



FIRST NATIONS
FINANCIAL MANAGEMENT BOARD
LE CONSEIL DE GESTION FINANCIÈRE
DES PREMIÈRES NATIONS

First Nations Financial Management Board

Corporate Plan 2010-11

Approved by Board of Directors: January 22, 2010

First Nations Financial Management Board

Table of Contents

Executive Summary	1
Mandate	3
Corporate Profile	4
Strategic Issues	15
Objectives, strategies and performance measures	22
Financial Plan	29

Executive Summary

The inaugural board of directors was appointed in May 2007 and the First Nations Financial Management Board (FMB) became operational in August 2007. In these initial two and half years, the FMB has had to build a credible organization from the ground up. During the development phase of its business activities, FMB has hired necessary staff, conducted research, developed policies, procedures, standards and created an administrative structure to support a specialized institution with a unique public mandate that includes establishing financial administration law and system standards, and certifying that First Nation financial administration laws and systems meet those standards. There is no Indigenous organization in the world with a legislative mandate similar to that of the FMB. Simultaneously with these activities, FMB has made a concerted effort in an outreach campaign to raise awareness with stakeholders in the *First Nations Fiscal and Statistical Management Act (FSMA)*. As the 2010/2011 financial year approaches, the FMB has matured to a point where it is now in the early operational stage of delivering its services.

The overarching objective of the FMB is to instill more confidence in the stability, accountability, transparency, and financial stewardship in First Nation governments through the certification of their financial management and systems. In carrying out its mandate, FMB will deliver services through three business lines:

- **Supporting First Nation Governments** – Provide Financial Administration Law (FAL) development and approval; provide financial management system certification services; and assist First Nations in developing the capacity to meet certification and other financial management requirements.
- **Services to Other Governments** – to improve the fiscal relationships between First Nations and other governments; to strengthen the accountability framework for First Nations.
- **Corporate Services** – Provide the administrative resources and facilities to enable the other business lines to operate effectively.

Since becoming operational, the FMB has met requirements of Part 6 of the *FSMA* and completed the development of the key client documents listed below. It is these standards and guidance documents that if adopted will form the basis of sound practices respecting First Nation financial administration systems;

- Law approval and system certification procedures
- Financial administration law standards
- Financial administration law sample
- Financial administration system standards
- Financial administration system guidance – policies, procedures and tools
- Financial administration law sample policies and procedures

Since the enactment of the *FSMA*, 55 First Nations have been scheduled to the *Act*. Many of these *FSMA* First Nations are taxing for the first time and the others have been focused on the transition from the *Indian Act* to the *FSMA*. However, through institutional coordination with the First Nations Tax Commission and with FMB policy development coupled with a tactical solution providing targeted capacity development through a FAL and System development funding assistance program, Songhees First Nation emerged as the first *FSMA* band to have their Financial Administration Law approved by the FMB. The FMB is eager to expand the success of this capacity development initiative and will continue to support the development needs of First Nation clients requesting such assistance.

The budget for core activities for fiscal year 2010/11 is **\$ 3.798 million**. These resources will enable the FMB to fully transition beyond the developmental stage to the implementation phase of operations, where the focus will advance to service rollout and delivery. In doing so, the FMB will use an integrated approach that transcends FAL and Certification services and includes capacity development and intervention prevention initiatives that focus on understanding and addressing what the client First Nation needs in order to be successful. The ultimate objective remains unchanged, to instill confidence in First Nation governments through certification and consistent with that approach, the annual 2010/2011 year objectives and strategies will center on prioritizing FMB primary clients (55 scheduled bands) that are most ready and can be successful in FAL approval and certification. Furthermore, FMB will renew its focus on the Scheduled First Nations who were strong proponents of the *Act* and are considered to add credit strength to the First Nations borrowing pool of the First Nations Finance Authority.

In summary the FMB primary objectives for the year 2010/2011 are:

- Outreach and Relationship building
- Capacity Development
- First Nation FAL development
- First Nation Financial Management System Development
- FAL approvals
- Certification services

The above objectives along with their strategies support the organization’s vision and mission and use the FMB strengths to take advantage of opportunities and overcome strategic issues and challenges that will be faced during the year.

The rest of the Corporate plan contains an in depth explanation of the FMB and describes in detail the business activities, strategic issues, objectives and strategies, and financial plan for the 2010/11 fiscal year. In summary the FMB financial performance and proposed budget is:

Activity	2008/2009 Actual ^{*audited}	2009/2010 Forecast	2010/2011 Budget
Corporate services	\$ 1,449,704	\$ 1,275,968	\$ 1,068,227
Executive	\$ 686,179	\$ 584,730	\$ 697,180
Financial administration law	\$ 396,951	\$ 615,991	\$ 601,518 *
Certification	\$ 723,930	\$ 919,232	\$ 572,705 *
Intervention	\$ 337,853	\$ 211,258	\$ 245,400 *
Capacity	\$ 384,180	\$ 298,796	\$ 568,910 *
Capital	\$ -	\$ 56,994	\$ 45,000
Total	\$3,978,797	\$3,962,969	\$ 3,798,940

*note: \$1.98million or 52% of budget relates to delivery of client services and does not include any corporate or executive allocations.

Mandate

The First Nations Financial Management Board 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 financial monitoring services respecting first nation financial management and financial performance;
- Provide co-management and third party management services
- 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 Nations Fiscal and Statistical Management Act*. 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 and other 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 First Nations Financial Management Board (FMB) is one of four institutions created through the *FSMA* which came into effect on April 1, 2006. The *FSMA* emerged through years of research and consultation on establishing a new fiscal relationship between First Nations and Canada. The 1996 *Royal Commission on Aboriginal Peoples (RCAP)* identified the need for First Nations institutions that could support the increased and diverse demands of First Nations financial requirements. This research and consultation culminated in the establishment of the National Table on Fiscal Relations in 1999 which advanced the First Nations Fiscal Institutions initiative, to the royal assent of the *FSMA*. The *FSMA* sets out the legal framework for implementing the vision behind the fiscal institutions initiative.

The *FSMA* is optional Legislation for First Nations that choose to use the framework to support economic development, accountability, good government, financial stewardship and, ultimately, improved quality of life on reserve. The *FSMA* sets out the legal structure of the FMB and also establishes three other institutions – the First Nations Tax Commission (FNTC), the First Nations Finance Authority (FNFA) and the First Nations Statistical Institute (FNSI). The creation of these institutions will provide First Nations with the capacity and tools for modern fiscal management to create economic development opportunities through the application of property taxes and other source revenues and to permit First Nation access to financial markets on a similar basis as other local governments.

In order to participate, First Nations pass a Band Council Resolution and are then added to the FSMA Schedule. There are currently fifty-five (55) First Nations that have done so and are now listed on the *FSMA* schedule. This is the main client base of the FMB. In addition to those on the schedule, there has been interest of non-scheduled and non-taxing First Nations that are interested in improving their financial administration system and working with 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. 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.

The Chief Executive Officer (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.

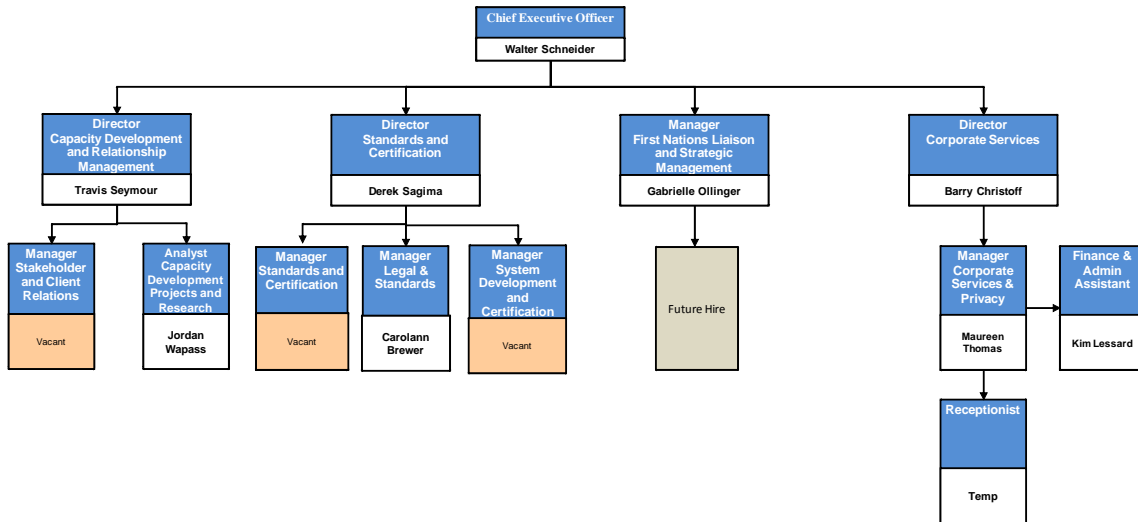
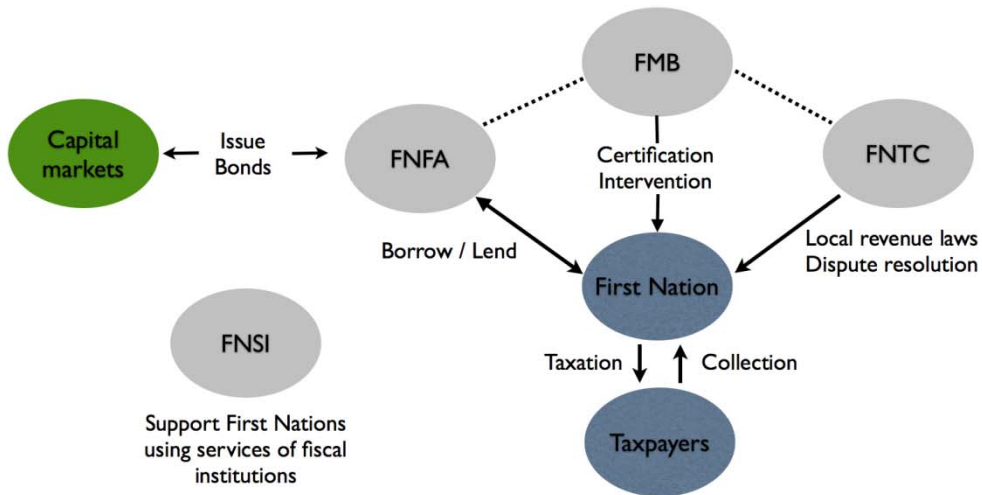


Figure 1: The organizational chart of the First Nations Financial Management Board

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 FMB) and capital markets.

Figure 2: An overview of the FSMA Regulatory Regime



Lessees / taxpayers on First Nations lands pay property taxes to a First Nation in return for the 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 the 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 among participating First Nations.

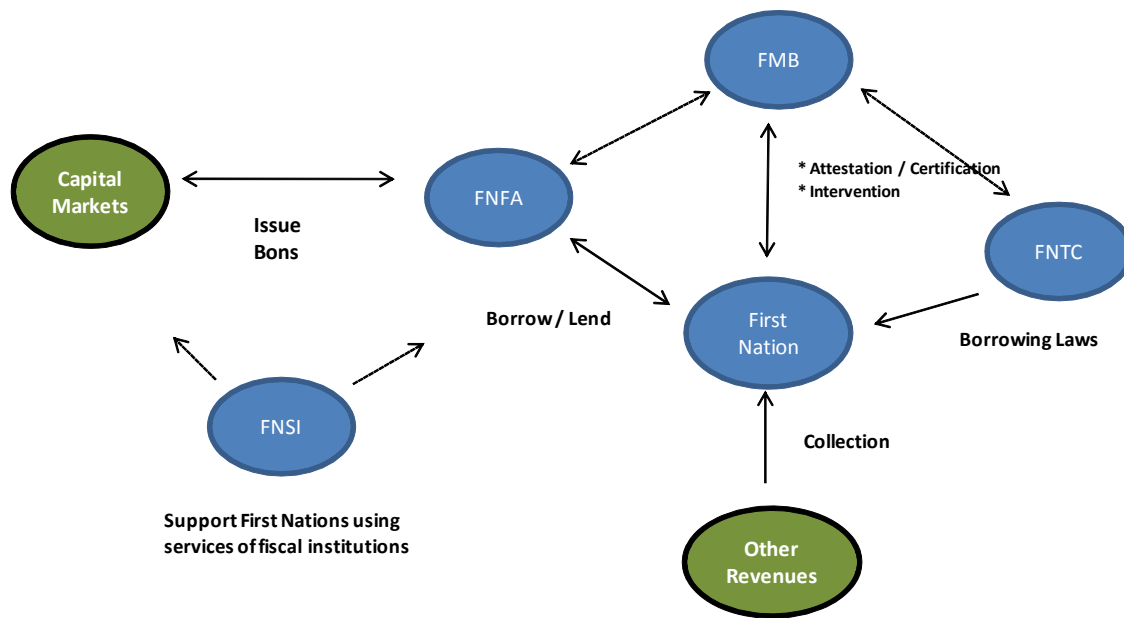
Should there be any problems with either the property tax system or the repayment of infrastructure loans, the FNFA or FNTC can trigger FMB to intervene on the local revenue account. The First Nations Statistical Institute (FNSI) will work with the fiscal institutions to develop and information system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

Developing Business Activities

Pursuant to S.142 of the Act, the Governor in Council may make a regulation prescribing the use of First Nation Other Revenues to secure financing from FNFA. The concept behind this is that while some First Nations have property tax systems and revenues that can be used to secure financing for capital infrastructure there are potentially many other First Nations that want to use other revenues to secure financing for purposes that will be prescribed by the regulation. It is contemplated that a First Nation with both property tax revenues and other revenues can use either or both for borrowing.

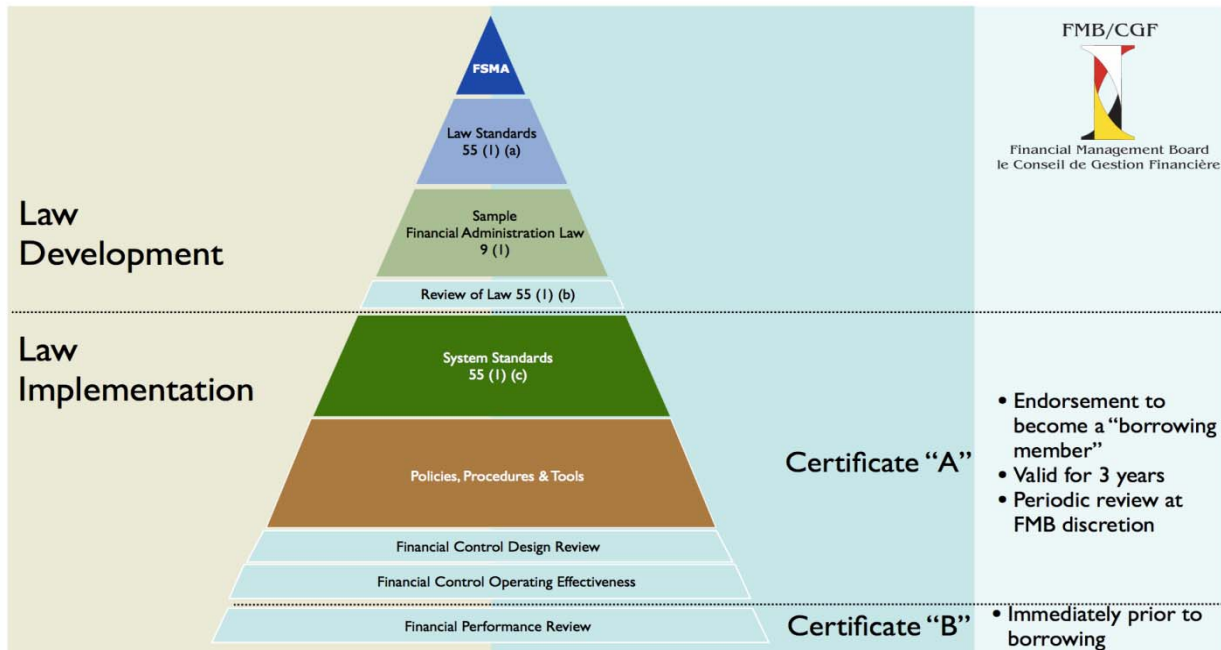
The regulation is currently being developed by Canada in a collaborative effort with the FSMA institutions. This effort will ensure that the integrity of the FSMA is maintained in the new regulation. When completed, the regulation will set out the rules for Other Revenues and Other Purposes borrowing. To this end, the FMB continues to provide input through research and analysis to determine the implications to FMB certification and intervention processes. With the application of other revenues in a First Nations debenture issuance, it is expected that FMB services will expand to many more First Nations.

Figure 3: A preliminary overview of the “other” revenues regulatory regime



FMB role in the FSMA

Figure 4 below illustrates the relationship among 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.

Figure 4: Financial Administration Law Development and Certification

The First Nation must also implement the rules established under their law in order for the 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.

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 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 the debt issue.

Since the FMB began operations (June 2007), the 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 tools are described in the tables below:

Table 1: Standards

Name	Description
Financial administration law standards	<ul style="list-style-type: none"> • Elements of a financial administration law that would support sound financial administration practices for a first nation government in Canada. • Based on recognizable international standards that were further refined to meet the needs of first nation governments.
Financial administration system standards	<ul style="list-style-type: none"> • Establishes basic requirements for sound financial practices for the operation, management, reporting and control of the financial administration system of a first nation and include the testing of the first nation's implementation of the requirements of its financial administration law. • Apply to the operational review of a First Nation's financial administration system to determine whether the system is operating in material compliance with these System Standards, and if so FMB will issue a Borrowing Member Qualification Certificate to the applicant First Nation to enable the First Nation to become a FNFA borrowing member.
Local Revenue Account Financial reporting standards (under development)	<ul style="list-style-type: none"> • The purpose of these standards is to establish requirements for financial reporting respecting a first nation's local revenue account, including the annual audit of the local revenue account. • These standards are consistent with the Common Government Reporting Model as set by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA)

Table 2: Capacity Development

Name	Description
Sample financial administration law	<ul style="list-style-type: none"> • An example of a financial administration law that meets the requirements of the Law Standards and which reflects sound financial administration practices.
Policy guidance including tools and templates	<ul style="list-style-type: none"> • Tools that a First Nation can use to implement their financial administration law. • Developed in collaboration with Lawyers and accountants experienced in First Nation advisory services.

Name	Description
Sample policies and procedures (under continued development)	<ul style="list-style-type: none"> • Tools and templates which meet or exceed the Board’s standards that a First Nation can use to design and implement their financial administration system • Intended to provide samples to First Nations in developing their own policies and procedures. First Nations are encouraged to adapt and refine their policies and procedures according to their own specificity.
“FSMA and the FMB Certification Process” course curriculum	<ul style="list-style-type: none"> • Online and classroom delivery approach will be used to offer this course through educational institutions and other aboriginal associations • Ensures that relevant training is available to assist First Nations in meeting certain capacity development needs.

Table 3: Procedures and Policies

Name	Description
Law approval and system certification procedures	<ul style="list-style-type: none"> • Determines whether a First Nation has a financial administration law the meets the requirements of the FAL standards and whether a First Nation’s financial administration system is established, managed, and operated in material compliance with the FAS standards. • Details the process of obtaining approval of a FAL and receiving a Borrowing Member Qualification Certificate to permit admission to the FNFA as a borrowing member.
Intervention policy	<ul style="list-style-type: none"> • Sets out the process for intervention to a First Nation’s local revenue account or in the case of Other Revenues, dedicated other revenue account. • Intended to maintain the integrity of the FSMA framework by amongst other things, maintaining credit rating of the borrowing pool through an administratively efficient intervention program.
Financial administration system review (under development)	<ul style="list-style-type: none"> • The policy to be used by the FMB when conducting a review of a First Nation’s financial administration system.

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. 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 4: Why would a First Nation seek FMB services?

	No. of First Nations	Why seek FMB services?
FSMA Schedule	55	<ul style="list-style-type: none"> • Certification required to borrow
Section 83 Laws	102	<ul style="list-style-type: none"> • Confidence in management of property tax regime
First Nations GST Act	43	<ul style="list-style-type: none"> • Confidence in management of FNGST revenue
First Nations Land Management Act	57	<ul style="list-style-type: none"> • Confidence in management of revenue generated from lands under the authority of a First Nation land code
First Nations Oil and Gas Monies Management Act	N/A	<ul style="list-style-type: none"> • Financial code for oil and gas monies required
In Canada	633 +	<ul style="list-style-type: none"> • Multi-year fiscal transfer arrangements with Canada • Enable First Nations to better respond to membership and other stakeholder questions about transparency and good financial stewardship.

The FMB will also work with other governments and organizations through the **Services to 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 of First Nations.

Table 5: Other governments and organizations relevant to 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 Nations 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 established by PSAB
Indian and Northern Affairs Canada	<ul style="list-style-type: none"> • First Nation reporting requirements • First Nations risk assessment • 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

Other government or organization	Relevance to FMB
Financial institutions and capital markets	<ul style="list-style-type: none"> Regulatory regime established by fiscal institutions will address interests of lenders / investors in First Nation bonds

The **Corporate Services** business line provides core business support through the provision of information technology systems, records management, human resource support, finance and reporting services.

Mapping Activities to Business Lines

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

Table 6: Mapping 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, FNFC borrowing law, and FNFA borrowing agreement) FMB Financial Administration Law and financial management system certification together with periodic compliance review can assist INAC in a risk analysis and review that maybe implemented on multi-year funding options for First Nations. FMB Certificates provide signal to FNFA to admit member to borrowing club, for specific borrowing FNFA or FNFC can order FMB intervention (FSMA s. 52 or 53) Transition Indian Act S. 83 financial administration laws

Business Line	Activities
Corporate Services	<ul style="list-style-type: none">• Administration• Facilities• Human resources• Financial administration• Information technology

Strategic Issues

Assessment of Previous Results

The FMB Corporate Plan for 2009-2010 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 government's business line has been working to support First Nations as they prepare for and begin the FMB certification process. This work includes:

- making presentations about the FMB certification process,
- providing support as requested as First Nations begin developing their financial administration law,
- working with First Nations to identify areas where policy and procedure needs to be developed to improve a financial management system so that it meets FMB standards; and,
- responding to requests for certification in accordance with Law Approval and System Certification Procedures

Table 7 on the following page provides and update on progress to date on activities undertaken by this business line.

Table 7: 2009 - 2010 Results from Supporting First Nation Governments Business Line

Performance Measure	Progress to date (2009-2010)	Achievable by March 31, 2010	Comment
20-30 presentations	25	30	<ul style="list-style-type: none"> • Birch Narrows Dene Nation, Buffalo River Dene Nation, Canoe Lake Cree Nation, Clearwater River Dene Nation, English River First Nation, Flying Dust First Nation, Island Lake First Nation, Makwa Sahgaiehcan First Nation, Waterhen Lake FN, Chehalis Indian Band, Moricetown Indian Band, Peter Ballantyne Cree Nation, Mohawk Council of Akwesasne, Maechigeeng First Nation, Nipissing First Nation, Whitecap Dakota First Nation, Lower Kootenay Band, Coldwater Indian Band, Lower Nicola Indian Band, Nquatqua First Nation, Snuneymuxm First Nation • National CANDO conference and AGM • First Nations Tax Administrators 16th annual national forum • AFOA BC conference
15-20 First Nations in FAL development	11	20	<ul style="list-style-type: none"> • Current work plan suggests that 9 First Nations in addition to 11 in prior year will begin preliminary FAL development process by fiscal year end • These include: Sumas, Tsleil-Waututh, Akwesasne, Moricetown, Chehalis, Coldwater, Nipissing, Wikwemikong, Whitecap Dakota, Peter Ballantyne Cree Nation, Squamish.
5-10 First Nation financial management systems in development	11	20	<p>Includes:</p> <ul style="list-style-type: none"> • Songhees • Tsawwassen • Tsawout • Chippewas of Kettle and Stony Point • Skeetchestn
1-3 First Nation in certification process	1	11 in pre-certification status	<ul style="list-style-type: none"> • Songhees • Tsawwassen • Chippewas of Kettle and Stony Point

Services to Other Governments and Organizations

The services to other governments business line has been active working with other fiscal institutions to seek feedback on FMB standards. In addition, the FMB has been working to support the development of an appropriate regulatory regime that would enable First Nations to use 'other revenues' to repay a debenture issued by the FNFA. Table 8 (below) describes the progress to date on activities undertaken by this business line.

Table 8: 2009 - 2010 Results from services to other governments and organizations business line

Performance Measure	Progress to date	Achievable by March 31, 2010	Comment
2 research project work plans	2	2	<ul style="list-style-type: none"> • Certifying Financial Performance • Funding Capacity Development for Financial Management
2 research projects reviewed by FMB	1	1	<ul style="list-style-type: none"> • Evaluating the proposed approach to securitize other revenue regulation
6 institutional coordination sessions	6	7	<ul style="list-style-type: none"> • Includes 4 meetings on the development of Other Revenue regulation
4 meetings with other First Nation institutions	4	5	<ul style="list-style-type: none"> • Capacity development initiatives included meetings with: • New Relationship Trust • National Centre for FN Governance • AFOA • Tulo Centre of Indigenous Economics
Focus group with investors to review financial administration system and financial performance standards	Ongoing	Ongoing	<ul style="list-style-type: none"> • Informal discussion held with Rating Agency and Investment Bank to obtain feedback on Financial Management and System Standards for First Nations.
Legislative review terms of reference and preparation	Ongoing	Ongoing	<ul style="list-style-type: none"> • Work plan is under development
2 organizations partnered to offer courses related to FMB standards	AFOA and TULO	AFOA and TULO	<ul style="list-style-type: none"> • MOU with Tulo Centre signed in October 2009 • MOU with AFOA drafted - 12 participants to part in test of online FMB course • Work plan with University of Ottawa is under development

Corporate Services

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

Table 9: 2009 - 2010 Results from corporate services business line

Performance Measure	Progress to date (2009-2010)	Comment
Annual corporate plan produced	Draft plan underway	<ul style="list-style-type: none"> Submitted to Canada by 31 January 2010
Annual report produced	2008-2009 Annual Report	<ul style="list-style-type: none"> 2009 Annual report available online
Annual General Meeting held	14 December 2009	<ul style="list-style-type: none"> Held in Vancouver
Board strategic planning session	Held in September	<ul style="list-style-type: none"> Harold Tarbell facilitated the strategic planning session.
4 Board of Directors meetings	Five (5) Board meetings held	<ul style="list-style-type: none"> Some meetings have been held by conference call
16 committee meetings (4 per committee)	15 committee meetings held	<ul style="list-style-type: none"> 5 audit, 2 capacity, 4 governance, 4 standards
Staff and board orientation	Ongoing	<ul style="list-style-type: none"> Orientation Corporate Binder under development New staff provided with check list
Professional development	Ongoing	<ul style="list-style-type: none"> 2 staff completed CAFM designation 6 professional development courses attended by staff through CICA
Organizational review	Ongoing	<ul style="list-style-type: none"> Part of the strategic planning session
Web site update	Web site recently updated	<ul style="list-style-type: none"> Website redesigned and updated in summer 2009
Newsletter produced	Newsletter produced	<ul style="list-style-type: none"> Second issue of the "Balance Sheet" newsletter published in September 2009
Review of Board Manual and Corporate Structure	Ongoing	<ul style="list-style-type: none"> Will be reviewed for amendments and updates prior to year end

Analysis of External Environment

The FMB Board of Directors held a strategic planning session in September 2009. A number of external environment strategic issues were identified and are included in the table below.

Table 10: External environment strategic issues

Strategic Issue	Description	Action
Engaging First Nations	Addressing the perception that FMB standards are a barrier to entry in the FSMA process	<ul style="list-style-type: none"> • Proactive rather than reactive approach to respond to First Nation requests for presentations and materials on FMB products and services including: sample law standards and procedures and policies.
	Elicit an action from First Nations to proceed to certification readiness in a timely manner	<ul style="list-style-type: none"> • Offer services that get First Nations in the door; Conduct comparative analysis on existing First Nation financial management systems and offer capacity development options to assist in the creation of a pre-certification plan that will enable the First Nation to work towards FSMA certification.
	Lack of financial administration capacity at a First Nation to initiate FAL development	<ul style="list-style-type: none"> • Respond to First Nation needs for financial management capacity development by providing a funding assistance program and a financial policies and procedures workshop program.
	There may not be sufficient information or examples about particular 'gaps' in First Nation financial administration systems	<ul style="list-style-type: none"> • Develop research project work plans to support standards and policy development
Strategic business opportunities - other revenues	Business objectives of the institutions must be aligned to the original intent of the FSMA and meet to needs of First Nations.	<ul style="list-style-type: none"> • Continue to collaborate with FNFA, FNTC and FNSI on FMB standards to ensure that all business and operational risks are addressed. • Formulate a certification and intervention approach to Other Revenues to meets the integrity of FSMA framework and meets needs of First Nation clients.
	Tactical solutions must enable long terms objectives to be achieved	<ul style="list-style-type: none"> • Enable "small" First Nations into the FSMA program while maintaining the integrity of FSMA.

Strategic Issue	Description	Action
Strategic business opportunities - risk assessment for long term transfers	INAC's multi-year funding arrangements with First Nations may require an assessment of risk	<ul style="list-style-type: none"> • FMB to work collaboratively with the Department on what a risk assessment would look like and if a FMB certification can play a role in that assessment. Also, in moving this forward, develop further research on risk assessment tools and processes that are applicable to First Nations.
FSMA legislative review	Part 8 of the FSMA requires that within seven years after the day on which this Act receives Royal Assent, the Minister shall review the provisions and operation of this Act and the operations of the institutions	<ul style="list-style-type: none"> • To ensure a successful result, FMB must understand both the legislative requirement of the review and Treasury Board evaluation requirements that are built into the design of the review material to be submitted • Establish a working group internally and with other institutions to undertake planning of the evaluation.
FSMA Section 15	S.15 of FSMA repeals sections of the Indian Act relating to regulations that authorize band council borrowing. The FAL would provide authority, but for scheduled FSMA bands in FAL development, Financial institutions may opine that they do not have authority to borrow.	<ul style="list-style-type: none"> • Collaborate with the Department on interpretation and assess the extent of the problem. • Refine FAL sample as necessary • Consult with Financial Institutions • Recommend legislative amendment as necessary.

Assessment of Corporate Resources

The FMB Board of Directors made the following comments at the 2009 strategic planning session:

Table 11: Corporate resources strategic issues

Strategic Issue	Description	Action
Tools for financial management	The FMB has developed standards, sample laws, policies, procedures, tools and templates for use by First Nations	<ul style="list-style-type: none"> • Obtain feedback from participating First Nations on standards, tools and templates • Revise standards, tools and templates as necessary • Deliver a capacity improvement program targeted / customized and delivered to individual First Nations with an aim to move First Nations forward on a capacity development continuum that will see them through the approval of policies and procedures that meet FMB standards • Review and provide compliance reports on First Nation financial administration laws submitted to the FMB for comparison to FMB standards • Best practices research project to identify best or leading practices in financial management with an aim to deliver a resource document to First Nations
Management and staff	Continue to build internal capacity and expertise on First Nation financial administration issues and FMB standards	<ul style="list-style-type: none"> • Set clear objectives and key performance indicators
Track record	The FMB is a relatively new organization with limited track record of success	<ul style="list-style-type: none"> • Continue to document case studies as communities move through the certification process • Develop communication products / presentations based on these case studies

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. The business lines and their objectives are presented in the table below:

Table 12: Business line objectives

Business Line	Objective
Services to 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 and organizations	<ul style="list-style-type: none"> • Promote financial relationships between First Nations and other governments 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

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 use them. The overall strategy for supporting First Nation Governments is to bring First Nations into a Capacity Development continuum leading to full FMB certification.

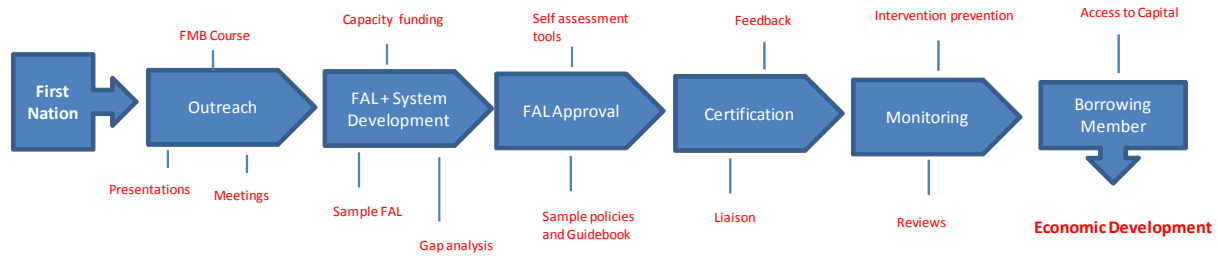


Figure 5: Capacity development continuum leading to FMB Certification

Strategies

In 2010 / 2011, the supporting First Nation governments business line will:

Objectives and Strategies		Performance Measures
Outreach and Relationship Building: <i>To identify First Nations with an interest in economic development, access to capital, and/or strong financial management, and liaise with them to commit to developing a FAL and Financial Administration System that will meet FMB standards.</i>		
1	Develop and deliver presentations/ talks/ speeches to meetings and conferences where target First Nation representatives will be attending.	<ul style="list-style-type: none"> 4 presentations to committees, meetings or conferences (i.e. AFOA, CANDO, AFN)
2	Sponsor workshops or run a trade show booth for the purpose of creating awareness, identifying and networking new clients	<ul style="list-style-type: none"> 4 events 100% of new leads and contacts followed up on within 4 weeks
3	Contact Scheduled First Nations and any other First Nations demonstrating interest in the FMB; offer meeting/ presentation	<ul style="list-style-type: none"> 55 initial or follow up correspondence demonstrating contact efforts
4	Deliver customized presentations to First Nations that request, or, that accept the FMB invitation	<ul style="list-style-type: none"> 40 -50 meetings held; presentations delivered.
5	Obtain feedback from First Nations during Outreach activities	<ul style="list-style-type: none"> Feedback collected, organized, and categorized, and reported quarterly to Board of Directors.

6	Enter into Cooperation Agreements with First Nations that commit to developing the Financial Administration Law and Financial Administration Systems.	<ul style="list-style-type: none"> • 15 Signed BCR's and Letters of cooperation
7	Develop a Capacity Development self-Assessment tool	<ul style="list-style-type: none"> • Online FMB website self assessment tool.
8	Develop a handbook that outlines what intervention is, including tools for intervention and intervention prevention.	<ul style="list-style-type: none"> • First Nation Guide to Intervention.
<p>Capacity Development: <i>To develop and implement services that respond to the capacity needs of client groups and that lead to more First Nations succeeding at FMB certification.</i></p>		
9	Facilitate the development of and delivery mechanism of a FSMA/FMB course curriculum.	<ul style="list-style-type: none"> • Rollout a test course at an Aboriginal educational institute/association. • Obtain feedback from 10 students that are successful in the completion of the course
10	Establish and manage relationships with educational institutions to ensure that training related to FSMA and FMB certification is available for FMB clients.	<ul style="list-style-type: none"> • 2 universities committed to offering course
11	Research potential role between FMB Certification and contemplated risk assessment by INAC to determine long term funding arrangement with First Nations.	<ul style="list-style-type: none"> • 1 completed research project
12	Develop a communication strategy and plan that includes campaigns, website development, branding, publications, key messaging, and client feedback	<ul style="list-style-type: none"> • 1 completed communication plan • Update website
<p>First Nation FAL Development: <i>To assist First Nations and their Legal Counsel to develop a FAL that meets the FMB standards in a timely, efficient and effective manner.</i></p>		
13	Provide FAL Standards, Sample Financial Administration Law to First Nations during Outreach	<ul style="list-style-type: none"> • Provided at 100% of meetings / Presentations held
14	Provide orientation services to First Nations and their legal counsel	<ul style="list-style-type: none"> • 50% of First Nations that commit to developing a FAL.
15	Provide FAL development funding assistance program to First Nations to enable them to initiate a FAL.	<ul style="list-style-type: none"> • 10-20 funding agreements with First Nations that commit to developing a FAL
16	Respond to questions about the FAL Standards and the Sample FAL	<ul style="list-style-type: none"> • 100% of questions responded to within 10 days of receipt.

17	Provide preliminary review services to First Nations that have committed to developing a FAL	<ul style="list-style-type: none"> 100% of preliminary reviews completed within twelve (12) weeks of request and receipt of draft FAL
18	Develop and publish a list of “frequently asked questions”	<ul style="list-style-type: none"> Publish on web-site
<p>First Nation Financial Management System Development: <i>To assist First Nations and their advisors to develop their Financial Administration System that meets the FMB’s standards in a timely, efficient and effective manner.</i></p>		
19	Provide Financial Administration System Standards, Financial Administration System Guidance Manual, Sample Policies and Procedures, Self Assessments to First Nations during Outreach	<ul style="list-style-type: none"> 100% of meetings / Presentations held
20	Provide orientation services to First Nations and their advisors	<ul style="list-style-type: none"> 50% of First Nations that commit to developing a FAL
21	Provide First Nations with a “Self-Assessment” for their internal use in planning and measuring progress.	<ul style="list-style-type: none"> Develop self Assessment and guide
22	Provide systems development planning assistance to First Nations based on self-assessments and priority needs.	<ul style="list-style-type: none"> 100% response to implement with First Nations and integrate into funding assistance.
23	Provide System development funding assistance to enable First Nations to develop systems, policies, procedures that meet FMB standards.	<ul style="list-style-type: none"> 100% of First Nations that commit to developing their System and that submit a Self Assessment and capacity development work plan.
24	Respond to questions about the System Standards and the various capacity development tools provided.	<ul style="list-style-type: none"> 100% of questions responded to in writing within 10 days of receipt
25	Develop a capacity and systems development program, building on self assessments, and integrating funding assistance, Guidance Manual, Sample policies, and educational/ awareness / facilitation components for delivery to First Nations	<ul style="list-style-type: none"> Develop educational and policy development workshop
26	Develop and publish a list of “frequently asked questions”	<ul style="list-style-type: none"> Publish on web-site
27	Intervention prevention workshops developed	<ul style="list-style-type: none"> Two (2) Intervention Prevention Workshops developed
<p>FAL Approvals: <i>To review and make decisions on FAL approvals in a consistent, transparent, and timely manner</i></p>		
28	Provide “FAL Review and Approval” services to First Nations that have requested FAL approval.	<ul style="list-style-type: none"> 100% of FAL reviews completed in accordance with policies and procedures, within 8 (eight) weeks of

		properly submitted request
Certification Services: <i>To review and make Certification decisions in a consistent, transparent, and timely manner</i>		
29	Provide “Certification Review” services to First Nations that have requested certification.	<ul style="list-style-type: none"> • 100% of Certification reviews completed in accordance with policies and procedures, within 12 (twelve) weeks of properly submitted request
30	Develop and finalize a Certification Review Methodology	<ul style="list-style-type: none"> • Certification Review Methodology Policy
31	Identify and procure Certification Reviewer Services	<ul style="list-style-type: none"> • Request for Proposal developed and published

Services to other governments and organizations

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

Strategies

In 2010 / 2011, the services to other governments and organizations business line will:

Liaison and Relationship Building: <i>To identify and build relationships with FMB stakeholders.</i>		
32	Funding Agreement Management Committee (FAMC) INAC BC Region	<ul style="list-style-type: none"> • Presentation and participation on committee
33	INAC BC Region Funding Services Officers	<ul style="list-style-type: none"> • Participation and establish working group in support of risk assessment
34	AFOA Research and Standards Committee	<ul style="list-style-type: none"> • Presentation and establish MOU to determine collaboration with AFOA
35	FSMA Institutions	<ul style="list-style-type: none"> • 6 institutional coordination meetings
Standards Development: <i>To develop standards that forms the basis of a strong regulatory system by meeting stakeholder requirements.</i>		
36	Develop Local Revenue Account Financial Reporting Standards	<ul style="list-style-type: none"> • Local Revenue Account Financial Reporting Standards
37	Develop Financial Performance Standards	<ul style="list-style-type: none"> • Financial Performance Standards

38	Develop a S. 50(3) "Borrowing Member Qualification Certificate" template	<ul style="list-style-type: none"> • Develop template
39	Develop a S. 50(2) report template	<ul style="list-style-type: none"> • Develop template
<p>Policy Development: <i>To develop policy and procedure that ensures administrative fairness, consistency, impartiality, accountability, and which ensures the highest standards of quality control</i></p>		
40	Develop and finalize a certification review methodology, policy, procedures, and tools templates.	<ul style="list-style-type: none"> • Certification Review Policy, Procedures and Tools templates
41	Analyze "Other Revenue Regulation" implications and develop any necessary policy and procedures	<ul style="list-style-type: none"> • Other Revenues Policy and Procedures
42	Analyze "Treaty and Self-Government First Nation Regulation" implications and develop any necessary policy and procedure	<ul style="list-style-type: none"> • Treaty and Self-Government First Nation Policy and Procedure
<p>Legislation: <i>To support, assist and provide feedback to INAC and other institutions in streamlining the legislation</i></p>		
43	Prepare list of legislative amendments to be requested by the FMB	<ul style="list-style-type: none"> • Listing of legislative amendments
44	Legislative Review	<ul style="list-style-type: none"> • Develop work plan in collaboration with INAC and other institutions

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.

Corporate Services: <i>To provide the operational support and administrative resources to enable the other business lines to carry out objectives in an economical, efficient and effective manner.</i>		
45	Provide Administrative support for Board of Directors and Committee Meetings	<ul style="list-style-type: none"> • Implement Xerox Docushare access to Board of Directors with integrated online calendar. • Annual general meeting • Board strategic planning session • 4 board meetings • 16 committee meetings
46	Provide Office Administrative support and Reporting	<ul style="list-style-type: none"> • Annual Corporate Plan • Annual Report • Establish terms of reference and preliminary preparation for legislative review • 2 Newsletters • Produce monthly and quarterly financial statements • Implement application of Information Management policy that is consistent with ATIP
47	Provide Information Technology Services	<ul style="list-style-type: none"> • Implement Xerox Docushare office wide. • Implement IT Security plan as set out in outsourced security review • Enable portal access for Board and Staff and implement secure file sharing through website.

Financial Plan

The table below represents the FNFBM five (5) year financial plan. The proposed funding for 2010/2011 will support an average balance sheet of approximately \$800K that includes approximately \$250k of fixed assets. The FMB does not carry any debt and relies solely on Government of Canada to fund its operations.

Table 13: Financial plan

Activity	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
Corporate services	\$ 1,068,227	\$ 1,164,941	\$ 1,199,889	\$ 1,235,886	\$ 1,272,962
Executive	\$ 697,180	\$ 767,327	\$ 790,347	\$ 814,058	\$ 838,479
Financial administration law	\$ 601,518	\$ 622,950	\$ 641,638	\$ 660,887	\$ 680,714
Certification	\$ 572,705	\$ 618,192	\$ 636,737	\$ 655,839	\$ 675,514
Intervention	\$ 245,400	\$ 434,441	\$ 477,474	\$ 512,808	\$ 665,453
Capacity	\$ 568,910	\$ 554,701	\$ 571,342	\$ 588,482	\$ 606,136
Capital	\$ 45,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 50,000
Total	\$ 3,798,940	\$4,192,552	\$ 4,347,427	\$ 4,497,960	\$ 4,789,258

Number of Employees

The table below outlines the number of employees.

Activity	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
No. of employees	13	14	14	14	14

