



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

First Nations Financial Management Board

Corporate Plan 2012-13

Approved by the Board of Directors: January 31, 2012

First Nations Financial Management Board

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Executive Summary

The First Nations Financial Management Board (FMB) is Canada's only legislated body that develops and publishes First Nations Financial Management and Financial Performance Standards and upon request certifies First Nations compliance to those Standards. The FMB provides a suite of financial management tools (see Appendix B) and services to First Nations governments seeking to strengthen their fiscal stewardship, accountability framework and develop necessary capacity to meet their expanding fiscal and financial management requirements.

There are now seventy (70) First Nations that have chosen to participate in the *First Nations Fiscal and Statistical Management Act (FSMA)* and thirty (30) First Nations that are working with the FMB to develop a Financial Administration Law. In addition, the FMB has certified three (3) First Nations as meeting the Financial Performance Standards established by FMB. This is significant because these standards are based on robust financial analysis that is consistent with private sector expectations. These First Nations have demonstrated a level of accountability and transparency that will pave the way in achieving their social and economic development objectives in the same manner as non-aboriginal communities.

The FMB's primary objective is to support participating First Nations in the development of Financial Administration Law's and the achievement of FMB Certification's which will not only strengthen their financial management and reporting but will also facilitate their access to more affordable and sustainable financing. Concurrently, the FMB will continue to engage and secure acceptance among all other stakeholders on the need for a more sophisticated First Nation financial management system. The FMB Standards were developed for this purpose, to enable First Nations to better respond to membership and other stakeholder's questions about their financial capacity and financial performance. Professional organizations and other professional bodies have reviewed the body of work FMB has established and have deemed the Standards to be consistent with best practices and internationally recognized standards in the area of financial management and reporting. Ultimately, a more comprehensive financial management system will lead to a credible system of financial management and a greater integration of First Nations governments and their organizations into the Canadian fiscal framework.

Since the FMB became operational in August 2007, the organization has built a credible organization from the ground up. During the development phase of its business activities, FMB hired qualified staff, conducted research, developed policies, procedures, and standards, as well as created an administrative structure to support a specialized institution with a unique public mandate. The FMB is currently in the implementation phase, providing law approval, capacity development and certification services to its growing client base.

The broader legislative purposes of the FMB can support First Nations moving beyond the *Indian Act*, whether on a comprehensive basis through treaties or incrementally through other self-government initiatives such as the expanding land management initiative. As First Nations continue to take greater control over their lands and resources, their financial management needs will continue to grow in scope and complexity.

First Nation financial management systems need to evolve beyond accounting and audit functions (primarily recording outcomes or post transaction decisions) to analysis of potential opportunities. In other words, examining potential transactions or decisions before commitments are made and assets pledged or liabilities assumed. This year, the FMB will undertake research of Treasury Management functions and activities that may lead to the development of standards or other tools that assist First Nations in dealing with treasury operations such as risk management, asset and liability management, and project finance.

The FMB will also continue the work with Aboriginal Affairs and Northern Development Canada to identify opportunities to use the FMB certification as a proxy for requirements under other sectoral governance initiatives (e.g. *First Nations Commercial and Industrial Development Act*, *First Nations Oil and Gas Moneys Management Act*) and other processes internal to the Department (e.g. General and Readiness Assessment).

Notwithstanding the above, the overarching objective of all FMB purposes is to instill more confidence in the stability, accountability, transparency, and financial stewardship in First Nation governments. The FMB will deliver these purposes through three business lines:

Table 1- FMB Business Lines and Objectives

| 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 • Enable First Nations to better respond to membership, and other stakeholders questions about their financial capacity and financial performance |
| 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 |

The budget for core activities for fiscal year 2012/13 is \$4,364,058. The objectives and strategies will center on prioritizing FSMA potential borrowing members that are most ready and can be successful in FAL approval and certification but also deal with the evolving fiscal, accountability and transparency environment for First Nations. The FMB budget is summarized below:

Table 2 – Financial Performance

| | Actual 2010/11 | 2011/12 Forecast | 2012/13 Plan |
|---------------------------------|--------------------|--------------------|--------------------|
| Salary & Benefits | \$1,251,943 | \$1,233,489 | \$1,418,098 |
| Client Service Delivery | 260,297 | 436,954 | 850,000 |
| Policy Development | 1,079,663 | 992,668 | 645,000 |
| Operations & Management | 896,606 | 835,716 | 773,460 |
| Board of Director Fee & Expense | 539,498 | 482,879 | 471,700 |
| Travel | 112,949 | 120,812 | 135,800 |
| Capital | 81,747 | 90,034 | 70,000 |
| Total | \$4,222,703 | \$4,192,552 | \$4,364,058 |

Mandate

The 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.

Section 49 and 55 of the *FSMA* establishes the following legislative mandate for the FMB:

- Assist First Nations in developing the capacity to meet their financial management requirements;
- 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;
- 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;
- Provide advice, policy research, and review and evaluative services on the development of fiscal arrangements between First Nations' governments and other governments.
- Set standards respecting:
 - a) The form and content of Financial Administration Laws
 - b) Approvals of Financial Administration Laws
 - c) Certification of First Nation Financial Management Systems
 - d) Certification of First Nation Financial Performance
 - e) Financial reporting for the local revenue account

Corporate Profile

The FMB operates as a shared governance institution under Part 3 and 6 of the *FSMA*, which went into effect April 1, 2006. The Act sets out the purposes, functions and powers of the FMB and establishes an at-arms-length relationship between the FMB and the federal government. Accordingly, the FMB is not an agent of the Crown and has the capacity, rights, powers and privileges of a natural person.

Corporate History

The *FSMA* was originally drafted in 2001. The BC First Nations Summit 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 FMB.

The *FSMA* had all party support in both the House of Commons 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 *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 seventy (70) First Nations that have done so and are now listed on the *FSMA* schedule. They are the primary 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 securitizing their non-taxation revenues. Others simply wish to improve their financial management system and work with the FMB.

Organizational Structure

The FMB operates under a shared governance model that makes the Board of Directors of the FMB accountable to the Minister of Aboriginal Affairs and Northern Development Canada and responsible for ensuring that the FMB fulfills its legal and regulatory mandate. Under this model, the boards of directors consist of a minimum of nine and a maximum of thirteen directors, including a Chairperson and Vice-Chairperson. A majority of the members (10) are named by the Governor in Council (GIC) and up to three members are appointed the Aboriginal Financial Officers Association of Canada (AFOA).

To date, the Board of Directors of FMB have formed five (5) committees:

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

Figure 1 (below) illustrates the organization structure of the FMB.

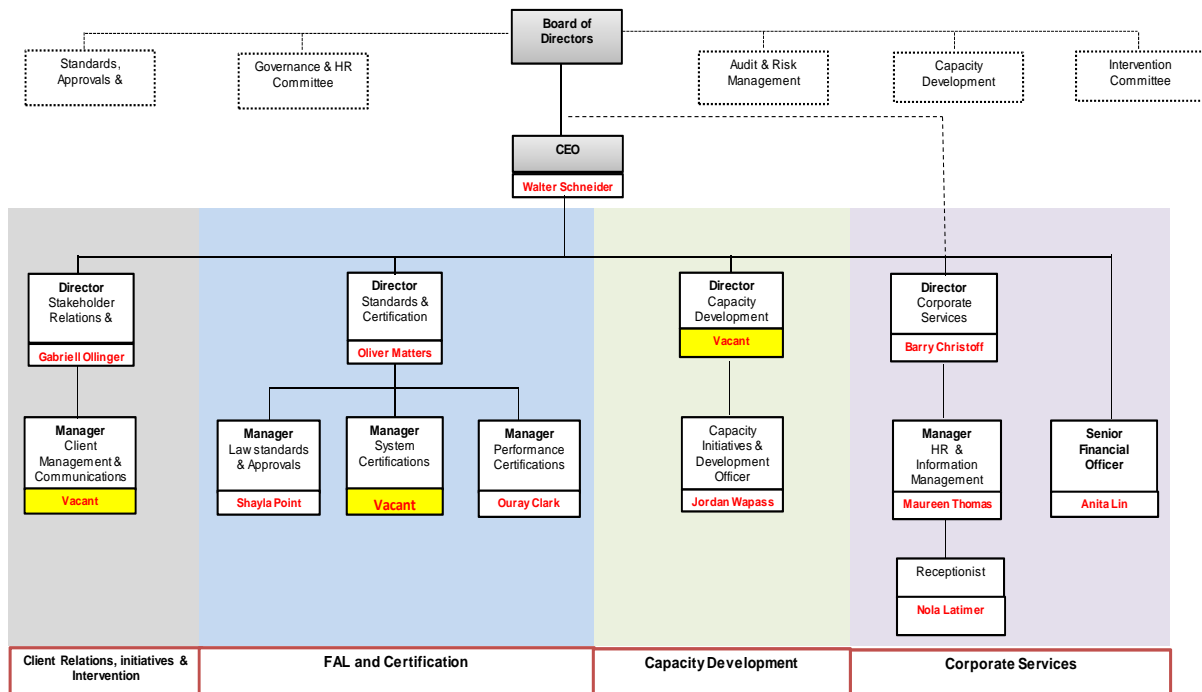


Figure 1 - FMB Staff Organizational Chart 2012-13

The FMB Management Team

Chief Executive Officer

The CEO is responsible for carrying out the decisions of the Board of Directors of FMB, for supporting and implementing the vision and decisions of the Board, as well as for implementing the strategic and corporate plans for the organization. In doing so, the CEO is primarily responsible for providing leadership and management of the day-to-day operations including the financial function, risk management and insurance decisions.

Director Standards and Certification

The Director Standards and Certification is part of the senior management team reporting to the CEO. The Director is responsible for reviewing and overseeing all activities related to standards and certification, and the implementation of FMB standards. The Director is also responsible for the on-going auditing and monitoring of certified First Nations.

Director Stakeholder Relations and Initiatives

The Director Stakeholder Relations and Initiatives is part of the senior management team reporting 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 Corporate Services

The Director Corporate Services is part of the senior management team reporting to the CEO and is responsible for managing the administrative and organizational matters of the FMB. The Director is also responsible for providing administrative support to the Board of Directors of FMB.

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 either (a) property tax revenue; or, (b) other revenues to repay the loan. In order to participate, First Nations must apply to be added to the *FSMA* schedule. **Figure 2** below describes the scenario of a First Nation pledging property tax revenue to repay an infrastructure loan. **Figure 3** further below describes the scenario of a First Nation pledging “Other Revenues” to repay an economic development loan.

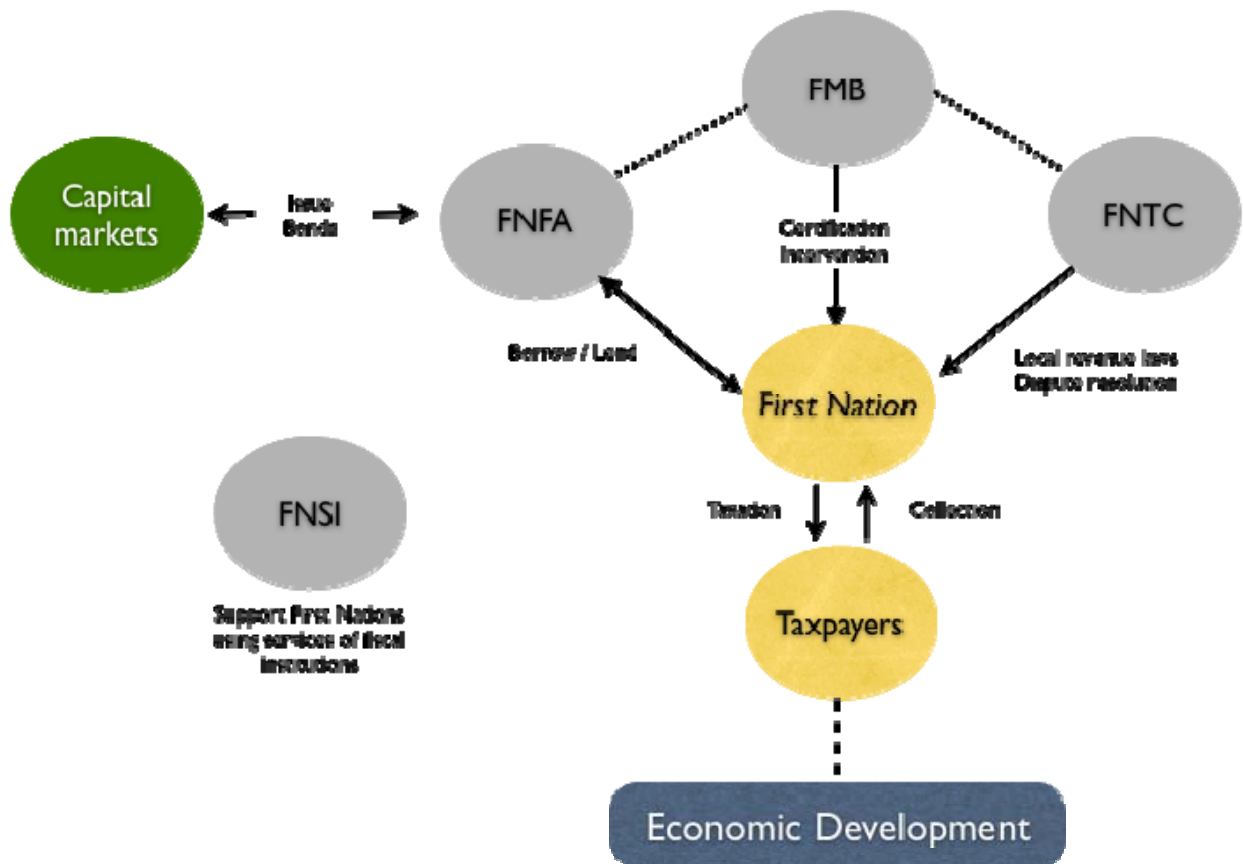


Figure 2 - An overview of the FSMA Regulatory Regime

Investment and economic development on First Nations lands creates a tax base. Lessees 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).

In order for First Nations to pledge their taxation revenues for loans through the *FSMA* legislative program, the First Nation must become a “borrowing member” of the First Nations Finance Authority (FNFA). Before a First Nation is eligible to be considered for membership in the FNFA, the FMB must issue a certificate to the First Nation indicating that it meets the standards set by the FMB under the *FSMA*. For these purposes the FMB has issued *Financial Management System Standards* for purposes of issuing a Financial Management Systems Certificate and the *Financial Performance Standards* for the purposes of issuing a First Nation Financial Performance Certificate. These certificates may be used by a First Nation to support its application to become a borrowing member of the FNFA.

A First Nation will not be issued a Financial Management Certificate or a Financial Performance Certificate by FMB unless the First Nation’s law or laws respecting financial administration have first been reviewed and approved by the FMB. The First Nation’s law or laws must meet the requirements of the *Financial Administration Law Standards* before they will be approved. The FMB has issued the *Financial Administration Law Review Procedures* to guide First Nations who are applying for approval of their Law or Laws respecting financial administration.

The 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 the participating First Nations according to their requests and borrowing room.

The *FSMA* provides FMB with authority to require First Nations to enter co-management or third party management in three circumstances. First, the FNFA may, in certain circumstances relating to First Nation tax laws, direct the FMB to impose Co-management or third party management over the First Nations local revenues. Second, the FNFA has the parallel power to direct FMB to require a First Nation to enter Co-management or third party management if a Borrowing Member First Nation has not met its financial obligations. Third, the FMB can self-initiate intervention, if in their opinion; there is serious risk that a First Nation will default on an obligation to the FNFA.

Pursuant to S.142 of the Act, the Governor in Council has recently developed “*Financing Secured by Other Revenues Regulations*”, a regulation prescribing the use of certain First Nation “Other Revenues” to secure financing from FNFA. The regulation contemplates that a First Nation with both property tax revenues and other revenues can use either or both for borrowing.

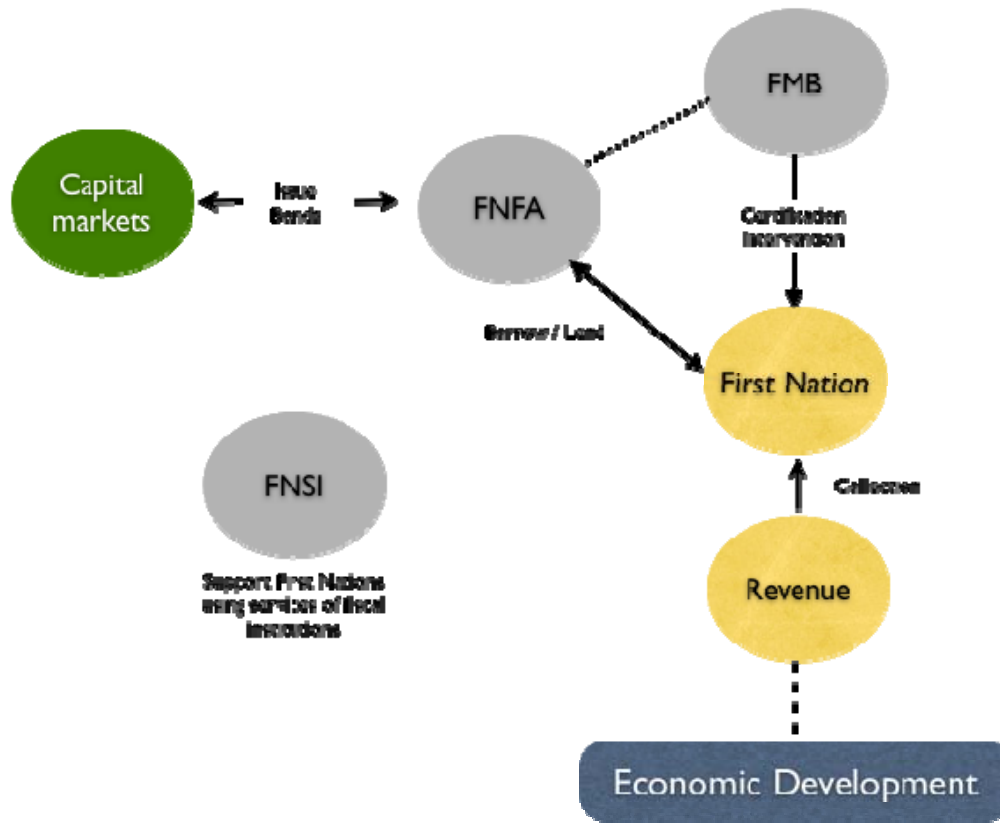


Figure 3 - A preliminary overview of the "other" revenues regulatory regime

The regulation was developed by Canada in a collaborative effort with the FSMA institutions. The FMB certification and intervention functions as described above continue to exist and are considered an integral part of the process to borrow from the FNFA using 'other revenues'.

‘Other revenues’ prescribed by regulation include:

- a. tax revenues and fees imposed by a First Nation, other than tax revenues administered by Canada on behalf of the First Nation and local revenues;
- b. royalties payable to a First Nation under the *First Nations Land Management Act* or the *First Nations Oil and Gas and Moneys Management Act*;
- c. royalties payable to Her Majesty in right of Canada under the *Indian Act* or the *Indian Oil and Gas Act* on behalf of a First Nation that has assumed control of its moneys under the *First Nations Oil and Gas and Moneys Management Act*;
- d. revenues that are from leases, permits or other instruments authorizing the use of reserve land issued under the *Indian Act* and that a First Nation has assumed control of under the *First Nations Oil and Gas and Moneys Management Act*;
- e. revenues from leases, permits or other instruments authorizing the use of reserve land issued under the *First Nations Land Management Act*;
- f. revenues otherwise payable to a First Nation under any contract with a person other than Her Majesty in right of Canada, other than revenues collected by Her Majesty in right of Canada on the First Nation’s behalf;
- g. revenues, other than local revenues, received by a First Nation from businesses wholly or partly owned by it, including dividends from shares owned by it;
- h. transfers from a provincial, regional, municipal or local government to a First Nation;
- i. transfers from Her Majesty in right of Canada if the agreement governing the transfer specifically permits such a use and if any other applicable conditions are satisfied;
- j. interest earned by a First Nation on deposits, investments or loans, other than interest held by Her Majesty in right of Canada on the First Nation’s; and,
- k. interest earned by the First Nation on deposits, investments, or loans.

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 their law they are able to submit it for review and, if it meets the standards, obtain a compliance approval from the FMB.

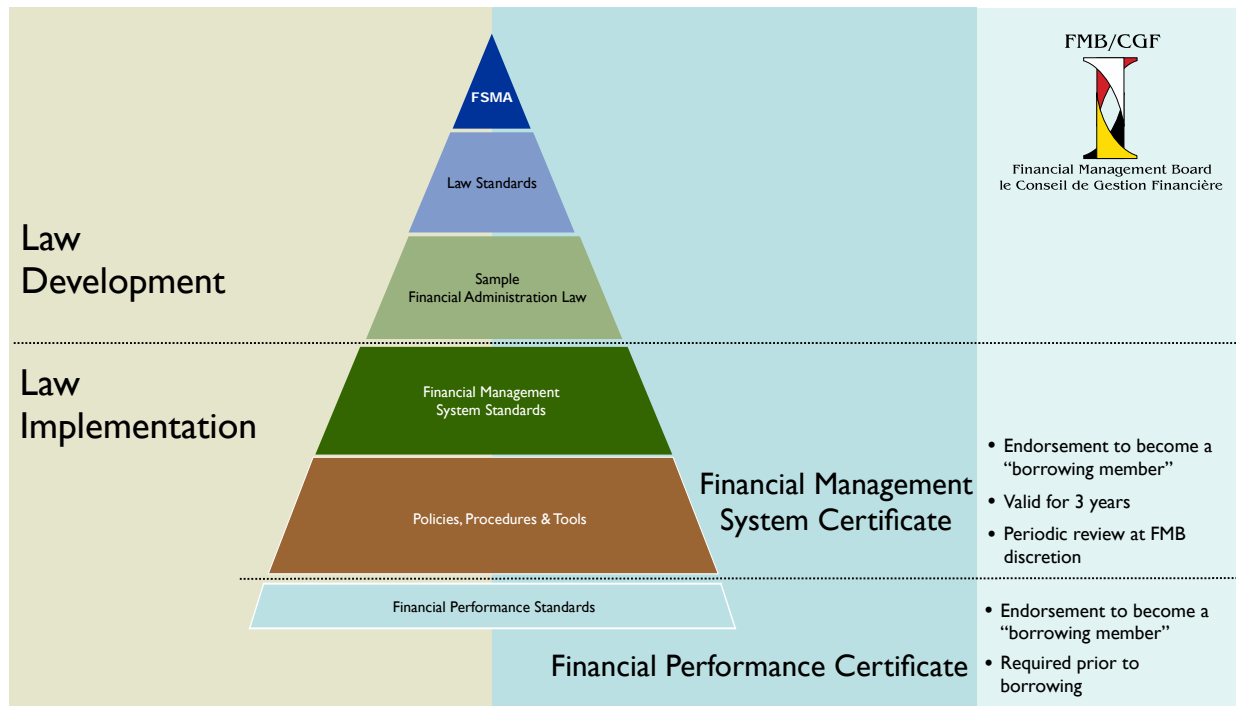


Figure 4 - Financial Administration Law Development and Certification

First Nations that choose to access the full benefits of the FSMA must implement the rules established under their law in order for the financial management system to be certified. The FMB has developed *Financial Management System Standards* as a guideline for elements that will be examined in the review of a financial management system.

Once the First Nation has developed the system (i.e. internal controls and procedures), the First Nation will request FMB to review and confirm that their financial management system is in compliance to FMB standards. If in compliance, the FMB will issue a Financial Management System Certificate. The Financial Management System Certificate can be used to gain borrowing member status from the FNFA.

A “Financial Performance Certificate” on the other hand is intended to provide a point in time financial performance assessment of a First Nation against financial performance standards established by FMB

using the application of seven (7) financial ratios. A First Nation that achieves a Financial Performance Certificate from FMB can use it to secure a loan from the FNFA. The Financial Performance Certificate provides confidence to the Capital Markets and the other First Nation borrowing members that specific financial performance benchmarks have been met by all members of the borrowing pool.

There are two preconditions to becoming a borrowing member from the FNFA under S.76 of the *FSMA*. First, a First Nation must demonstrate it has received an FMB certificate. Second, the First Nation must have a Financial Administration Law or Law(s) respecting financial management confirmed to be in compliance with FMB standards.

First Nations seeking borrowing member status for the first time have two options with respect to which certificate is presented: i) a Financial Management System Certificate, or ii) a Financial Performance Certificate. First Nations that apply for, and achieve Financial Performance Certification in advance of Financial Management System Certification can defer most of the implementation of their Financial Administration Law, hence the financial management system for up to 36 months. Under the *FSMA*, borrowing members are required to update their financial management systems certificate every 36 months and their financial performance certification at the time of every new borrowing request. This means First Nations that presented a financial performance certificate in advance to a financial management systems certificate, to become a borrowing member, can implement the requirements of the financial management system over 36 months (i.e. the latest date by which First Nation borrowing members must re-establish their financial management systems certification).

Once a First Nation is a borrowing member and requests financing from the FNFA, a Financial Performance Certificate is required as a condition for approval of a borrowing law by the FNTC (for local revenues) or the FNFA (for other revenues).

A First Nation would not be accepted for a second borrowing from the FNFA until they had achieved Financial Management System Certification from the FMB. *Figure 5* on the next page illustrates the process.

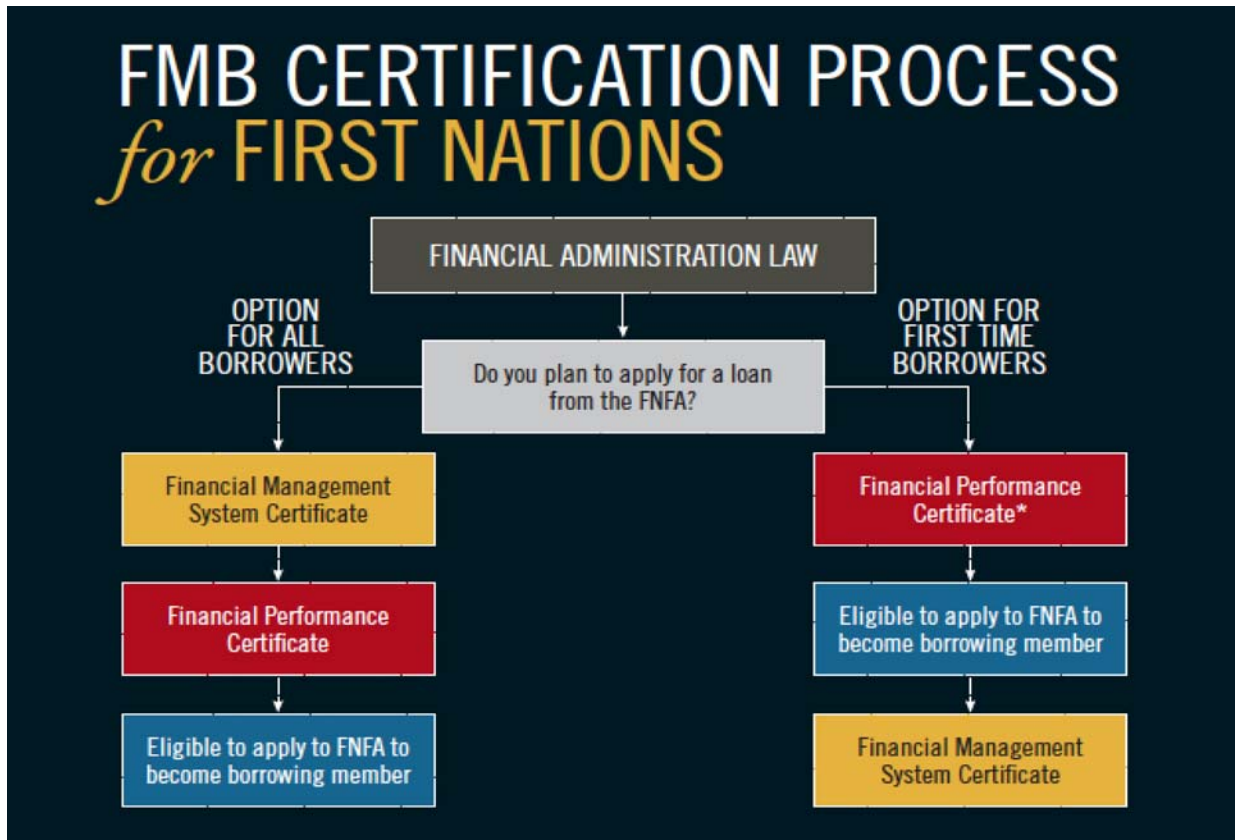


Figure 5 - Approaches to certification

The process as explained above and the overall FMB body of work have received positive feedback from professional organizations in the market. The FMB framework in assessing financial performance, in particular, has been vetted by one of the major accounting firms, 2 national investment banks, and a global rating agency. These organizations have stated that the FMB framework for assessing financial performance is appropriate and the metrics used are credible.

The FMB has carried out initial research on using the FMB Financial Performance Certificate as a proxy in AANDC’s risk based general assessment (GA). The GA works by taking an annual snapshot of a First Nation’s past performance and identifies strengths and emerging risks that may have an impact on its future performance. Within the GA process each First Nation is assessed and rated as to having either a low, medium or high risk level. The GA includes factors such as governance, operating environment, planning and financial management. Conceptually, FMB’s financial performance certification can be used in place of the financial management aspect of the GA.

This Corporate Plan anticipates ongoing research and coordination with the stakeholders described above with the objective of gaining broad acceptance of the FMB framework.

FMB Tools

Since the FMB began operations, the FMB has introduced a range of tools that First Nations have begun to use to improve their financial management systems. These tools and documents are available online at www.fnfmb.com and are also described in the tables 3, 4, and 5.

Table 3 – Procedures

| Name | Description |
|---|--|
| Financial Administration Law – Review Procedures (“A1”) | <ul style="list-style-type: none"> • The procedures defining the roles of a First Nation and the FMB during the approval of a financial administration law |
| Financial Management System – Certification Procedures (“B1”) | <ul style="list-style-type: none"> • The procedures defining the roles of a First Nation and the FMB during the certification of a financial management system |
| Financial Management System – Certification Procedures (“C1”) | <ul style="list-style-type: none"> • The procedures defining the roles of a First Nation and the FMB during the certification of financial performance |
| Intervention policy | <ul style="list-style-type: none"> • Sets out the process for intervention to a First Nation’s local revenue account or other dedicated revenue account. • Intended to maintain the integrity of the <i>FSMA</i> framework by providing protection to the bondholders, ratepayers on reserve lands, and to the members of the borrowing pool through an administratively efficient intervention program. |

Table 4 – Standards

| Name | Description |
|--|---|
| Financial Administration Law Standards (“A2”) | <ul style="list-style-type: none"> • Elements of a financial administration law that would support sound financial management practices for a First Nation government in Canada. • Based on recognizable international standards, which were further refined to meet the needs of first nation governments |
| Financial Management System Standards (“B2”) | <ul style="list-style-type: none"> • Establishes basic requirements for sound financial practices for the operation, management, reporting and control of the financial management system of a First Nation. • Include the testing of the First Nation’s implementation of the requirements of its financial administration law and apply to the operational review of a First Nation’s financial management system to determine whether the system is operating in material compliance with the standards. |
| Financial Performance Standards (“C2”) | <ul style="list-style-type: none"> • Establishes standards for a First Nation’s financial performance that demonstrate financial stewardship, fiscal discipline and an ability to support debt |
| Local Revenue Account Financial Reporting Standards (under development) (“D1”) | <ul style="list-style-type: none"> • Standards for financial reporting respecting a First Nation’s local revenue account, including the annual audit. • These standards are consistent with the Local Government Reporting Model. |

Table 5 – Capacity Development Documents

| Name | Description |
|--|---|
| Sample Financial Administration Law (“A3”) | <ul style="list-style-type: none"> • An example of a financial administration law that would satisfy the Financial Administration Law Standards and reflects sound financial management practices |
| Financial Administration Law - Explanatory Notes (“A4”) | <ul style="list-style-type: none"> • Provides assistance on the development of the law by discussing the structure and substantive content of the Sample Law (A3) |
| Financial Administration Law Self-Assessment (“A5”) | <ul style="list-style-type: none"> • Tool that can be utilized to compare existing or proposed financial administration law(s) of the First Nation to the FMB Law Standards |
| Financial Management System - Implementation Guide (“B3”) | <ul style="list-style-type: none"> • Collection of sample policies and procedures that can be used or adopted to meet the System Standards |
| Financial Management System – Self-Assessment (“B4”) | <ul style="list-style-type: none"> • Tool that can be utilized to compare the existing financial management system of the First Nation to the FMB System Standards |
| Capacity development-self assessment tool | <ul style="list-style-type: none"> • Designed to identify organizational capacity in order to implement a financial administration law, but also provide capacity tools to sustain the financial management system supporting it |
| “Navigating - First Nations Financial Managements Standards” 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 |
| Intervention of Local Revenues: A Policy Summary | <ul style="list-style-type: none"> • Provides an overview of intervention specific to FSMA; what is it, why is it important, how it works and the implications for First Nations. |
| Sample band council resolutions | <ul style="list-style-type: none"> • Two resolutions of the council of a First Nation to request the FMB to review a) their financial administration law, and b) their financial management system |
| Sample letters of request | <ul style="list-style-type: none"> • Two written requests containing certain certifications from a First Nation requesting the FMB to review a) their financial administration law, and b) their financial management system |

Business Lines

Supporting First Nation Governments

Services to borrowing and non-borrowing First Nations are provided through the *Supporting First Nation Governments* business line. This business line comprises the core work of the FMB and includes financial administration law review, certification, capacity development and co-management or third party management as required / requested. These services, with possible modifications, will also be made available to non-borrowing First Nations.

Table 6 – What would motivate a First Nation to seek FMB Services?

| | No. of First Nations | Why seek FMB services? |
|---|-------------------------|--|
| Applied to FSMA Schedule ¹ | 70 | • Certification required to borrow |
| Engaged in Real Property Taxation ² | 137 | • Confidence in management of property tax regime |
| First Nations GST Act ³ | 45 | • Confidence in management of sales tax revenue |
| First Nations Land Management Act ⁴ | 58 | • 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 | No schedule to this Act | • Financial code for oil and gas monies required |
| First Nations Commercial and Industrial Development Act | No schedule to this Act | • Confidence in management of revenue raised from commercial and industrial projects |
| In Canada | More than 600 | • Improved fiscal transfer arrangements with Canada |

Supporting Other Governments and Organizations

The FMB will work with other governments and organizations, as described in the table below.

¹ Source: <http://laws-lois.justice.gc.ca/PDF/Statute/F/F-11.67.pdf>

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

³ Source: <http://laws-lois.justice.gc.ca/PDF/Statute/F/F-11.7.pdf>

⁴ Source: <http://laws-lois.justice.gc.ca/PDF/Statute/F/F-11.8.pdf>

Table 7 - Other governments or institutions working with FMB

| Other government or organization | Relevance to FMB |
|--|---|
| First Nations Tax Commission (FNTC) | <ul style="list-style-type: none"> • Interdependent policy related to certification and intervention protocol |
| First Nations Finance Authority (FNFA) | <ul style="list-style-type: none"> • Interdependent policy related to certification and intervention protocol |
| First Nations Statistical Institute (FNSI) | <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 (AFOA) | <ul style="list-style-type: none"> • Partnered approach to capacity development initiatives |
| TULO Centre for Indigenous Economics (TULO) | <ul style="list-style-type: none"> • Partnered approach to capacity development initiatives |
| Canadian Executive Service Organization (CESO) | <ul style="list-style-type: none"> • Partnered approach to capacity development initiatives |
| University of New Brunswick (UNB) | <ul style="list-style-type: none"> • Partnered approach to deliver curriculum |
| Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants | <ul style="list-style-type: none"> • FMB standards should be consistent with the Common Government Reporting Model (as recommended by the CICA Study Group) |
| Aboriginal Affairs and Northern Development Canada (AANDC) | <ul style="list-style-type: none"> • First Nation reporting requirements • First Nations risk assessment • AANDC co-management and third party management impacts on FMB intervention policy |
| Finance Canada | <ul style="list-style-type: none"> • Interests in improved fiscal framework and confidence in financial management of tax collection agreements |
| Lands Advisory Board (LAB) | <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 |
| 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 |

Corporate Services

Corporate Services will include activities that will be carried out internally 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. These activities include management functions, finance, human resources, information technology and evaluation.

Mapping Activities to Business Lines

The FMB business lines and a number of the contemplated activities for each business line are presented in the figure below:

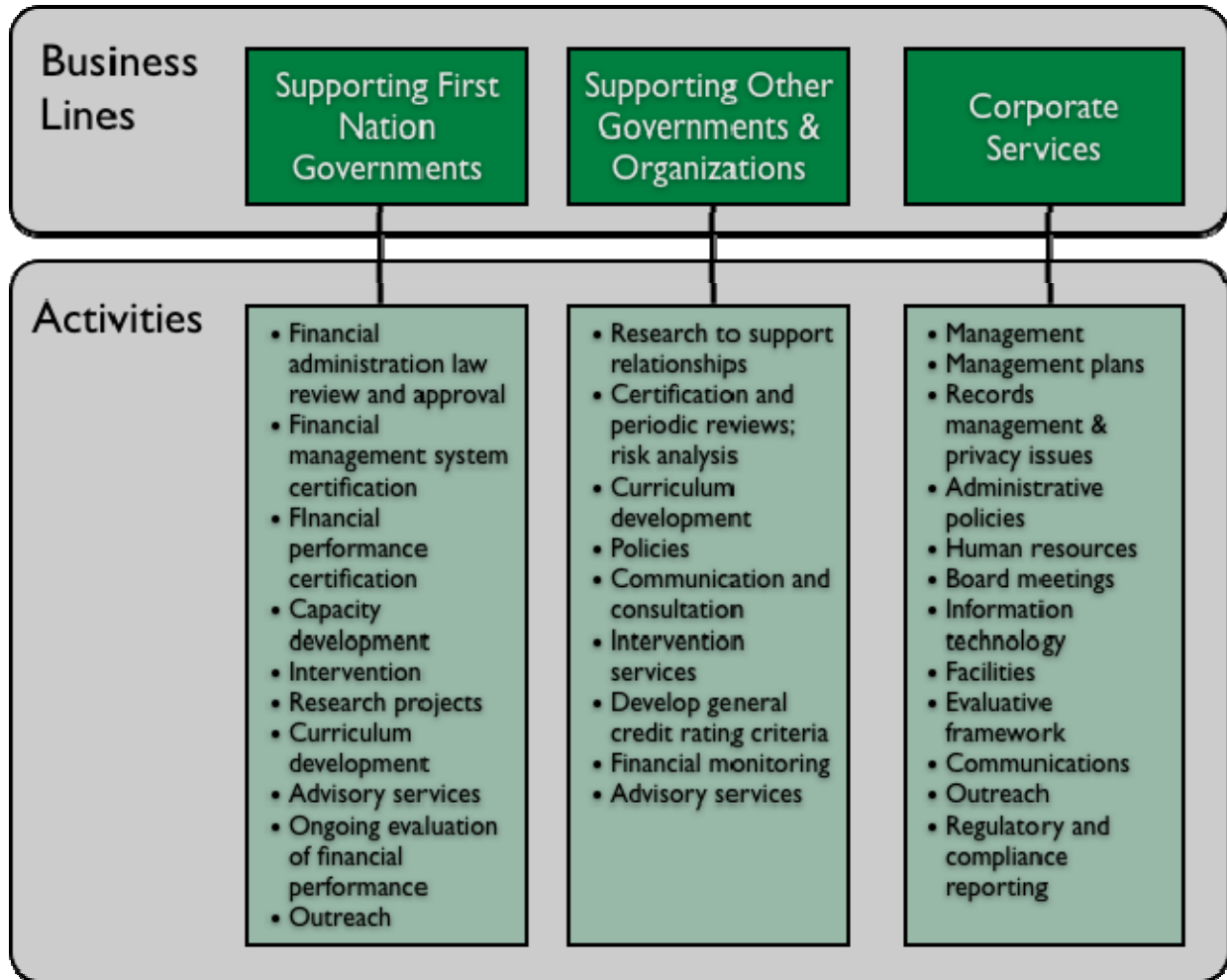


Figure 6 - Activities by FMB Business Lines

Strategic Issues

The First Nations Financial Management Board (FMB) has developed tools that can assist First Nations in developing capacity to meet their expanding fiscal and financial management requirements. The FMB's focus for the coming year will be to support First Nations that choose to implement the tools. There are now seventy (70) First Nations that have chosen to participate in the *First Nations Fiscal and Statistical Management Act (FSMA)* and thirty (30) First Nations that are working with the FMB to develop a Financial Administration Law. The first FMB certifications were made during the last fiscal year. The demand for Financial Management System and Financial Performance Certifications will continue to grow this fiscal year as First Nations prepare to invest in infrastructure through the FSMA initiative.

The FMB, as an objective party with a legislative mandate, also offers to certify that a First Nation's financial management system is operating effectively and is in compliance with the standards. In addition, the FMB has established standards for financial performance that measure liquidity, sustainability, vulnerability, and fiscal discipline. These indicators are consistent with those used by the public sector off-reserve. These indicators could be used as an 'early warning system' to identify potential problems as they arise.

Implementing a financial management system that meets FMB standards will enable First Nations to better respond to membership, and other stakeholders' questions about their financial capacity and financial performance. These stakeholders want to know that the affairs of the First Nation are conducted using best practice processes, controls, accountability and transparency.

First Nations may improve their financial stewardship of assets with a financial management system that meets FMB standards, which would lead to improved investor confidence and in turn provide access to borrowing rates on similar terms as other governments in Canada. More favourable terms for financing public infrastructure will ultimately support economic development.

In order for any First Nation to be able to borrow through the FSMA initiative, there will need to be a sufficient number of FMB certified borrowing members to produce a FNFA debenture. Therefore key strategic issues for the FMB are:

- to support First Nations that are already participating in the certification process, and
- to attract more First Nations to, and support them through, the FMB certification process.

In order for the FNFA to be able to issue a debenture in the near future, the FMB is developing robust nationwide, engagement and outreach strategies, as well as targeted and specific capacity development support to First Nations in the certification process.

A key priority of the FMB this year will be to identify and engage *FSMA* champions within First Nations that have a high level of commitment and probability for achieving FMB certification. The FMB will work closely with the internal champions to provide assistance and guidance where required to expedite potential FNFA borrowing members through the FMB certification process.

First Nations that become borrowing members by achieving Financial Performance Certification in advance of Financial Management System Certification must make a commitment to achieve Financial Management System Certification within a prescribed timeframe. It will be a key strategic issue for the FMB to ensure that those First Nations that opt for this approach actually follow through with their commitment and have their financial management systems certified by the FMB. The FMB will provide an integrated client service approach to support the achievement of FMS certification, and to preserve the integrity of the FMB standards and the credit quality of the borrowing pool. To carry out these objectives described above, the FMB is focused on resourcing activities related to strategic outreach and capacity development.

RESEARCH – THE TREASURY FUNCTION

First Nation governments are handling more cash, taking on more debt, and collecting on and paying more bills than ever before. First Nations governments are also expected to regularly engage in consultation and accommodation processes, consider development opportunities, infrastructure projects and business proposals with limited information to evaluate whether the project is a viable use of community resources, or in the best interest of the First Nation. These activities generally form what is referred to as the 'treasury function' or operations in other governments and organizations.

The figure below describes some categories of treasury functions, a range of transaction complexity and frequency, and a range of support required from the FMB. There is a relationship among the different types of treasury transactions.

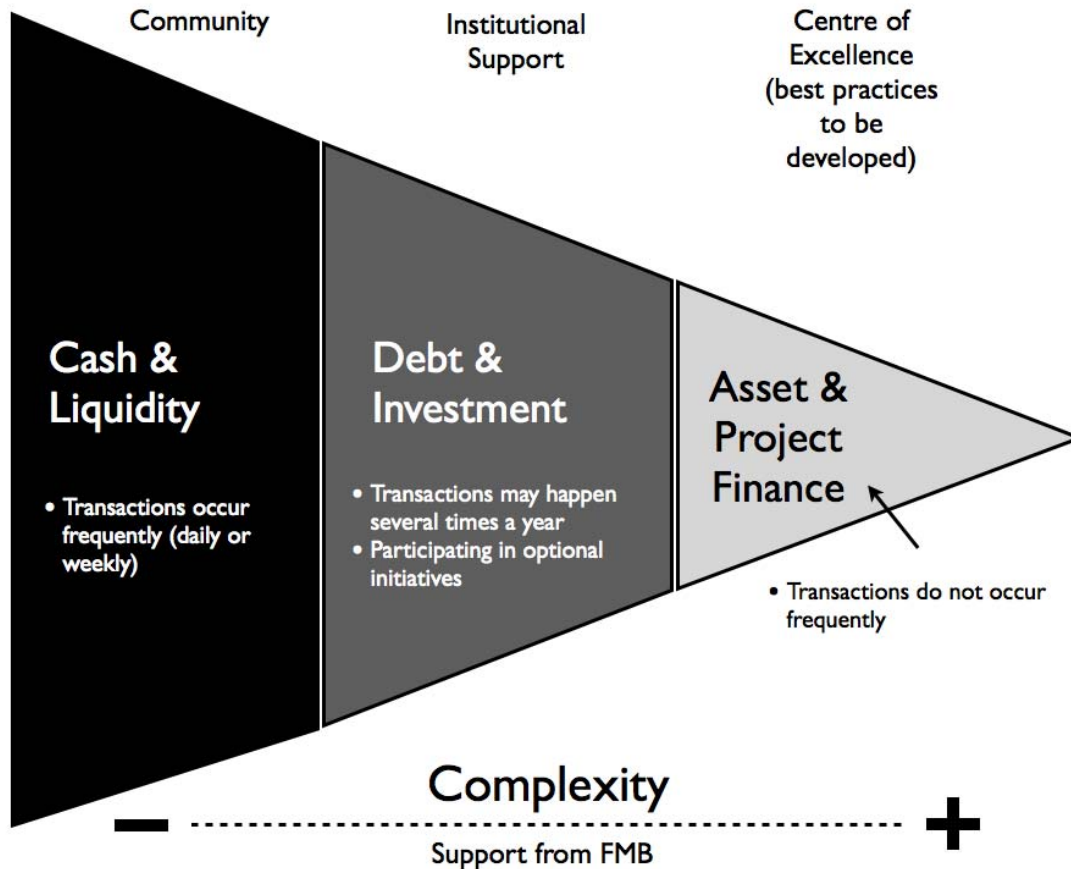


Figure 7 - Categories of treasury functions and institutional support required

The **Cash & Liquidity** section of the diagram is relatively large because it is expected that all First Nations will have cash and payments to manage. The cash could be received from federal transfers or through various forms of own source revenue. The transactions related to Cash & Liquidity would occur frequently (i.e. monthly, weekly, daily) and are relatively less complex as compared to Debt & Investment or Asset & Project Finance. The FMB will support First Nations that want to develop these treasury functions through the development of standards or the policy templates. In other words, it is possible to develop rules and procedures about how these types of transactions should be performed. It is expected that these types of transactions would be managed by the community within its finance department.

The **Debt & Investment** section of the diagram is relatively smaller than the Cash & Liquidity section. This is because: (a) there may be less First Nations participating in an initiative; and (b) there may be fewer transactions related to the initiative. For example, first nations participating in the FSMA will not have to make daily or monthly decisions to pass a borrowing law. Borrowing decisions are more likely to be made on an annual basis, as would a strategic planning exercise and review. This would be consistent with other elements of the FSMA such as the development of rates and expenditure laws. The transactions contemplated in these types of treasury activities are relatively more complex than Cash & Liquidity. FSMA institutions (FMB, FNFC, and FNFA) and private sector banks offer advice to First Nations on debt and investment.

The third section of the figure above is related to **Asset & Project Finance** transactions. An Asset & Project Finance transaction will occur if a First Nation has strategically located land or access to resources or capital and there is a partner willing to use the land, resources, or capital. These transactions will require consideration of costs and benefits that will accrue to the First Nation over a long period of time. They will require consideration of alternate uses and business terms. The complexity of this analysis may require skills that are not resident in a First Nation administration. The transactions do not occur frequently which makes it difficult to develop and retain these skill sets.

Although decisions on Asset & Project finance do not occur frequently they will have long term impacts. For example an agreement might contemplate a 99 year prepaid leasehold interest. The proposed development requires an investment in infrastructure (Debt & Investment) that will generate ongoing revenues through rents, royalties, or taxes (i.e. property tax). The ongoing revenue will need to be managed through Cash & Liquidity activities.

Available research, best practices or professional development that relate specifically to the treasury function of first nation governments and organizations is virtually non-existent. The treasury function forms a vital role of the financial management of any government. As such, the FMB has undertaken research on the treasury function that will likely lead to the development of new standards, tools and guidance, and/or other services that support First Nations in this area.

Interim Assessment of Previous Year’s Results

The 2011/2012 FMB Corporate Plan set out a number of performance measures for each business line. The tables below present the progress made to date for each performance measure by business line.

Supporting First Nation Governments

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

Table 8 - Assessment of 2011 / 2012 Results: Supporting First Nation Governments

| Performance Measure | Progress Dec 31 YTD |
|--|---------------------|
| • 20 presentations to First Nations | • Completed |
| • 30 First Nations in FAL development | • Ongoing |
| • 30 First Nation financial management systems in development | • Ongoing |
| • 30 First Nations with FMB Financial Performance Certificate | • Ongoing |
| • 1 First Nation with FMB Financial Management System Certificate | • Ongoing |
| • Develop work plan and monitoring tool for First Nations that are required to achieve FMS certification within the 3 year timeframe | • Ongoing |
| • Comprehensive workshop developed with ability to tailor to individual First Nations | • Completed |
| • 5 workshops hosted on FMB product and services | • Completed |
| • 1 online course fully implemented | • Ongoing |

Supporting Other Governments and Organizations

An extensive body of research has been conducted to inform the development of the FMB Financial Performance Standards. The Supporting Other Governments and Organizations business line has also been active working with the other fiscal institutions, financial institutions and credit rating agencies to seek feedback on FMB standards and intervention policy.

Table 9 - Assessment of 2011 / 2012 Results: Supporting Other Governments and Organizations

| Performance Measure | Progress Dec 31 YTD |
|---|---------------------|
| • 3 FMB research project work plans | • Ongoing |
| • 1 master protocol agreement completed with AANDC relating to intervention, financial assessment and capacity development. | • Ongoing |
| • 4 institutional coordination sessions | • Completed |
| • Host 2 information sessions with groups involved with First Nation financial management (i.e. audit firms, financial institutions, AANDC) | • Ongoing |
| • Legislative review terms of reference and preparation | • Completed |

Corporate Services

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

Table 10 – Assessment of 2011 / 2012 Results: Corporate Services

| Performance Measure | Progress Dec 31 YTD |
|--|---------------------|
| • Annual corporate plan produced | • Completed |
| • Annual report produced | • Completed |
| • Annual general meeting held | • Completed |
| • Board strategic planning session | • Completed |
| • 4 board meetings | • Completed |
| • 16 committee meetings | • Completed |
| • Complete update of Board Manual | • Completed |
| • Information and records management system training and implementation completed. | • Ongoing |
| • Website update | • Completed |
| • 2 Newsletters produced | • Ongoing |

Analysis of External Environment

The FMB Board of Directors held a strategic planning session in September 2011. A number of external environment strategic issues were identified and are included in the table below.

Table 11 - External environment strategic issues

| Strategic Issue | Description | Action |
|------------------------|--|---|
| Engaging First Nations | Addressing the perception that FMB standards are too prescriptive | <ul style="list-style-type: none"> • Unroll marketing and communications strategy to dispel misperceptions • Respond to First Nation requests for presentations and materials on FMB products and services including: self-assessments, sample FAL, sample policies, and workshops • Validate that FMB standards are best practice |
| | Inability of First Nations to achieve system certification within the timeframe specified in the Financial Performance Standards | <ul style="list-style-type: none"> • Develop tools to assist First Nations in the creation of tailored work plans that will help First Nations to implement their financial administration laws and achieve Financial Management System certification |
| | Lack of capacity and resources to address financial management challenges | <ul style="list-style-type: none"> • Respond to First Nation needs for financial management capacity development by providing a funding assistance program, and continue to work with institutions and organizations in developing new capacities and curriculum required for financial administration and management. • Expand partnerships with other organizations to increase service capacity and build First Nation understanding |
| | Responding to the changes in demand for services and emerging issues for First Nations | <ul style="list-style-type: none"> • Ensuring FMB core documents respond to the various financial management needs of First Nations. • Support new initiative research (eg. treasury function) & development of First Nation emerging issues (eg. risk management). |
| | First Nations unable to achieve certification because they are not scheduled to the FSMA | <ul style="list-style-type: none"> • Make recommendations for the FSMA legislative review to address this issue |
| | Lack of understanding of Financial Management System certification | <ul style="list-style-type: none"> • Ensure FMB products and presentation materials are readily available on FMB website. • Develop workshops that respond to the participants needs. |
| | Intervention | Engaging a third party to provide intervention services on behalf of the FMB |

| Strategic Issue | Description | Action |
|--|--|---|
| | | <ul style="list-style-type: none"> • Establish list of qualified intervention service providers. • Prepare “playbooks or checklists” for various intervention scenarios and the required templates or documents for each scenario. |
| Strategic business opportunities - risk assessment for federal transfers | First Nation recipients of AANDC funding are now required to go through a risk based General Assessment that includes a financial assessment. | <ul style="list-style-type: none"> • FMB to continue discussions and development of a protocol with AANDC regarding the use of FMB standards as a proxy in assessing risk in funding arrangements with First Nations |
| Strategic business opportunities - capacity development funding delivery | First Nations interested in capacity development funding for financial management and administration may be better served by FMB than AANDC or other funders and deliverers. | <ul style="list-style-type: none"> • FMB to engage in discussions with AANDC and regarding the FMB in delivering financial management and administration capacity development funding and services for First Nations |
| Capacity Development | Capacity development at a First Nation level not just to implement but to sustain efficient and effective financial management | <ul style="list-style-type: none"> • Develop a longer-term capacity development plan outside of its ongoing operational requirements • Seek specific funding for rolling out a capacity development plan separate from ongoing operational funding. |
| FSMA legislative review | The anticipated legislative amendments could increase the pool of FMB clients | <ul style="list-style-type: none"> • Provide for resources to be able to respond effectively and efficiently to the legislative review requirements. |

Assessment of Corporate Resources

The table below summarizes corporate strengths and weaknesses:

Table 12 -Assessment of Corporate resources

| Strengths | Risks |
|---|--|
| <ul style="list-style-type: none"> • Credibility momentum with outside stakeholders • Standards and relevance of standards • Set of core documents that are publicly available and have received a wide array of input • Growing number of clients • Strong leadership; proactive Board • Reputation of FMB: First Nations and organizations approaching the FMB for other purposes • Partnership with AFOA, TULO & University of New Brunswick • Legislative mandate is broad: able to evolve • Flexibility of products provides options for FMB clients • Established capacity development strategy • Competent staff with diverse and complementary set of backgrounds • Inroads made with Government (fiscal transfers; default management; capacity development) • Access to consulting expertise • Aligned strategy with sister institutions • Growth of awareness across Canada | <ul style="list-style-type: none"> • Economically dependent on AANDC funding • FMB established by legislation that can be repealed • Dependent on value for money evaluation • Not part of mainstream AANDC thinking • Sustaining Capacity Development at First Nation level • Perception as a regional focused and property tax based. • Governance model flawed (Liability issues; succession planning etc) • Turnover at the Council and senior management levels of First Nations • FSMA borrowing regime may affect First Nations ability to borrow from other creditors • Competition with private sector financial institutions • Requirement for First Nations to be FSMA-scheduled limits participation • Standards are prescriptive and can be onerous for smaller First Nations • Lack of service delivery standards in place • Critical mass (size of First Nations) required for pooled borrowing |

Objectives, Strategies & Performance Measures

The objective of the FMB is to provide tools and services to First Nations that will enable them to exercise greater control over their economic future and maximize the benefits of the *FSMA* and other self-government initiatives aimed at supporting economic development. More specifically, the services offered by the FMB are meant to achieve the following objectives:

- Increase First Nation access to lower cost of capital through market accepted standards and certification processes.
- Strengthen First Nation financial administration by promoting sound, stable, and transparent financial stewardship of First Nation assets.
- Promote financial relationships between First Nations and other governments that are appropriate, effective, efficient, and mutually beneficial.
- Respond to private sector requirements for investment on First Nation lands

The FMB has three business lines to achieve these objectives. The business lines and the objectives for each are presented in the table below.

Table 13 - FMB Business Lines and Objectives

| Business Line | Objectives |
|--|--|
| Supporting First Nation governments | <ul style="list-style-type: none"> • Increase First Nation access to capital through FMB Standards and Certification. • Strengthen First Nation financial management by promoting sound, stable, and transparent First Nation financial management systems |
| Supporting other governments and organizations | <ul style="list-style-type: none"> • Promote financial relationships between First Nations and other governments, institutions and organizations that are appropriate, effective, efficient, and mutually beneficial. • Respond to private investor requirements for investment on First Nation lands. |
| 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. In 2012/13, the Supporting First Nation Governments business line will:

Table 14 - Supporting First Nation Governments strategies and performance measures

| Business Line | Strategy | Performance Measure |
|---------------------------|---|--|
| Supporting FN Governments | <ul style="list-style-type: none"> • Respond to First Nation requests for presentations and materials on FMB products and services including: standards, capacity development tools, procedures and policies, self-assessments, and workshops • Develop, revise standards, tools and templates as necessary • Deliver advisory services to First Nations developing financial administration and respond to questions about FMB standards • Review and provide compliance reports on First Nation financial administration laws submitted to the FMB for comparison to FMB standards • Develop outreach strategies to engage and retain champions at the First Nation level, and generate support and the community member level • Perform field assessments (gap analysis) of each new First Nation client in order to categorize and prioritize based on their certification readiness • Develop work plans with individual First Nations to assist in achieving Financial Performance Certification • Develop work plans with individual First Nations to assist in implementing and monitoring progress in implementing First Nation Financial Administration Laws and achieving Financial Management System Certification • Develop capacity development performance measures specific to FAL's, financial management systems, and financial performance • Add capacity development functionality to the FMB website • Develop list of qualified reviewers and training program for reviewers • Engage regional relationship advisors • Sponsor relevant events and attend and present at relevant conferences, forums and gatherings • Finalize Local Revenue Account Financial Reporting Standards | <ul style="list-style-type: none"> • 20 FAL Reviews • 20 First Nations with financial management systems development program in place • 20 Financial Performance Reviews • Support 20 First Nations in FAL development • Complete Local Revenue Account Financial Reporting Standards • 2 FMB sponsored workshop events • 4 FMB speaking engagements at relevant conferences and forums • Develop capacity development strategy/process for First Nations that do not achieve Certification. • Regional outreach strategy • Develop and implement new standards, or policies, or guidance material relating to Treasury Management |

Supporting Other Governments and Organizations

The FMB will work with other governments and organizations – this may include other fiscal institutions, other First Nations institutions and the federal government. In 2012/13, the Supporting Other Governments and Organizations business line will:

Table 15 - Supporting Other Governments and Organizations strategies and performance measures

| Business Line | Strategy | Performance Measure |
|--|---|--|
| Supporting other governments and organizations | <ul style="list-style-type: none"> • Continue to obtain feedback from FNFA, FNTC and FNSI on FMB standards • Obtain feedback from financial institutions and credit rating agencies on FMB standards • Coordinate with FNTC and FNFA and develop materials for intervention scenarios • Enter into partnership arrangements with other educational institutions and organizations for the delivery of capacity development • Work with individual chapters of the AFOA to deliver FMB products and services • Develop research project work plans to support standards and policy development • FMB to continue discussions with AANDC and submit a proposal regarding central administration of capacity development funding • FMB to continue discussions with AANDC regarding FMB support in AANDC activities: General Assessment, Readiness Assessment, Intervention, audit review, and FSO responsibilities. • Engage interested stakeholders in the Canadian public in specific topics relevant to fiscal financing and financial management • Plan for implementation of FSMA legislative amendments prior to approval | <ul style="list-style-type: none"> • 2 FMB research or position paper projects • Protocol agreement completed with AANDC relating to FMB support for intervention, financial assessment, and FSO responsibilities. • Pilot project on general assessment (i.e. using FMB financial performance as a proxy) • Capacity development proposal accepted and approved by AANDC. • 4 FSMA institutional coordination sessions • 2 additional educational institutions to deliver FMB curriculum • 1 mock intervention – Local Revenues • 1 mock intervention – Other Revenues. |

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. In 2012/13, the Corporate Services business line will:

Table 16 - Corporate Services strategies and performance measures

| Business Line | Strategy | Performance Measure |
|--------------------|--|---|
| Corporate Services | <ul style="list-style-type: none"> • Provide administrative support • Provide administrative support for Board of Directors and Committee 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 • Maintain updated FMB website • Prepare “Balance Sheet” newsletters for distribution to First Nations • Procure and maintain facilities and equipment • Implementation of Information Management System. • Develop and implement an Integrated Client Services system for internal client management and succession planning • Finalize research report on the treasury function and develop a framework for standards and other guidance/support. • Complete Enterprise Risk Management (ERM) exercise and develop strategies to address risks • Meet Access to Information and Privacy 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 • 2 Newsletters produced • Information management system fully implemented • Implement Access to Information and Privacy (ATIP) requirements • Implement recommendations from the FMB special Examination (S.121 of FSMA) • Website maintained • ERM session held and recommendations approved by the Board. |

Financial Plan

The table below shows the financial plan of the First Nations Financial Management Board by activity.

Table 17 - Financial plan

| Activity | 2012-2013 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Salary & Benefits | \$1,418,098 | \$1,548,390 | \$1,562,400 | \$1,691,710 | \$1,698,500 |
| Client Service Delivery | 850,000 | 972,350 | 1,050,500 | 1,050,500 | 1,050,000 |
| Policy Development | 645,000 | 475,200 | 425,000 | 375,000 | 350,000 |
| Operations & Management | 773,460 | 725,335 | 732,550 | 745,300 | 768,300 |
| Board of Director Fee & Expense | 471,700 | 485,380 | 485,380 | 495,380 | 495,380 |
| Travel | 135,800 | 190,150 | 190,150 | 190,150 | 190,150 |
| Capital | 70,000 | 70,000 | 70,000 | 70,000 | 70,000 |
| Total | \$4,364,058 | \$4,466,805 | \$4,515,980 | \$4,618,040 | \$4,622,830 |

Number of Employees

The table below outlines the number of employees.

Table 18 - Number of employees

| Activity | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 |
|---------------------|-----------|-----------|-----------|-----------|-----------|
| Number of employees | 12 | 13 | 13 | 14 | 14 |

Appendix A: Summary of Performance Measures

Table 19 – Summary Strategies and Performance Measures

| Business Line | Strategy | Performance Measure |
|---------------------------|---|--|
| Supporting FN Governments | <ul style="list-style-type: none"> • Respond to First Nation requests for presentations and materials on FMB products and services including: standards, capacity development tools, procedures and policies, self-assessments, and workshops • Develop, revise standards, tools and templates as necessary • Deliver advisory services to First Nations developing financial administration and respond to questions about FMB standards • Review and provide compliance reports on First Nation financial administration laws submitted to the FMB for comparison to FMB standards • Develop outreach strategies to engage and retain champions at the First Nation level, and generate support and the community member level • Perform field assessments (gap analysis) of each new First Nation client in order to categorize and prioritize based on their certification readiness • Develop work plans with individual First Nations to assist in achieving Financial Performance Certification • Develop work plans with individual First Nations to assist in implementing and monitoring progress in implementing First Nation Financial Administration Laws and achieving Financial Management System Certification • Develop capacity development performance measures specific to FAL's, financial management systems, and financial performance • Add capacity development functionality to the FMB website • Develop list of qualified reviewers and training program for reviewers • Engage regional relationship advisors • Sponsor relevant events and attend and present at relevant conferences, forums and gatherings • Finalize Local Revenue Account Financial Reporting Standards | <ul style="list-style-type: none"> • 20 FAL Reviews • 20 First Nations with financial management systems development program in place • 20 Financial Performance Reviews • Support 20 First Nations in FAL development • Complete Local Revenue Account Financial Reporting Standards • 2 FMB sponsored workshop events • 2 FMB speaking engagements at relevant conferences and forums • Develop capacity development strategy/process for First Nations that do not achieve Certification. • Regional outreach strategy • Develop and implement new standards, or policies, or guidance material relating to Treasury Management |

| Business Line | Strategy | Performance Measure |
|--|---|---|
| Supporting other governments and organizations | <ul style="list-style-type: none"> • Continue to obtain feedback from FNFA, FNTC and FNSI on FMB standards • Obtain feedback from financial institutions and credit rating agencies on FMB standards • Coordinate with FNTC and FNFA and develop materials for intervention scenarios • Enter into partnership arrangements with other educational institutions and organizations for the delivery of capacity development • Work with individual chapters of the AFOA to deliver FMB products and services • Develop research project work plans to support standards and policy development • FMB to continue discussions with AANDC and submit a proposal regarding central administration of capacity development funding • FMB to continue discussions with AANDC regarding FMB support in AANDC activities: General Assessment, Readiness Assessment, Intervention, audit review, and FSO responsibilities. • Engage interested stakeholders in the Canadian public in specific topics relevant to fiscal financing and financial management • Plan for implementation of FSMA legislative amendments prior to approval | <ul style="list-style-type: none"> • 2 FMB research or position paper projects • Protocol agreement completed with AANDC relating to FMB support for intervention, financial assessment, and FSO responsibilities. • Pilot project on general assessment (i.e. using FMB financial performance as a proxy • Capacity development proposal accepted and approved by AANDC. • 4 FSMA institutional coordination sessions • 2 additional educational institutions to deliver FMB curriculum • 1 mock intervention – Local Revenues • 1 mock intervention – Other Revenues. |

| Business Line | Strategy | Performance Measure |
|---------------------------|--|--|
| <p>Corporate Services</p> | <ul style="list-style-type: none"> • Provide administrative support • Provide administrative support for Board of Directors and Committee 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 • Maintain updated FMB website • Prepare “Balance Sheet” newsletters for distribution to First Nations • Procure and maintain facilities and equipment • Implementation of Information Management System. • Develop and implement an Integrated Client Services system for internal client management and succession planning • Finalize research report on the treasury function and develop a framework for standards and other guidance/support. • Complete Enterprise Risk Management (ERM) exercise and develop strategies to address risks • Meet Access to Information and Privacy 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 • 2 Newsletters produced • Information management system fully implemented • Implement Access to Information and Privacy (ATIP) requirements • Implement recommendations from the FMB special Examination (<i>S.121 of FSMA</i>) • Website maintained • ERM session held and recommendations approved by the Board. |

Appendix B: List of FMB Tools and Templates

| # | Document |
|----|--|
| 1 | A1 – FAL Review Procedures |
| 2 | A2 – FAL Standards |
| 3 | A3 – FAL Sample |
| 4 | A4 – Explanatory Notes |
| 5 | A5 – FAL Assessment Guide |
| 6 | B1 – FMS Certification Procedures |
| 7 | B2 – FMS Standards |
| 8 | B3 – FMS Policy and Procedures Guide |
| 9 | C1 – FP Certification Procedures |
| 10 | C2 – FP Standards |
| 11 | C3 – FP Guidelines |
| 12 | First Nations Capacity Development Funding - Template |
| 13 | Template 1 –BCR to be Scheduled to FSMA |
| 14 | Template 2 – BCR to request funding from FMB |
| 15 | Template 3 - First Nation Letter of Cooperation |
| 16 | Template 4 –BCR Request for FAL Approval |
| 17 | Template 5 – Confirmation letter from Council regarding conflicts |
| 18 | Template 6 - BCR Request for FMS Certification |
| 19 | Template 7 – Confirmation letter from Council regarding conflicts (FMS Certification) |
| 20 | Template 8 – BCR Request for FP Certification |
| 21 | Template 9 – Confirmation Letter from Council regarding conflicts (FP Certification) |
| 22 | Template 10 – Section 50(3) FP Certification Letter |
| 23 | Template 11 – Section 50 (3) FP Certificate |
| 24 | Template 12 – Section 50 (2) FP Report and Schedule |
| 25 | Template 13 – Section 50(3) FMS Certification Letter |
| 26 | Template 14 – Section 50 (3) FMS Certificate |
| 27 | Template 15 – Section 50 (2) FMS Report and Schedule |
| 28 | Sample Policy – SPP-01 Delegated & Assigned Responsibilities Policy |
| 29 | SPP-02 – Policies, Procedures, and Directions Policy |
| 30 | SPP-03 – Compensation, Benefits & Contracts Reporting Policy |
| 31 | SPP 04 – Committee Establishment Policy |
| 32 | SPP 05 – Finance & Audit Committee Policy |
| 33 | SPP -06 Appointment of First Nation Officers Policy |
| 34 | SPP -07 Organizational Chart Policy |
| 35 | SPP -08 HR Records Management Policy |
| 36 | SPP -09 - Hiring Policy |
| 37 | SPP 10 – Disciplinary and Dismissal Policy |
| 38 | SPP 11 - Employee Performance Management Policy |
| 39 | SPP -12 Finance Code of Conduct Policy |
| 40 | SPP -13 Annual Budget and Planning Policy |
| 41 | SPP -14 Cash Management & Banking Policy |
| 42 | SPP -15 Expenditures & Accounts Payable Policy |
| 43 | SPP -16 Payroll Expense Policy |
| 44 | SPP -17 Travel & Expense Reimbursement Policy |
| 45 | SPP -18 Debt Management Policy |
| 46 | SPP -19 Procurement Policy |
| 47 | SPP -20 Risk Management Policy |

| # | Document |
|----|---|
| 48 | SPP -21 Loans, Guarantees and Indemnities Policy |
| 49 | SPP -22 Investing Funds Policy |
| 50 | SPP -23 Insurance Policy |
| 51 | SPP -24 Business Continuity Planning (Disaster Recover) Policy |
| 52 | SPP -25 Financial and Operational Reporting Policy |
| 53 | SPP -26 Information Technology Policy |
| 54 | SPP -27 Audit Management Policy |
| 55 | SPP -28 Records Information Management Policy |
| 56 | SPP -29 Tangible Capital Asset Management Policy |
| 57 | SPP -30 Financial Management System Improvement Policy |
| 58 | SPP -31 Whistleblower Policy |
| 59 | FMB Course – Navigating First Nations Financial Management Systems |
| 60 | Policy Summary: Intervention of Local Revenues |

