

First Nations Financial Management Board

Corporate Plan 2009-10

Approved by Board of Directors: January 21, 2009
First Nations Financial Management Board

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Executive Summary

The First Nations Financial Management Board (FMB) will provide the tools and guidance that will instill confidence in First Nations' financial management and reporting systems to support economic and community development.

The FMB is a shared governance institution established by the *First Nations Fiscal and Statistical Management Act* (FSMA). The primary focus of the FMB is to provide financial management certification services to First Nations that choose to participate in the FSMA borrowing process and pledge their property tax revenue to repay a capital infrastructure loan.

The FSMA is an optional initiative – in order to participate First Nations pass a Band Council Resolution and are then added to the FSMA schedule. There are currently forty-five (45) First Nations that have done so and are now listed on the FSMA schedule.

The three business lines of the FMB and the objectives for each are presented in the table below:

Business Line	Objectives
Supporting First Nation governments	<ul style="list-style-type: none">• Increase First Nation access to capital through certification• Strengthen First Nation financial administration by promoting sound, stable and transparent First Nation financial management systems
Services to other governments	<ul style="list-style-type: none">• Promote financial relationships between First Nations and other governments and organizations that are appropriate, effective, efficient, and mutually beneficial
Corporate Services	<ul style="list-style-type: none">• Provide the administrative resources and facilities to enable the other business lines to operate effectively

Strategies and performance measures for 2009 / 2010 are summarized in Appendix A.

The FMB financial plan is summarized below.

Activity	2009/10	2010/11	2011/12	2012/2013	2013/2014
Corporate Services	\$ 1,046,450	\$ 1,029,906	\$ 1,027,570	\$ 1,055,234	\$ 1,082,897
Executive	819,733	854,480	882,960	911,440	939,920
Financial Administration Law	618,861	937,551	740,744	783,937	827,131
Certification	652,551	753,743	950,935	1,112,127	1,174,319
Intervention	217,625	224,410	281,195	287,980	294,765
Capacity	318,250	338,310	347,160	354,240	361,320
Capital	20,000	20,500	21,000	21,500	22,000
Total	\$ 3,693,469	\$ 4,158,900	\$ 4,251,564	\$ 4,526,458	\$ 4,702,352

Mandate

The First Nations Financial Management Board (FMB) will provide the tools and guidance that will instill confidence in First Nations' financial management and reporting systems to support economic and community development.

The *First Nations Fiscal and Statistical Management Act* (FSMA) establishes the following mandate for the FMB (s. 49 and 55):

- Assist First Nations in developing the capacity to meet their financial management requirements
- Assist First Nations in their dealings with other governments respecting financial management, including matters of accountability and shared fiscal responsibility
- Assist First Nations in the development, implementation and improvement of financial relationships with financial institutions, business partners and other governments, to enable the economic and social development of First Nations
- Develop and support the application of general credit rating criteria to First Nations
- Provide review and audit services respecting First Nation financial management
- Provide assessment and certification services respecting First Nation financial management and financial performance
- Provide co-management and third party management services; and,
- Provide advice, policy research and review and evaluative services on the development of fiscal arrangements between First Nations' governments and other governments.
- Establish standards respecting:
 - The form and content of First Nation financial administration laws (FSMA section 9)
 - Approval of financial administration laws that comply with the standards
 - Certification of First Nation financial management systems and financial performance (FSMA section 50)
 - Financial reporting (FSMA section 14)

Corporate Profile

The FMB is a shared governance institution established by the *First Nation Fiscal and Statistical Management Act* (FSMA). The primary focus of the FMB is to provide financial management certification services to First Nations that choose to participate in the FSMA borrowing process and pledge their property tax revenue to repay a capital infrastructure loan.

The legislative mandate and services offered by the FMB have the potential to provide broader benefits to First Nations and Canada including improved fiscal transfer arrangements and more effective financial reporting.

Corporate History

The FSMA was originally drafted in 2001. The BC First Nations Summit Society supported the draft legislation and began sponsoring the FMB in 2002. An FMB advisory panel was established in 2002 to support the legislative process and the development of the FMB.

The FSMA had all party support in both the House and the Senate during the legislative process of 2004 and 2005. It received Royal Assent on March 23rd, 2005 and came into force on April 1st, 2006. After the Board of Directors' approval of the first FMB Corporate Plan, the FMB became operational in August 2007.

The Chair was appointed in October 2006 and eight (8) members were appointed to the Board of Directors in May 2007. An additional member was appointed to the Board of Directors in November 2007. The Board of Directors brings a wealth of experience in First Nation financial management to the FMB. Since their appointment the Board of Directors has provided guidance to the development of FMB standards, sample laws, policies and procedures. The Board of Directors held their second annual strategic planning session in September 2008 which provides guidance to this Corporate Plan.

The FSMA is an optional initiative – in order to participate First Nations pass a Band Council Resolution and are then added to the FSMA schedule. There are currently forty-five (45) First Nations that have done so and are now listed on the FSMA schedule. This is the main client base of the FMB.

Organizational Structure

The FMB is a shared governance corporation established pursuant to Part 3 of the FSMA. It is managed by a Board of Directors consisting of ten (10) members including a Chairperson and a Vice-Chairperson.

The Chairperson is appointed by the Governor in Council at the recommendation of the Minister of Indian Affairs. Three (3) directors are appointed by the Aboriginal Financial Officers Association of Canada. An additional six (6) have been appointed by the Governor in Council at the recommendation of the Minister. A vice-chair is elected by the Board of Directors.

For an interim period, the Chairperson will also be assuming the responsibilities of Chief Executive Officer (CEO). The CEO is responsible and reports to the Board to carry out the FMB mandate on their behalf. All organizational activities are under his control unless otherwise directed by the Board.

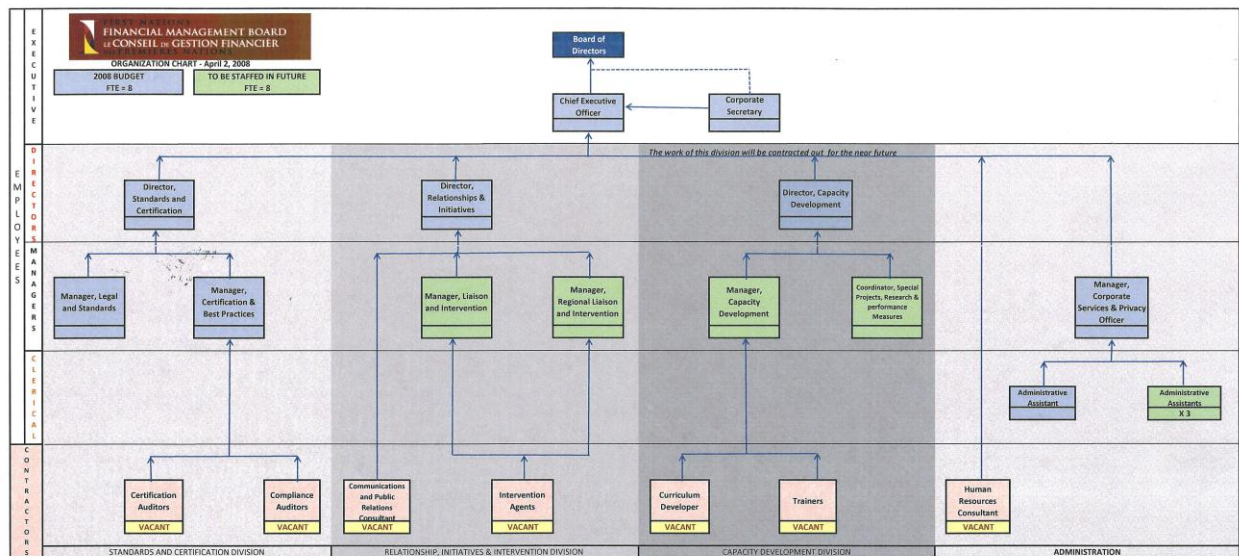


Figure 1 – FMB Core Staffing Organizational Chart

To date, the Board of Directors has formed four (4) committees:

- Audit and Risk Management Committee;
- Governance and Human Resources Committee;
- Standards, Approvals and Certification Committee; and,
- Capacity Development Committee.

During the last fiscal year, several management and staff positions have been filled including

- **Director of Standards and Certification** – reports to the CEO and is responsible for reviewing and managing all activities related to standards and certification, and the implementation of FMB standards. The Director is also responsible for communicating with First Nation communities regarding the certification process and development of standards and financial administration laws as well as overseeing the on-going auditing and monitoring of certified First Nations.
- **Director of Intervention and Relationship Initiatives** – reports to the CEO and is responsible for managing and monitoring the on-going relationship with scheduled and non-scheduled First Nations, as well as performing the duties of the Intervention Officer as required by the regulations.
- **Director of Capacity Development** – reports to the CEO and is responsible for developing strategies for capacity building and developing resources that will aid First Nations in becoming certified. The director is responsible for creating and maintaining relationships with other institutions that will help develop and deliver curriculum as well as for overseeing special research and analysis projects.
- **Certification and Best Practices manager** - reports to the Director of Standards and Certification and is responsible for providing: support to First Nations seeking to develop and implement the operational standards required for certification; managing the initial certification process; and, managing the regularly required certification audit procedures. Additionally, the manager is responsible for providing recommendations regarding the on-going revision of the certification standards to the Director and assisting in preparation of reports and recommendations to management or Board of Directors Committees.
- **Legal and standards manager** – reports to the Director of Standards and Certification and is responsible for assisting First Nations in developing their financial administration law. The manager is also responsible for developing and revising the financial administration law and certification standards, for preparing recommendations for changes to the standards, for advising the Board of Directors of potential or anticipated legislative or regulatory changes that might impact the FMB.

- **Corporate Secretary** – reports to the Chair / CEO and is responsible for managing daily administrative and organizational matters for the Board of Directors, Board Committees and the Chair. The Corporate Secretary will provide advisory support to the Board of Directors on governance practices and secretarial support including taking and producing minutes for all Committee and Board meetings.
- **Corporate Services Manager and Privacy Officer** – reports to the CEO and is responsible for overall financial management of the FMB including producing regular financial reports, ensuring all bookkeeping activities are conducted appropriately and all approved financial controls, policies and procedures are followed. The officer is also responsible for ensuring data integrity and security.
- **Administrative Assistant** – reports to the CEO and is responsible for providing effective administrative and organizational support to the office and managing daily administrative and organizational matters of the organization. Additionally the administrative assistant will provide receptionist duties including assisting in organization meetings and travel, ordering and managing office supplies and maintaining a professional office environment and image.

Principle Business Activities

The FMB is part of the regulatory regime established by the FSMA that enables First Nations to finance public infrastructure by pledging their property tax revenue to repay the loan. The FSMA is an optional initiative. In order to participate, First Nations must apply to be added to the FSMA schedule. *Figure 2* below illustrates the relationship among participating First Nations, taxpayers on their lands, the fiscal institutions established by the FSMA (including the FMB), and capital markets.

Lessees/taxpayers on First Nation lands pay property taxes to the First Nation in return for provision of services. The property tax system, including property taxation, assessment, rates, and expenditure laws, is regulated by the First Nations Tax Commission (FNTC).

The FMB provides a signal of the health of a First Nation's financial management system and financial performance by approving financial administration laws and certifying the First Nation is operating in compliance with its law. The First Nations Finance Authority (FNFA) will aggregate First Nation borrowing requests and raise money through a bond issue in capital markets. The proceeds of the bond issue will then be distributed to participating First Nations.

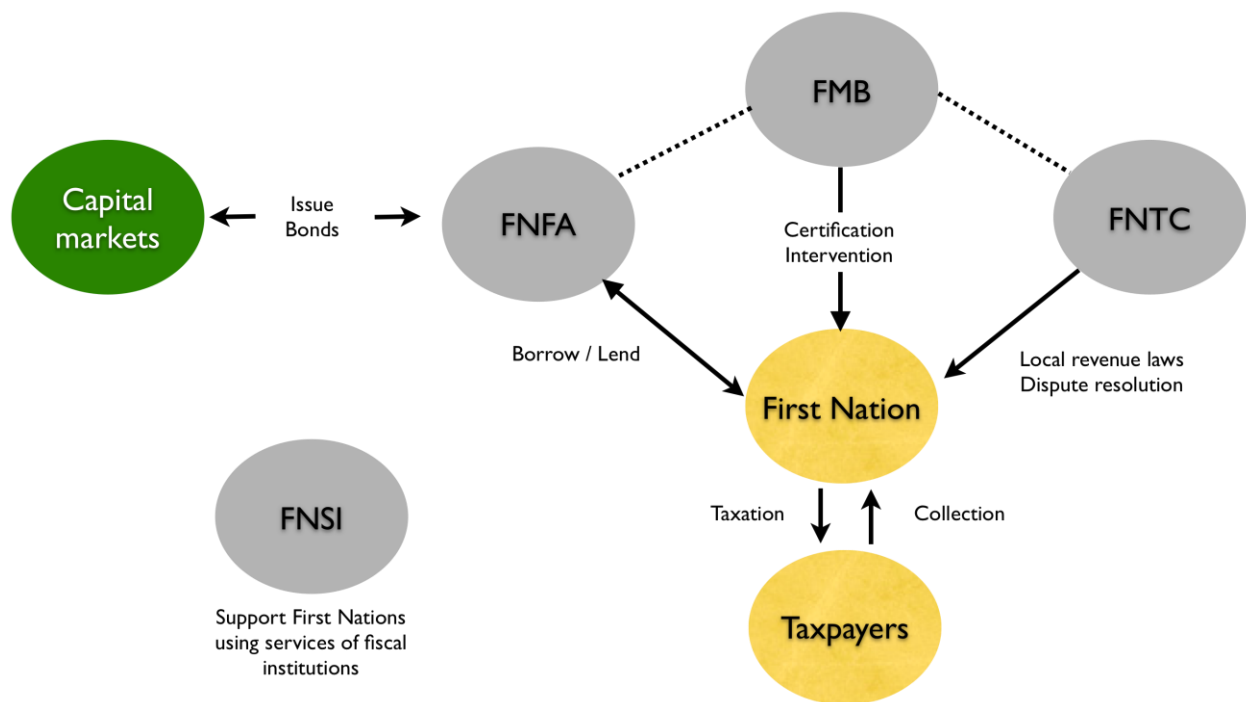


Figure 2 – An overview of the regulatory regime established by the FSMA

Should there be problems with either the property tax system or the repayment of infrastructure loans, the FNFA or FNTC can trigger the FMB to intervene on the local revenue account. The First Nations Statistical Institute (FNSI) will work with the fiscal institutions to develop an information system that will support good management practices.

Figure 3 below illustrates the relationship between the various standards, approvals and certifications that are offered by the FMB. The FSMA provides the authority for the FMB to establish standards for financial administration laws. To support First Nations in developing their own laws, the FMB has developed a sample that, if adopted by a First Nation, would meet the FMB Standards. Once the First Nation has developed and adopted their law, they are able to submit it for review and, if it meets the standards, approval by the FMB.

The First Nation must also implement the rules established in their law in order for their financial management system to be certified. The FMB has developed Financial Administration System Standards as a guideline for elements that will be examined in the review of a financial management system. Again, the FMB has prepared some tools and templates that are intended to support a First Nation in implementing their law.

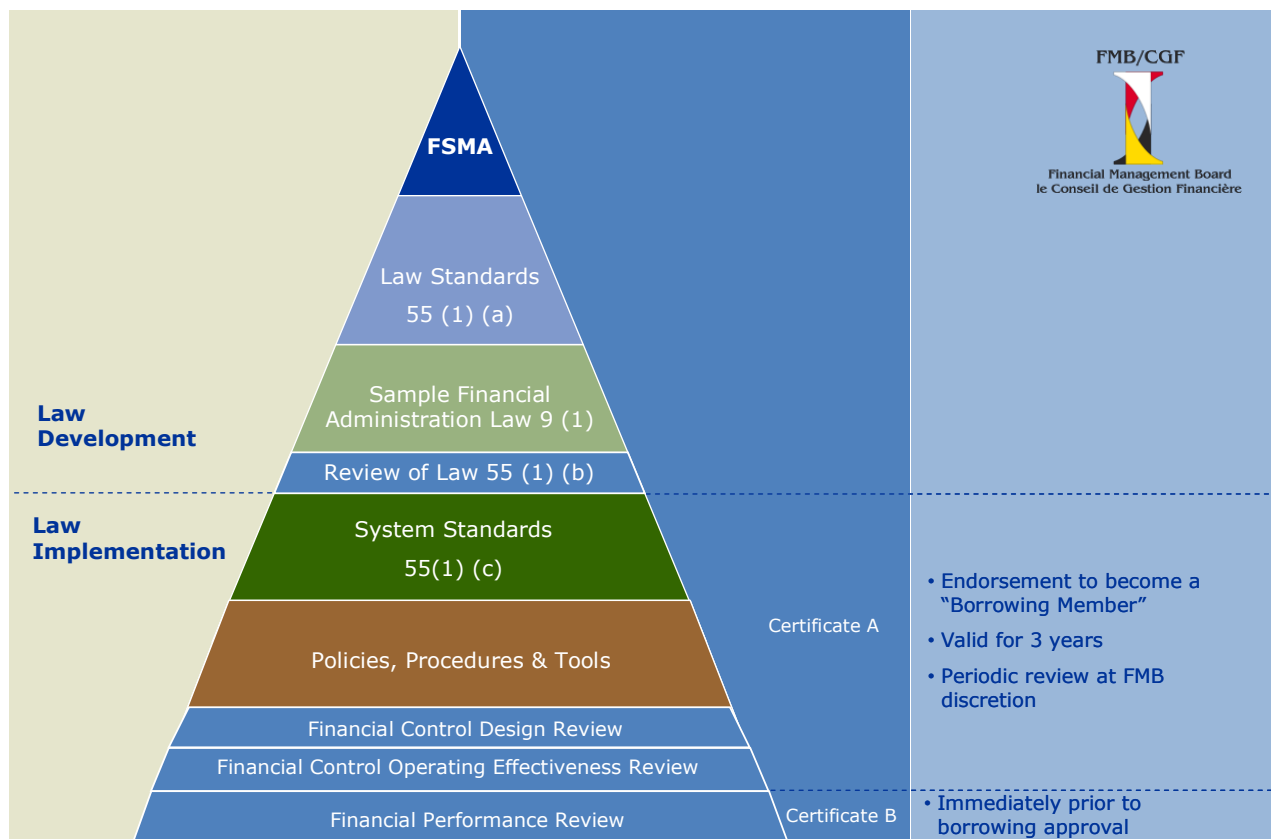


Figure 3 - Financial Administration Law Development and Certification

Once the First Nation has developed the appropriate policies and procedures to implement their law, there are two aspects to a financial management system review: (a) the control design review ensures that the policies and procedures will enable the First Nation to implement the law; and, (b) the operating effectiveness review will test to see if the First Nation is following its law, policies and procedures. If both of these reviews produce positive results, the FMB would then be able to provide a "Borrowing Member Qualification Certificate" or "Certificate A".

A separate certificate ("Certificate B") will be required at the time of borrowing. This certificate is intended to evaluate the financial performance of the First Nation's system and to determine if there are any issues that would negatively impact the members of the First Nations Finance Authority borrowing pool should the First Nation participate in a debt issue.

Since the FMB started operations (June 2007), the FMB Board of Directors has reviewed and approved a range of tools that First Nations have begun to use to improve their financial management systems. These include:

- ⇒ Financial administration law standards - elements that should be in a First Nation financial administration;
- ⇒ Sample financial administration law – a example of a financial administration law that could be used by a First Nation as a starting point;
- ⇒ Financial administration system standards – elements of a financial management system that the FMB will examine to determine whether a First Nation system has the appropriate design controls and is operating effectively;
- ⇒ Policy guidance including tools and templates – tools that a First Nation can use to implement their financial administration law.
- ⇒ Intervention policy – the policy to be used by the FMB in protecting the integrity of the property taxation system and the borrowing members of the First Nation Finance Authority.
- ⇒ Financial reporting standards – the FMB has developed standards for financial reporting in the Local Revenue Account. These standards are consistent with the Common Government Reporting Model. THESE ARE UNDER DEVELOPMENT AND ARE LIKELY TO BE APPROVED BY 31 MARCH 2009]
- ⇒ Capacity Development – course curriculum is being developed by the AFOA. In addition, the FMB is providing some financial support to participating First Nations so that they can begin developing policies and procedures that will transition their financial management system to FMB standards.

Materials have been distributed to participating First Nations and are now available on the FMB website (www.fnfmb.com). The tools will assist First Nations in developing the capacity to meet their financial management requirements.

First Nations have begun to use the FMB tools. For example:

- a First Nation presented a draft law to a bank in its attempt to obtain a loan for community infrastructure,
- a First Nation developed a policy that would move its financial management system closer to certification, and
- several First Nations have begun to draft their financial administration law.

Business Lines

Services to borrowing and non-borrowing First Nations are provided through the ***Supporting First Nation Governments*** business line. This includes: financial administration law review, certification, capacity development and co or third party management as required or requested. First Nations participating in the FSMA borrowing process are required to make use of these services. These services, with possible modifications, will also be made to non-borrowing First Nations.

Table 1 - What would motivate a First Nation to seek FMB services?

	No. of First Nations (estimate)	Why seek FMB services?
FSMA Schedule ¹	45	<ul style="list-style-type: none"> • Certification required to borrow
Section 83 Laws ²	Over 100	<ul style="list-style-type: none"> • Confidence in management of property tax revenue
<i>First Nation GST Act</i> ³	38	<ul style="list-style-type: none"> • Confidence in financial management of FNGST revenue
<i>First Nations Land Management Act</i> ⁴	57	<ul style="list-style-type: none"> • Confidence in financial management of revenue generated from lands under authority of a First Nation land code
<i>First Nations Oil and Gas Monies Management Act</i> ⁵	No First Nations have ratified their codes yet.	<ul style="list-style-type: none"> • Financial code for oil and gas moneys required
In Canada	Over 600	<ul style="list-style-type: none"> • Improved fiscal transfer arrangements with Canada

¹ <http://laws.justice.gc.ca/en/showdoc/cs/F-11.67/20070208>

² <http://www.fntc.ca/en/taxing-under-s-83-of-the-indian-act/first-nations-with-s-83-bylaws>

³ <http://laws.justice.gc.ca/en/showdoc/cs/F-11.7/sc:1/en#anchors:1>

⁴ <http://www.fafnlm.com/content/en/MembersCommunities.html>

⁵ <http://laws.justice.gc.ca/en/showdoc/cs/F-11.9/sc:1/en#anchors:1>

The FMB will also work with other governments and organizations through the ***Supporting other Governments and Organizations*** business line. This could include working to support a debenture issue with other fiscal institutions established by the FSMA, working with the federal government to improve the accountability framework for First Nations, working with other accounting standard organizations such as the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA) or working with financial institutions regarding the general credit rating criteria of First Nations.

Table 2 - Other governments and organizations relevant to the FMB

Other government or organization	Relevance to FMB
First Nations Tax Commission	<ul style="list-style-type: none"> • Interdependent policy related to certification and intervention
First Nations Finance Authority	<ul style="list-style-type: none"> • Interdependent policy related to certification and intervention
First Nations Statistical Institute	<ul style="list-style-type: none"> • Financial data may be inputs for FNSI community profiles that are utilized by rating agencies in credit analysis
Aboriginal Financial Officers Association	<ul style="list-style-type: none"> • Partnered approach to capacity development
Lands Advisory Board	<ul style="list-style-type: none"> • Framework Agreement on Land Management includes financial administration requirements
National Centre for First Nation Governance	<ul style="list-style-type: none"> • FMB standards include sections about organizational structure, roles and responsibilities which are relevant to governance structure
Public Sector Accounting Board of the Canadian Institute of Chartered Accountants	<ul style="list-style-type: none"> • FMB Standards should be consistent with government accounting standards set out by PSAB
Indian and Northern Affairs Canada	<ul style="list-style-type: none"> • First Nation reporting requirements • INAC co and third party management impacts FMB intervention policy and procedures
Finance Canada	<ul style="list-style-type: none"> • Interests in improved fiscal framework and confidence in management of tax collection agreements
Financial Institutions / Capital Markets	<ul style="list-style-type: none"> • Regulatory regime established by fiscal institutions will address interests of lenders/investors in First Nation bonds

Mapping Activities to Business Lines

The following table outlines how principle business activities relate to the business lines.

Table 3 - Mapping principle business activities to business lines

Business Line	Activities
Supporting First Nation Governments	<ul style="list-style-type: none"> • Outreach – consultation and communication • Financial Administration Law Review and Approval • Financial Administration System Certification • Financial Performance Certification • Capacity Development • Intervention – co and third party management as required / requested • Research projects – best practices research to meet FMB standards
Supporting other governments and organizations	<ul style="list-style-type: none"> • Consultation and communication with other fiscal institutions to develop effective regulatory regime (key linkages in borrowing process include: FMB certificate, FNTC borrowing law, and FNFA borrowing agreement) • FMB Certificates provide signal to FNFA to admit member to borrowing club, for specific borrowing • FNFA or FNTC can order FMB intervention (FSMA s 52 or 53) • Transition <i>Indian Act</i> S.83 financial administration laws • Research projects – potential impacts on FMB services • Partner with organizations to deliver capacity development • Develop / recognize curriculum for capacity development • Feedback from financial institutions on FMB standards
Corporate Services	<ul style="list-style-type: none"> • Administration • Facilities • Human resources • Financial administration • Information technology

Strategic Issues

The FMB is strategically placed to establish standards that can enable First Nations to develop effective financial administration systems. The standards established by the FMB contemplate: administration (including roles and responsibilities of individuals within the system), financial management (including budgeting, expenditure controls, financial reporting and risk management), and capital projects (including life cycle management and contract and tendering). By implementing a financial administration system that meets FMB standards, First Nations will improve investor confidence which will in turn support economic development on their lands.

In the context of a downturn in the economy and volatility in capital markets, a strategic issue for the FMB is how investors will perceive the regulatory regime established by FSMA institutions. Investors and rating agencies may analyze FMB standards more rigorously. With this in mind, it would appear that the FMB strategy was appropriate – namely, to develop standards that are robust, that comply with internationally known systems (COSO) and that contemplate the entire financial management system, not simply the local revenue account.

The FMB will need to respond to the unique circumstances of First Nations seeking to improve their financial administration system. For example, First Nations differ in terms of their size, the state of their existing financial administration system, the role their administration plays in generating revenue and delivering programs and services, and the various initiatives in which they are participating.

The downturn in the economy means that there will be increased competition for investment. A consequence is that First Nations interested in attracting private investment will need to have the tools to invest in public infrastructure. This means that there will likely be continued growth in demand from First Nations seeking FMB services such as: law development, certification and capacity development.

The volatility in financial markets and downturn in the economy will likely make it difficult for the FNFA to issue a debenture in the short term that would achieve competitive rates for First Nations. Since there is demand from First Nations to participate in a borrowing, an alternative mechanism should be considered that enables the fiscal institutions to meet this demand until the markets stabilize and the FNFA is able to issue a First Nation debenture. This may require Canada's support by way of a guarantee of FNFA debt.

During the past year there has been increased demand for FMB services from First Nations. Evidence to confirm this demand is the addition of First Nations to the FSMA schedule and results from the last fiscal year which is presented in the next section.

Assessment of Previous Year's Results

The FMB Corporate Plan for 2008/2009 set out a number of performance measures for each business line. The tables below articulate, by business line, the progress made to date for each performance measure.

Supporting First Nation Governments

The supporting First Nation Governments business line has been active developing standards, sample laws, tools and templates that will support the delivery of key services to First Nations including law approval and certification. The FMB has continued to work with participating First Nations to generate feedback on these documents. The case study work is now complete and the FMB is working with First Nations to develop 'pre-certification' work plans and build capacity in particular areas of financial management system that are not currently at the standards set by the FMB.

Table 4 - Assessment of 2008/2009 Results: Supporting First Nation Governments

Performance Measure	Progress to date	Comment
Twenty (20) presentations	<ul style="list-style-type: none"> ▪ Eighteen (18) presentations to date ▪ Upcoming conferences and time left in fiscal year suggest that target should be met 	<ul style="list-style-type: none"> ▪ Tsleil Waututh, Chippewas of Kettle and Stony Point, Tsawout, Tzeachten, Kitselas, Squamish, Songhees, Alexander, Chehalis, Skeetchestn, Takla Lake, Tobacco Plains, Sliammon, Maa Nulth ▪ TULO Centre of Indigenous Economics ▪ National AFOA conference
Five (5) First Nations in FAL development	<ul style="list-style-type: none"> ▪ Six (6) First Nations in FAL development 	<ul style="list-style-type: none"> ▪ Squamish ▪ Songhees ▪ Tsawout ▪ Chippewas of KSP ▪ Skeetchestn ▪ Alexander

Performance Measure	Progress to date	Comment
Two (2) First Nation financial administration laws reviewed against FMB Financial Administration Law Standards	<ul style="list-style-type: none"> ▪ FMB is in receipt of five (5) First Nation financial administration laws ⇒ Two (2) are existing S.83 laws with significant differences to the Sample ⇒ Two (2) are drafts based on the Sample with some amendments (reference to FNGST revenue and omission of tangible capital asset reserve fund. ⇒ One (1) is identical to the Sample 	<ul style="list-style-type: none"> ▪ Chippewas of Kettle and Stony Point and Skeetchestn have submitted their S. 83 FAL to the FMB for comparison against FMB standards ▪ Tsawout (included reference to FNGST revenues in draft) and Songhees (no tangible capital asset reserve fund in draft) have submitted draft financial administration laws for feedback ▪ Alexander law identical to Sample
Two (2) First Nation financial management systems reviewed against FMB Financial Administration System Standards	<ul style="list-style-type: none"> ▪ Certification and operational review procedures developed ▪ Tsawout willing to participate as showcase for partial or full test of operational review 	<ul style="list-style-type: none"> ▪ It is unlikely that any participating First Nation would be certified at this point ▪ How much capacity development can be accomplished before this review occurs? ▪ Can the FMB support some policy development in advance of the review? ▪ How much time is required to conduct the review? ▪ Based on current analysis of First Nation systems (case study comparative analysis), which communities are best placed to 'come close' to a certification?

Performance Measure	Progress to date	Comment
Course Curriculum Developed	<ul style="list-style-type: none"> ▪ AFOA has been contracted to develop curriculum 	<ul style="list-style-type: none"> ▪ Review workshop materials on Common Government reporting model? ▪ Can we recommend to participating FNs to take this course at the AFOA? Other courses? ▪ How will recommendations enable participating FNs to develop capacity and fill 'gaps' in their existing system to meet FMB standards? ▪ Additional workshops developed for participating communities? <ul style="list-style-type: none"> ➤ Finance and Audit Committee? ➤ Tangible Capital Assets? ➤ Multi-year financial plan? ➤ Preparing Local Revenue Account Statements?

Services to Other Governments and Organizations

The Services to Other Governments and Organizations business line has been active working with other fiscal institutions to seek feedback on FMB standards and intervention policy. In addition, research is currently underway to inform the development of financial performance standards.

Table 5 - Assessment of 2008/2009 Results: Services to Other Governments and Organizations

Performance Measure	Progress to Date	Comment
Research project work plans	<ul style="list-style-type: none">Financial Performance Research work plan reviewed and approved by Board of Directors in June 2008	<ul style="list-style-type: none">Draft report prepared for consideration of FMBFocus group session to include members of investment community
Research project on PSAB Reporting Requirements and Emerging Accounting Standards	<ul style="list-style-type: none">Engaged consultant to prepare sample statements for the Local Revenue Account and the Common Government Reporting Model	<ul style="list-style-type: none">This work is informing the development of "Local Revenue Account Financial Reporting Standards" and a section of the Guidebook.

Corporate Services

The Corporate Services business line has provided administrative support to the other two business lines.

Table 6 - Assessment of 2008/2009 Results: Corporate Services

Performance Measure	Progress to Date	Comment
Annual report produced	<ul style="list-style-type: none"> Annual report 2008 produced and available on web site Annual General Meeting held at Tsuu T'ina 	<ul style="list-style-type: none"> Draft Annual Report 2009 to be prepared in Q4
Annual Corporate Plan produced	<ul style="list-style-type: none"> Draft Corporate Plan prepared 	<ul style="list-style-type: none"> Board of Directors to review To be submitted to Canada by 31 January 2009
Six (6) Board meetings	<ul style="list-style-type: none"> Six (6) Board meetings held to date 	<ul style="list-style-type: none"> April 28, 2008 June, 2008 September 23, 2008 October 27, 2008 December 16, 2008 January 21, 2009
Staff hiring	<ul style="list-style-type: none"> First phase Second phase 	<ul style="list-style-type: none"> Director of Standards and Certification, Capacity Development, Intervention Legal and Standards, Certification and Best Practices Manager Corporate Secretary Privacy Officer Administrative assistant
Financial management and human resource policies approved by Board of Directors	<ul style="list-style-type: none"> Some internal policies developed for Board review 	<ul style="list-style-type: none"> Delegation of authorities policy Purchasing policy

Analysis of External Environment

The FMB Board of Directors held a strategic planning session in September 2008. A number of external environment strategic issues were identified:

Table 7 - External Environment Strategic Issues

Strategic Issue	Description	Action
Misperception of role and mandate	<ul style="list-style-type: none"> Some First Nations may not understand role of FMB Some may be apprehensive about taxation Volunteer / optional nature of initiative 	<ul style="list-style-type: none"> Focus on delivery of services to scheduled First Nations Showcase success stories (i.e. First Nations that are developing laws and getting certified) Materials available via website Outreach at conferences AFOA curriculum and course delivery
Upgrading and transition to improved financial management system	<ul style="list-style-type: none"> First Nations have human and financial resource constraints Time to get certified will depend on where a First Nation is currently at and how committed they are to developing system that meets standards 	<ul style="list-style-type: none"> Gap analysis to identify where the community's system could benefit from improvements Pre-certification work plans Workshops, courses to build capacity and develop policy Access to human resource capacity Funding assistance
Diversity of First Nation clients	<ul style="list-style-type: none"> Size and capacity of communities may vary Do other initiatives also have financial management requirements? Scope of service delivery Magnitude of service delivery 	<ul style="list-style-type: none"> Capacity development approaches appropriate for a community's pre-certification work plan

Strategic Issue	Description	Action
Interdependence on other institutions in FSMA	<ul style="list-style-type: none"> ▪ Certifying First Nations to become Borrowing Members ▪ Transitioning s. 83 laws from FNTC ▪ Early warning / credit watch list ▪ Formalizing relationships in respect of key linkages (i.e. certification and intervention) 	<ul style="list-style-type: none"> ▪ Workshop with FNTC and FNFA to explain FMB standards and certification processes ▪ Research on legislative amendments required for additional revenues to be considered for a borrowing
Capital markets perception of FMB standards, certificates and intervention	<ul style="list-style-type: none"> ▪ We need to develop a product that the market likes so that it can help First Nations ▪ FMB services are only good to the First Nation if the marketplace accepts the certificate / standards / etc. ▪ Current market situation – emphasis on investment in public infrastructure 	<ul style="list-style-type: none"> ▪ Hold focus group with financial institutions to obtain feedback on standards ▪ Pursue federal government support of FNFA line of credit of \$100 million which could be used for First Nation borrowing until such time as market conditions improve and a debenture can be issued

Assessment of Corporate Resources

The following comments were made by the FMB Board of Directors at the September 2008 strategic planning session:

Table 8 - Corporate Resources Strategic Issues

Strategic Issue	Description	Action
FMB standards, tools, and guidance	<ul style="list-style-type: none"> Tools represent an opportunity for change Resources have been developed for First Nations to use First Nations are using them The tools can be challenging to use for those with limited experience or capacity in financial administration 	<ul style="list-style-type: none"> Workshop materials on guidebook sections Continue to develop samples and templates for guidebook Compile examples of how tools have been used by First Nations and impact of implementation
Transition of management and staff	<ul style="list-style-type: none"> FMB needs to be ready to respond to request for services on all aspects of our mandate 	<ul style="list-style-type: none"> Ensure management and staff are familiar with FMB standards, sample laws, guidance, and templates
Managing demand	<ul style="list-style-type: none"> Increasing demand creates some uncertainty for FMB human resource requirements 	<ul style="list-style-type: none"> Orientation session [at AFOA/at FMB] for professionals that can support First Nations in getting ready for certification Financial resources and support to participating First Nations

Objectives, Strategies and Performance Measures

The overall objective of the FMB is to assist First Nations in increasing economic and infrastructure development on First Nation lands by ensuring that First Nation citizens, investors, the public and governments have confidence in the financial management of First Nation governments and ultimately in their broader systems of comptrollership.

The FMB has three business lines. These business lines and the objectives for each business line are presented in the table below:

Table 9 - Summary of Objectives by Business Line

Business Line	Objectives
Supporting First Nation governments	<ul style="list-style-type: none">• Increase First Nation access to capital through certification• Strengthen First Nation financial administration by promoting sound, stable and transparent First Nation financial management systems
Services to other governments	<ul style="list-style-type: none">• Promote financial relationships between First Nations and other governments and organizations that are appropriate, effective, efficient, and mutually beneficial
Corporate Services	<ul style="list-style-type: none">• Provide the administrative resources and facilities to enable the other business lines to operate effectively

The following sections will describe the strategies that each business line will implement in 2009/2010 as well as the associated performance measures.

Business Line: Supporting First Nation Governments

The FMB will provide services to borrowing and non-borrowing First Nations through the Supporting First Nation Governments business line. The FMB will provide advisory and capacity development services to all First Nation governments and their organizations that choose to utilize them.

Strategies

In 2009/2010, the Supporting First Nation Government business line will:

- Be responsive to First Nation requests for presentations and materials on FMB products and services including:

- Law Standards
 - Sample Law
 - System Standards
 - Financial Administration System Guidebook
 - Intervention
 - Capacity Development Courses offered by partnering organizations or the FMB
- Obtain feedback from participating First Nations on FMB standards, sample laws, tools and templates.
 - Revise standards, sample laws, tools and templates as necessary
 - Deliver advisory services to First Nations developing financial administration laws – provide comments on draft laws and respond to questions about FMB law standards
 - Review and provide compliance reports on First Nation financial administration laws submitted to the FMB for comparison to FMB standards
 - Conduct comparative analysis on existing First Nation financial management systems (including law, policy and procedures) to assist in the creation of a pre-certification plan that will enable the First Nation to work towards a certification
 - Review First Nation financial management systems against FMB Financial Administration System Standards including: (a) design control; and, (b) operating effectiveness
 - Review pre-certification work plan and to assist in the preparation of a capacity development strategy for First Nation to support movement towards certification
 - Offer workshops on guidebook sections

Performance Measures

The following table outlines the performance measures for the FMB business line: Supporting First Nation Governments.

- 20-30 Presentations to First Nations
- 15-20 First Nations in FAL development
- 5-10 First Nation financial management systems in development
- 1-3 First Nations in certification process

Business Line: Supporting Other Governments and Organizations

The FMB will also work with other governments and organizations. This may include other fiscal institutions, other First Nation institutions and the federal government.

Strategies

The following strategies will be employed:

- Continue to obtain feedback from FNTC, FNFA, and FNSI on: Law Standards, Sample Law, System Standards, Certification Procedures, intervention policy and Local Revenue Account Financial Reporting Standards.
- Obtain feedback from FNTC, FNFA and FNSI on financial performance standards.
- Obtain feedback from other financial organizations and institutions on financial administration law standards, financial administration system standards, financial performance standards, local revenue account financial reporting standards, and intervention policy.
- Provide FMB materials to Lands Advisory Board and National Centre for First Nation Governance for review and feedback.
- Develop research project work plans to support best practices in FMB standards
- Implement research partnership with INAC and develop terms of reference for research project of mutual interest
- Work with other institutions and INAC to develop framework for legislative review

Performance Measures

The following table outlines the performance measures for the FMB business line: Supporting Other Governments.

- 2 research project work plans
- 2 research projects reviewed by FMB
- 6 institutional coordination sessions (FNTC, FNFA, FNSI)

- 4 meetings with other First Nation institutions
- Focus group with investors to review financial administration system and financial performance standards
- Legislative review terms of reference and preparation
- 2 of organizations partnered to offer courses related to FMB standards

Business Line: Corporate Services

The Corporate Services business line will include activities that will be carried out internally to support the operations of the FMB. These include management functions, finance, human resources, information technology and evaluation.

Strategies

The following strategies will be employed:

- Provide administrative support and reception services
- Provide administrative support for Board of Directors and Committee meetings
- Provide administrative support for management meetings
- Develop and implement administrative policies
- Deliver human resource management services including recruiting, training, compensation and benefits, performance management and succession planning.
- Provide information and technology services
- Update FMB website
- Procure and maintain facilities and equipment
- Fulfill evaluation, reporting and performance measurement requirements

Performance Measures

The following table outlines the performance measures for the FMB business line: Corporate Services.

- Annual Corporate Plan produced
- Annual report produced
- Annual General Meeting held
- Board strategic planning session
- 4 Board meetings
- 16 committee meetings (4 per committee)
- Staff and Board orientation
- Professional development
- Organizational review
- Web site update
- Newsletter produced
- Review of Board Manual and Corporate Structure

Funding

The FMB financial plan is presented in *Figure 4* below.

Activity	2009/10	2010/11	2011/12	2012/2013	2013/2014
Corporate Services	\$ 1,046,450	\$ 1,029,906	\$ 1,027,570	\$ 1,055,234	\$ 1,082,897
Executive	819,733	854,480	882,960	911,440	939,920
Financial Administration Law	618,861	937,551	740,744	783,937	827,131
Certification	652,551	753,743	950,935	1,112,127	1,174,319
Intervention	217,625	224,410	281,195	287,980	294,765
Capacity	318,250	338,310	347,160	354,240	361,320
Capital	20,000	20,500	21,000	21,500	22,000
Total	\$ 3,693,469	\$ 4,158,900	\$ 4,251,564	\$ 4,526,458	\$ 4,702,352

Figure 4 - Financial Plan

Number of Employees

The following table outlines the number of employees working at the FMB.

Table 10 - Number of Employees

	2009/2010	2010/2011	2011/2012	2012/2013	2012/2013
Number of Employees	10	10	10	10	10

Appendix A – Summary of Strategies and Performance Measures

Table 11 - Summary of Strategies and Performance Measures by FMB Business Line

Business Line	Strategies	Performance Measure
Supporting First Nation Governments	<ul style="list-style-type: none"> Be responsive to First Nation requests for presentations and materials on FMB products and services including: Law Standards, Sample Law, System Standards, Financial Administration System Guidebook, Intervention, Capacity Development Courses offered by partnering organizations or the FMB Obtain feedback from participating First Nations on FMB standards, sample laws, tools and templates. Revise standards, sample laws, tools and templates as necessary Deliver advisory services to First Nations developing financial administration laws – provide comments on draft laws and respond to questions about FMB law standards Review and provide compliance reports on First Nation financial administration laws submitted to the FMB for comparison to FMB standards Conduct comparative analysis on existing First Nation financial management systems (including law, policy and procedures) to create a pre-certification plan that will enable the First Nation to work towards a certification Review First Nation financial management systems against FMB Financial Administration System Standards including: (a) design control; and, (b) operating effectiveness 	<ul style="list-style-type: none"> 20-30 Presentations to First Nations 15-20 First Nations in FAL development 5-10 First Nation financial management systems in development 1-3 First Nations in certification process

Business Line	Strategies	Performance Measure
Supporting Other Governments and Organizations	<ul style="list-style-type: none"> ▪ Continue to obtain feedback from FNTC, FNFA, and FNSI on: Law Standards, Sample Law, System Standards, Certification Procedures, intervention policy and Local Revenue Account Financial Reporting Standards. ▪ Obtain feedback from FNTC, FNFA and FNSI on financial performance standards. ▪ Obtain feedback from other financial organizations and institutions on financial performance standards ▪ Provide FMB materials to Lands Advisory Board and National Centre for First Nation Governance for review and feedback. ▪ Develop research project work plans to support best practices in FMB standards ▪ Implement research partnership with INAC and develop terms of reference for research project of mutual interest ▪ Work with other institutions and INAC to develop framework for legislative review 	<ul style="list-style-type: none"> ▪ 2 research project work plans ▪ 2 research projects reviewed by FMB ▪ 6 institutional coordination sessions (FNTC, FNFA, FNSI) ▪ 4 meetings with other First Nation institutions ▪ Focus group with investors to review financial administration system and financial performance standards ▪ Legislative review terms of reference and preparation ▪ 2 of organizations partnered to offer courses related to FMB standards

Business Line	Strategies	Performance Measure
Corporate Services	<ul style="list-style-type: none"> ▪ Provide administrative support and reception services ▪ Provide administrative support for Board of Directors and Committee meetings ▪ Provide administrative support for management meetings ▪ Develop and implement administrative policies ▪ Deliver human resource management services including recruiting, training, compensation and benefits, performance management and succession planning. ▪ Provide information and technology services ▪ Update FMB website ▪ Procure and maintain facilities and equipment ▪ Fulfill evaluation, reporting and performance measurement requirements 	<ul style="list-style-type: none"> ▪ Annual Corporate Plan produced ▪ Annual report produced ▪ Annual General Meeting held ▪ Board strategic planning session ▪ 4 Board meetings ▪ 16 committee meetings (4 per committee) ▪ Staff and Board orientation ▪ Professional development ▪ Organizational review ▪ Web site update ▪ Newsletter produced ▪ Review of Board Manual and Corporate Structure

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