substance that

(a) have a current value of over ten thousand dollars ($10,000),

(b) are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets,

(c) have useful economic lives extending beyond an accounting period,

(d) are to be used on a continuing basis, and

(e) are not for sale in the ordinary course of operations;

"life-cycle management program" means the program of inspection, review and planning for management of Membertou's tangible capital assets as described in section 89;

"rehabilitation" includes alteration, extension and renovation but does not include routine maintenance;

"replacement" includes substitution, in whole or in part, with another of Membertou's tangible capital assets.

Council General Duties

89. The Council must take reasonable steps to ensure that

(a) Membertou's tangible capital assets are maintained in a good and safe condition and to the same standard as a prudent owner of those assets;

(b) the rehabilitation or replacement of Membertou's tangible capital assets is in accordance with a life-cycle management program described in this Part; and

(c) capital projects for the construction of buildings or other improvements are financed, planned and constructed in accordance with procedures and to standards that generally apply to the financing, planning and construction of public buildings and other improvements of organized communities in the region in which the majority of Membertou's lands are located.

Tangible Capital Assets Replacement Fund

90. The Council must establish a tangible capital asset replacement fund for the purpose of funding expenditures for capital projects carried out under this Part.

Reports on Capital Projects

91. At each Finance and Audit Committee meeting, the chief executive officer must report on the following subjects:

(a) year to date borrowings, loans and payments in respect of each capital project;

(b) the status of a capital project, including

(i) a comparison of expenditures to date with the project budget,

(ii) a detailed description of any identified legal, financial, technical, scheduling or other problems, and

(iii) the manner in which a problem identified in subparagraph (ii) has been or will be addressed; and

(c) steps taken to ensure compliance with section 94 for every capital project.

Life-cycle Management Program

92. (1) The chief executive officer must establish and keep current a register of all Membertou's tangible capital assets that identifies each of these assets and includes the following information:

(a) location and purpose of the asset;

(b) ownership and restrictions over ownership of the asset;

(c) year of acquisition;

(d) last inspection date of the asset;

(e) expected life of the asset at the time of acquisition;

(f) assessment of condition of the asset and its remaining useful life;

(g) estimated residual value of the asset;

(h) insurance coverage for the asset; and

(i) any other information required by the Council.

(2) On or before November 30 of each year, the chief executive officer must arrange for the inspection and review of the state of each of Membertou's tangible capital assets to establish or update the information respecting the following matters:

(a) its present use;

(b) its condition and state of repair;

(c) its suitability for its present use;

(d) its estimated remaining life;

(e) its estimated replacement cost;

(f) estimated dates and costs of its required future rehabilitation;

(g) a comparison of annual operating and maintenance costs, other than rehabilitation costs, for the last five (5) fiscal years;

(h) maintenance records for all periods up to the date of inspection; and

(i) property and liability insurance covering the capital asset and its use or operation.

(3) On or before December 31 of each year, the chief financial officer must prepare the following:

(a) a schedule of annual routine maintenance, other than rehabilitation, for each of Membertou's tangible capital assets for the next fiscal year;

(b) five (5) and ten (10) and thirty(30) year forecasts of the estimated cost for rehabilitation or replacement of Membertou's tangible capital assets;

(c) the proposed budget for rehabilitation of Membertou's tangible capital assets for the next fiscal year, setting out

(i) each proposed rehabilitation project and its schedule,

(ii) the estimated cost, including contingencies, of each proposed rehabilitation project, and

(iii) the estimated amounts and timing of money that is required to carry out each proposed rehabilitation project; and

(d) the proposed budget for replacement of Membertou's tangible capital assets for the next fiscal year setting out

(i) each proposed replacement project and its schedule,

(ii) the description of each asset to be replaced,

(iii) the estimated cost, including contingencies, of each proposed replacement project, and

(iv) the reasons why each proposed acquisition should be regarded as a replacement for the capital asset to be replaced.

Review by Finance and Audit Committee

93. (1) On or before January 15 of each year, the Finance and Audit Committee must review the information, schedules and budget prepared under section 92 for the following purposes:

(a) to identify any means to reduce the costs of each rehabilitation or replacement project included in the proposed budgets;

(b) to know the effect that each rehabilitation or replacement project included in the proposed budgets will have on the annual operating costs and routine maintenance costs in future years; and

(c) to determine whether any significant savings might be effected by coordinating the scheduling of projects, deferring any projects or carrying out rehabilitation projects rather than replacement projects.

(2) On or before January 15 of each year, the Finance and Audit Committee must review any plans for new construction of Membertou's tangible capital assets, including the proposed schedule, budget and impact on annual operating costs and routine maintenance costs in future years.

Capital Projects – Contracts and Tenders

94. (1) The Council must establish policies or procedures or give directions respecting the management of capital projects, including the following:

(a) project planning, design, engineering, safety and environmental requirements;

(b) project costing, budgeting, financing and approval;

(c) project and contractor bidding requirements;

(d) tender, contract form and contract acceptance;

(e) course of construction insurance;

(f) project performance guarantees and bonding;

(g) project control, including contract management; and

(h) holdbacks, work approvals, payment and audit procedures.

(2) All First Nation capital projects must be managed in accordance with the policies, procedures or directions referred to in subsection (1).

Capital Project Consultants

95. The chief executive officer may retain the services of a professional engineer or other consultant to assist the chief executive officer, Finance and Audit Committee and Council to carry out their obligations under this Part.

Member Information

96. The Council must establish policies or procedures or give directions for the provision of information to members of the First Nation respecting capital projects.

PART VI - Miscellaneous

Board Standards

97. (1) If Membertou is a borrowing member or has a certificate issued by the Board under subsection 50(3) of the Act, Membertou must comply with all the applicable Board standards.

(2) If the Council becomes aware that Membertou is not complying with a Board standard referred to in subsection (1), the Council must as soon as practicable take the required actions to bring Membertou into compliance with the Board standard.

Delegated Authority on Intervention

98. (1) Without limiting section 53 of the Act if

(a) Membertou is

(i) making local revenue laws under subsection 5(1) of the Act, or

(ii) using its local revenues to secure a loan from the First Nations Finance Authority, and

(b) the Board gives notice to the First Nation under section 53 of the Act that third-party management of the First Nation's local revenues is required,

the Council of Membertou delegates to the Board

(c) the powers and authorities described in subsection 53(2) of the Act, and

(d) any other of the Council's powers required to give effect to third-party management of the First Nation's local revenues under the Act.

(2) Without limiting section 53 of the Act as adapted by the *Financing Secured by Other Revenues Regulations*, if

(a) the First Nation is using its other revenues to secure a loan from the First Nations Finance Authority, and

(b) the Board gives notice to the First Nation under section 53 of the Act that third-party management of the First Nation's other revenues is required,

the Council of the First Nation delegates to the Board

(a)the powers and authorities described in subsection 53(2) of the Act as adapted by the *Financing Secured by Other Revenues Regulations*, and

(b) any other of the Council's powers required to give effect to third-party management of the First Nation's other revenues under the Act.

Land Management Obligations

99.(1) If Membertou has a land code under the *First Nations Land Management Act*, Membertou must comply with the *First Nations Land Management Act* and any land code made by the First Nation as required or permitted under that Act.

(2) If Membertou has a land code under the *First Nations Land Management Act*, the Council must establish and implement a policy that provides a method consistent with the requirements of the First Nation's land code for being accountable to members of the First Nation for the management of the First Nation's lands and for moneys earned from those lands to satisfy paragraph 6(1)(e) of the *First Nations Land Management Act*.

Oil and Gas Obligations

100. If Membertou has a financial code under the First Nations Oil and Gas and Moneys Management Act, Membertou must comply with that Act and any financial code made by Membertou as required or permitted under that Act.

Reports of Breaches and Financial Irregularities, etc.

101.(1) Subject to subsections (2) and (3), if any person has reason to believe that

(a) an expenditure, liability or other transaction of Membertou is not authorized by or under this Law or another Membertou law,

(b) there has been a theft, misappropriation or other misuse or irregularity in the funds, accounts, assets, liabilities and financial obligations of Membertou,

(c) a provision of this Law has been contravened, or

(d) a person has failed to comply with the Schedule that forms part of this Law,

the person may disclose the circumstances to the chair of the Finance and Audit Committee.

(2) If a councillor becomes aware of any circumstances described under subsection (1), the councillor must report them to the chair of the Finance and Audit Committee.

(3) If an officer, employee, contractor or agent of Membertou becomes aware of any circumstances described under subsection (1), the officer, employee, contractor or agent, as the case may be, must report them to the chief executive officer or the chair of the Finance and Audit Committee.

Inquiry into Report

102.(1) If a report is made to the chief executive officer under subsection 101(3), the chief executive officer must inquire into the circumstances reported and report the findings to the Finance and Audit Committee as soon as practicable.

(2) If a report is made to the chair of the Finance and Audit Committee under subsection101(1),the chair must inquire into the circumstances reported and report the findings to the Finance and Audit Committee as soon as practicable.

(3) The Finance and Audit Committee may make a further inquiry into any findings reported to it under this section but, in any event, must make a report to the Council respecting any circumstances reported to the Finance and Audit Committee under this section, including the Committee's recommendations, if any.

Protection of Parties

103.(1) All reasonable steps must be taken by the chief executive officer, the members of the Finance and Audit Committee and the councillors to ensure that the identity of the person who makes a report under section 101 is kept confidential to the extent practicable in all the circumstances.

(2) A person who makes a report in good faith under section 101 must not be subjected to any form of reprisal by Membertou or by a councillor, officer, employee, contractor or agent of Membertou as a result of making that report.

(3) The chief executive officer and the chair of the Finance and Audit Committee must take all necessary steps to ensure that subsection (2) is not contravened and must report any contravention or suspected contravention to the Council.

(4) The Council must establish policies or procedures or give directions

(a) for the recording and safeguarding of reports made under section 101 and any records prepared during the inquiry or investigation into those reports;

(b) for the inquiry or investigation into reports made under section 101; and

(c) concerning the fair treatment of a person against whom a report has been made under section 102.

(5) If, upon independent investigation, it is determined that a person has not acted in good faith in making a report under section 102, the following actions may be taken

(a) an officer or employee may be disciplined, up to and including dismissal, in accordance with policy;

(b) a contractor's contract may be terminated;

(c) the appointment of a member of a committee may be revoked; and

(d) the appointment of an agent may be revoked.

(6) The Council must make policies or procedures in respect of the independent investigation of an alleged contravention of the requirement to act in good faith in making a report under section 101.

Liability for Improper Use of Money

104.(1) A councillor who votes for a resolution authorizing an amount to be expended, invested or used contrary to this Law or Membertou's local revenue law is personally liable to Membertou for that amount.

(2) Subsection (1) does not apply if the councillor relied on information provided by an officer or employee of Membertou and the officer or employee was guilty of dishonesty, gross negligence or malicious or willful misconduct when providing the information.

(3) An amount owed to Membertou under subsection (1) may be recovered for Membertou by Membertou, a member of Membertou or a person who holds a security under a borrowing made by Membertou.

(4) It is a good defence to any action brought against an officer or employee of Membertou for unauthorized expenditure, investment or use of Membertou's financial assets if it is proved that the officer or employee gave a written and signed warning to the Council that in his or her opinion, the expenditure, investment or use would be unlawful.

Indemnification against Proceedings

105.(1) In this section:

"indemnify" means to pay amounts required or incurred

(a) to defend an action or prosecution brought against a person in connection with the exercise or intended exercise of the person's powers or the performance or intended performance of the person's duties or functions, or

(b) to satisfy a judgment, award or penalty imposed in an action or prosecution referred to in paragraph (a);

"Membertou official" means a current or former councillor, officer or employee of Membertou.

(2) Subject to subsection (3), the Council may by resolution indemnify or provide for the indemnification of a named Membertou official, a category of Membertou official or all Membertou officials in accordance with the terms specified in the resolution.

(3) The Council may not pay a fine that is imposed as a result of a Membertou official's conviction for an offence unless the offence is a strict or absolute liability offence.

Periodic Review of Law

106.(1) On a regular, periodic basis established by a policy of the Council, the Finance and Audit Committee must conduct a review of this Law

(a) to determine if it facilitates effective and sound financial administration of Membertou; and

(b) to identify any amendments to this Law that may better serve this objective.

(2) The Council must post a notice describing

(a) each proposed amendment to this Law; and

(b) each Council meeting when a proposed amendment is presented for approval.

(3) Members may attend that part of the Council meeting when the matters referred to in subsection (1) are being considered.

Provision of Law to First Nations Finance Authority

107. As soon as practical after the Board approves this Law, the Council must provide a copy of this Law to the First Nations Finance Authority.

Repeal

108. The *Membertou Financial Administration Law 2011*, is repealed.

Coming Into Force

109. This Law comes into force on the day after it is approved by the Board, pursuant to section 9 of the Act.

THIS LAW IS HEREBY DULY ENACTED by Council on the 14th day of July, 2015, at Membertou in the Province of Nova Scotia at a duly called and conducted Council meeting at which the required quorum of seven (7) members of Council was present throughout.

Chief Terrance Paul

Austin Christmas

Dean Christmas

Julie Christmas

Joan Denny

Robin Googoo

Lee Gould

Johanna LaPorte

Paul MacDonald

David Marshall

Allister Matthews

Anthony Paul

Lawrence Paul Jr.

SCHEDULE – Avoiding And Mitigating Conflicts Of Interest

PART I - Interpretation

Interpretation

1.(1) In this Schedule,

"spouse" means, in relation to an individual, a person to whom the individual is married or with whom the individual has lived as a common-law partner for at least (1) year in a marriage-like relationship; and

"this Law" means the Financial Administration Law to which this Schedule is attached and forms a part.

(2)Except as otherwise expressly provided in this Schedule, words and expressions used in this Schedule have the same meaning as in this Law.

(3)Sections 3 and 5 of this Law apply to this Schedule.

(4)If there is a conflict between a provision of this Schedule and this Law, the provision of this Law applies.

Definition of Conflict of Interest

2.(1) In this Schedule, an individual has a "conflict of interest" when the individual exercises a power or performs a duty or function and at the same time knows or ought reasonably to have known that in the exercise of the power or performance of the duty or function there is an opportunity to benefit the individual's private interests.

(2) In this Schedule, an individual has an "apparent conflict of interest" if a reasonably well-informed person would perceive that the individual's ability to exercise a power or perform a duty or function of their office or position must be affected by the individual's private interests.

(3) In this Schedule, an individual's "private interests" means the individual's personal and business interests and include the personal and business interests of

(a) the individual's spouse;

(b) a person under the age of eighteen (18) years in respect of whom the individual or the individual's spouse is a parent or acting in a parental capacity;

(c) a person in respect of whom the individual or the individual's spouse is acting as guardian;

(d) a person, other than an employee, who is financially dependent upon the individual or the individual's spouse or on whom the individual is financially dependent; and

(e) an entity in which the individual or the individual in combination with any other person described in this subsection has a controlling interest.

(4) Despite subsections (1) and (2), an individual's private interests do not give rise to a conflict of interest if those interests

(a) are the same as those of a broad class of members of the Membertou of which the individual is a member; or

(b) are so remote or insignificant that they could not be reasonably regarded as likely to influence the individual in the exercise of a power or performance of a duty or function.

PART II - Councillors and Committee Members

Application

3. This Part applies to all councillors of Membertou and, where applicable, to all members of Council committees.

General Obligations

4.(1) Councillors must avoid circumstances that could result in the councillor having a conflict of interest or an apparent conflict of interest.

(2) Councillors must avoid placing themselves in circumstances where their ability to exercise a power or perform a duty or function could be influenced by the interests of any person to whom they owe a private obligation or who expects to receive some benefit or preferential treatment from them.

Disclosure of Interests

5.(1) In paragraph (2)(c) "real property" includes an interest in a reserve held under

(a) a certificate of possession under the *Indian Act*; or

(b) Membertou's traditional land holding system pursuant to a band council resolution.

(2) Subject to applicable provincial and federal privacy laws, a councillor must file a written disclosure of the following information with the chief executive officer:

(a) the names of the councillor's spouse and any persons or entities referred to in subsection 2(3);

(b) the employer of the councillor and the councillor's spouse;

(c) real property owned by the councillor or the councillor's spouse; and

(d) business interests and material investments of the councillor or the councillor's spouse, including in an entity referred to in paragraph 2(3)(e).

(3) A councillor must file a written disclosure under subsection (2) on the following occasions:

(a) within thirty (30) days of being elected to the Council;

(b) as soon as practical after a material change in the information previously disclosed; and

(c) on April 15 of each year that the councillor holds office.

(4) The chief executive officer must establish and maintain a register of all information disclosed by a councillor under this section and section 6 and, upon request of an officer, employee or member of Membertou alleging a conflict of interest in relation to information contained in the register, must review the register and prepare a report to the Council setting out the alleged conflict and any applicable information contained in the register.

Gifts and Benefits

6.(1) A councillor or a person referred to in paragraphs 2(3)(a) to (d) in relation to that councillor must not accept a gift or benefit that might reasonably be seen to have been given to influence the councillor in the exercise of the councillor's powers or performance of the councillor's duties or functions.

(2) Despite subsection (1), a gift or benefit may be accepted if the gift or benefit

(a) would be considered within

(i) normal protocol exchanges or social obligations associated with the councillor's office;

(ii) normal exchanges common to business relationships; or

(iii) normal exchanges common at public cultural events of Membertou;

(b) is of nominal value;

(c) is given by a close friend or relative as an element of that relationship; or

(d) is of a type that the policies or directions of the Council have determined would be acceptable if offered by Membertou to another person.

(3) Where a gift with a value greater than two hundred dollars ($200.00) is given to a councillor or a person referred to in subsection (1), the councillor must make a written disclosure of the gift to the chief executive officer under section 5, and the gift must be treated as the property of Membertou.

(4) Subsection (3) does not apply to a gift received during a public cultural event of Membertou.

Confidential Information

7.(1) Councillors must keep confidential all information that the councillors receive while performing their duties or functions unless the information is generally available

(a) to members of the public; or

(b) to members of Membertou.

(2) Councillors must only use confidential information referred to in subsection (1) for the specific purposes for which it was provided to the councillors.

(3) Councillors must not make use of any information received in the course of exercising their powers or performing their duties or functions to benefit the councillor's private interests or those of relatives, friends or associates.

Procedure for Addressing Conflict of Interest

8.(1) As soon as a councillor becomes aware of circumstances in which the councillor has a conflict of interest, the councillor must disclose the circumstances of the conflict of interest at the next Council meeting.

(2) A councillor must leave any part of a Council meeting where the circumstances in which the councillor has a conflict of interest are being discussed or voted on.

(3) The minutes of a Council meeting must record the councillor's disclosure under subsection (1) and note the councillor's absence from the Council meeting when the circumstances in which the councillor has a conflict of interest were being discussed or voted on.

(4) A councillor must not take part in any discussions or vote on any decision respecting the circumstances in which the councillor has a conflict of interest.

(5) A councillor must not influence or attempt to influence in any way before, during or after a Council meeting any discussion or vote on any decision respecting the circumstances in which the councillor has a conflict of interest.

Procedure for Undisclosed Conflict of Interest

9.(1) If a councillor has reason to believe that another councillor has a conflict of interest or an apparent conflict of interest in respect of a matter before the Council, the councillor may request clarification of the circumstances at a Council meeting.

(2) If, as a result of a clarification discussion under subsection (1), a councillor is alleged to have a conflict of interest or an apparent conflict of interest and the councillor does not acknowledge the conflict of interest or apparent conflict of interest and take the actions required under section 8, the Council must determine whether the councillor has a conflict of interest or

an apparent conflict of interest before the Council considers the matter referred to in subsection (1).

(3) The minutes of the Council meeting must record any determination made by the Council under subsection (2).

(4) If the Council determines under subsection (2) that a councillor has a conflict of interest or an apparent conflict of interest, the councillor must comply with section 8.

Obligations of Committee Members

10.(1) This section applies to all members of Council committees.

(2) Sections 4 and 6 to 9 apply to a member of a Council committee and all references in those sections to

(a) a councillor are considered to be references to a member of a Council committee; and

(b) a Council meeting are considered to be references to a committee meeting.

PART III - Officers and Employees

Application

11. This Part applies to all officers and employees of Membertou.

General Obligations

12.(1) In the performance of their duties and functions, an officer or employee must act honestly and in good faith and in the best interests of Membertou.

(2) An officer or employee must avoid circumstances that could result in the officer or employee having a conflict of interest or an apparent conflict of interest.

(3) An officer or employee must avoid placing themselves in circumstances where their ability to exercise a power or perform a duty or function of their office or position could be influenced by the interests of any person to whom they owe a private obligation or who expects to receive some benefit or preferential treatment from them.

(4) The chief executive officer must ensure that every officer and employee is informed of their obligations under this Part and must take steps to ensure that employees comply with these obligations.

Disclosure of Conflict of Interest

13. If an officer or employee believes he or she has a conflict of interest, the officer or employee must

(a) disclose the circumstances in writing as soon as practical to the chief executive officer or, in the case of the chief executive officer, to the chair of the Finance and Audit Committee; and

(b) refrain from participating in any discussions or decision-making respecting the circumstances of the conflict of interest until advised by the chief executive officer or the chair, as the case may be, on actions to be taken to avoid or mitigate the conflict of interest.

Gifts or Benefits

14.(1) An officer or employee or a member of their family must not accept a gift or benefit that might reasonably be seen to have been given to influence the officer or employee in the exercise of their powers or performance of their duties or functions.

(2) Despite subsection (1), a gift or benefit may be accepted if the gift or benefit

(a) would be considered within

(i) normal exchanges common to business relationships, or

(ii) normal exchanges common at public cultural events of Membertou;

(b) is of nominal value;

(c) is given by a close friend or relative as an element of that relationship; or

(d) is of a type that the policies or directions of the Council have determined would be acceptable if offered by Membertou to another person.

Outside Employment and Business Interests

15.(1) If an officer or employee is permitted under their terms of employment to have outside employment or business interests, the officer or employee must disclose these employment or business interests in writing to the chief executive officer or, in the case of the chief executive officer, to the chair of the Finance and Audit Committee.

(2) An officer or employee must ensure that any permitted outside employment or business interests do not unduly interfere with the exercise of their powers or performance of their duties and functions and that these activities are conducted on their own time and with their own resources.

Confidential Information

16.(1) An officer or employee must keep confidential all information that the officer or employee receives while exercising their powers or performing their duties or functions unless the information is generally available

(a) to members of the public; or

(b) to members of Membertou.

(2) An officer or employee must only use any confidential information referred to in subsection (1) for the specific purposes for which it was provided to the officer or employee.

(3) An officer or employee must not make use of any information received in the course of exercising their powers or performing their duties or functions to benefit the officer or employee's private interests or those of relatives, friends or associates.

Membertou Property and Services

17.(1) Officers and employees must not use any personal property or services of Membertou for any purposes unrelated to performance of their duties or functions unless that use is otherwise acceptable under the policies or directions of the Council.

(2) Officers and employees must not acquire any personal property of Membertou unless it is done in accordance with policies or directions of the Council.

PART IV - Contractors

Application

18.(1) This Part applies to all contractors of Membertou, other than a person who has an employment contract with Membertou.

(2) In this Part, a reference to a contractor includes a reference to each employee or agent of the contractor who is engaged to perform duties or functions under the contract with Membertou.

Contractor Acting as Officer or Employee

19. If a contractor is retained to exercise the powers or perform the duties or functions of an officer or employee, the contractor must comply with Part III of this Schedule as if the contractor were an officer or employee of Membertou.

General Obligations

20.(1) A contractor must act at all times with integrity and honesty

(a) in its dealings with Membertou; and

(b) in its dealing with any third party when the contractor is representing or acting on behalf of Membertou.

(2) A contractor must not attempt to obtain preferential treatment from Membertou by offering gifts or benefits that a councillor, committee member, officer or employee is prohibited from accepting under this Schedule.

(3) A contractor must ensure that every employee or agent of the contractor who is engaged to perform duties or functions under the contract with Membertou is informed of their obligations under this Part and must take steps to ensure that these employees or agents comply with these obligations.

Confidential Information

21.(1) A contractor must keep confidential all information that the contractor receives in the course of performing their duties or functions unless the information is generally available to members of the public.

(2) A contractor must only use any confidential information referred to in subsection (1) for the specific purposes for which it was provided to the contractor.

(3) A contractor must not make use of any information received in the course of performing its duties or functions to benefit the contractor's interests or those of the contractor's relatives, friends or associates.

Business Opportunities

22. A contractor must not take advantage of a business or investment opportunity being considered by Membertou and which the contractor becomes aware of while performing services for Membertou unless Membertou has determined not to pursue the opportunity.

Membertou Property and Services

23. If a contractor has been provided the use of any property or services of Membertou in order to perform services for Membertou, the contractor must not use the property or services for any purposes unrelated to performance of those services.