



First Nations Financial Management Board

Corporate Plan 2013-2014

31 January 2013

Approved by the Board of Directors: 28 January 2013

First Nations Financial Management Board

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
MANDATE.....	4
CORPORATE PROFILE.....	5
CORPORATE HISTORY	5
ORGANIZATIONAL STRUCTURE	6
THE FMB MANAGEMENT TEAM.....	8
PRINCIPLE BUSINESS ACTIVITIES.....	10
BUSINESS LINES	14
MAPPING ACTIVITIES TO BUSINESS LINES.....	14
SUPPORTING FIRST NATION GOVERNMENTS	15
SUPPORTING OTHER GOVERNMENTS AND ORGANIZATIONS	16
CORPORATE SERVICES	16
STRATEGIC ISSUES	17
INTERIM ASSESSMENT OF PREVIOUS YEAR'S RESULTS.....	19
ANALYSIS OF EXTERNAL ENVIRONMENT.....	22
ASSESSMENT OF CORPORATE RESOURCES	24
OBJECTIVES, STRATEGIES & PERFORMANCE MEASURES	25
SUPPORTING FIRST NATION GOVERNMENTS	26
SUPPORTING OTHER GOVERNMENTS AND ORGANIZATIONS	27
CORPORATE SERVICES	28
FINANCIAL PLAN.....	29
NUMBER OF EMPLOYEES	29
APPENDIX A: SUMMARY OF PERFORMANCE MEASURES	30

LIST OF TABLES

TABLE 1- FMB BUSINESS LINES AND OBJECTIVES	3
TABLE 2 – FINANCIAL PERFORMANCE	3
TABLE 3 - WHAT WOULD MOTIVATE A FIRST NATION TO SEEK FMB SERVICES?.....	15
TABLE 4 - OTHER GOVERNMENTS OR INSTITUTIONS WORKING WITH FMB	16
TABLE 5 - ASSESSMENT OF 2012/13 RESULTS: SUPPORTING FIRST NATION GOVERNMENTS.....	19
TABLE 6 - ASSESSMENT OF 2012/13 RESULTS: SUPPORTING OTHER GOVERNMENTS AND ORGANIZATIONS	20
TABLE 7 – ASSESSMENT OF 2012/13 RESULTS: CORPORATE SERVICES	21
TABLE 8 - EXTERNAL ENVIRONMENT STRATEGIC ISSUES.....	22
TABLE 9 - ASSESSMENT OF CORPORATE RESOURCES	24
TABLE 10 - FMB BUSINESS LINES AND OBJECTIVES	25
TABLE 11 - SUPPORTING FIRST NATION GOVERNMENTS STRATEGIES AND PERFORMANCE MEASURES	26
TABLE 12 - SUPPORTING OTHER GOVERNMENTS AND ORGANIZATIONS STRATEGIES AND PERFORMANCE MEASURES	27
TABLE 13 - CORPORATE SERVICES STRATEGIES AND PERFORMANCE MEASURES	28
TABLE 14 - FINANCIAL PLAN.....	29
TABLE 15 - NUMBER OF EMPLOYEES	29
TABLE 16 – SUMMARY STRATEGIES AND PERFORMANCE MEASURES.....	30

Executive Summary

In the 2011 Speech from the Throne, the Governor General of Canada identified the need to address the barriers to economic participation that many Aboriginal Canadians face, and committed the government to help open the door to greater economic development by investing in First Nations lands management. The speech also stated that the government would support transparency for First Nations communities by requiring their chiefs and councillors to publish their salaries and expenses.

Since it became operational in 2007, the First Nation Financial Management Board (“FMB”) has provided the tools to facilitate investment on First Nations lands through the certification process and the borrowing program established by the *First Nations Fiscal and Statistical Management Act* (“FSMA”). Through its body of standards and sample policies and procedures, the FMB upholds the principles of transparency and accountability within First Nation governments.

The FMB is Canada’s only legislated body that develops and publishes standards for First Nations’ financial management systems and financial performance, and upon request certifies First Nations’ compliance to those standards. The FMB provides a suite of financial management tools and services to First Nations governments seeking to strengthen their fiscal stewardship, accountability framework and develop necessary capacity to meet their expanding financial management requirements (see “Appendix B”).

The FMB supports participating First Nations in the development of Financial Administration Laws and the achievement of FMB Certification. FMB Certification will not only strengthen the financial management and reporting of First Nations, but will also contribute to their access to more affordable and sustainable financing for investment in their communities. The FSMA and the FMB are well positioned to support First Nations participation as equity partners in the various major resource and energy projects currently under consideration in most regions of the country.

As at 31 January 2013, eighteen (18) First Nations have now passed Financial Administration Laws that meet FMB Financial Administration Law Standards. In addition, the FMB certified thirteen (13) First Nations as meeting the Financial Performance Standards during the 2012/13 fiscal year. This brings the total FMB certified First Nations to eighteen (18). We anticipate that five (5) additional Financial Administration Laws and five (5) Financial Performance certificates will be issued by March 31, 2013.

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 commitment towards 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 next step for these certified First Nations will be the design of their financial management system and compliance reviews to ensure it is operating effectively.

There are now ninety-five (95) First Nations that have chosen to participate in the FSMA and thirty-five (35) First Nations that are working with the FMB to develop a Financial Administration Law (“FAL”), which is a pre-requisite for FMB Certification.

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 sectoral self-government initiatives such as the 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.

The FMB will also continue to work with Aboriginal Affairs and Northern Development Canada (“AANDC”) to identify opportunities to use the FMB Certification as a proxy for requirements under 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 AANDC (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 as they move to implement their community, social and economic strategies.

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 2013/14 is \$4,466,805. 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 while working closely with the First Nations that have received the Financial Performance Certificate to implement their FAL's and achieve FMS certification. The FMB budget is summarized below:

Table 2 – Financial Performance

	Actual 2011/12	2012/13 Forecast	2013/14 Plan
Salary & Benefits	\$ 1,199,985	\$ 1,499,539	\$ 1,640,834
Client Service Delivery	219,503	920,415	925,000
Policy Development	755,486	217,936	395,000
Operations & Management	1,183,210	997,088	799,471
Board of Director Fee & Expense	530,467	513,430	509,700
Travel	132,024	80,599	126,800
Capital	97,028	35,052	70,000
Total	\$ 4,117,703	\$ 4,264,058	\$ 4,466,805

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; and
- 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; and,
 - 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 came 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 ninety-five (95) 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 FSMA 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. Some First Nations have come forward to work with the FMB and are awaiting the Governor-in-Council ("GIC") process to conclude so that they can be listed on the FSMA Schedule.

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 as responsible for ensuring that the FMB fulfills its legal and regulatory mandate. Under this model, the Board of Directors consist of a minimum of nine (9) and a maximum of thirteen (13) directors, including a Chairperson and Vice-Chairperson. A majority of the members (ten, 10) are named by the GIC and up to three (3) members are appointed the Aboriginal Financial Officers Association of Canada (“AFOA”).

To date, the Board of Directors of the FMB have formed six (6) committees:

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

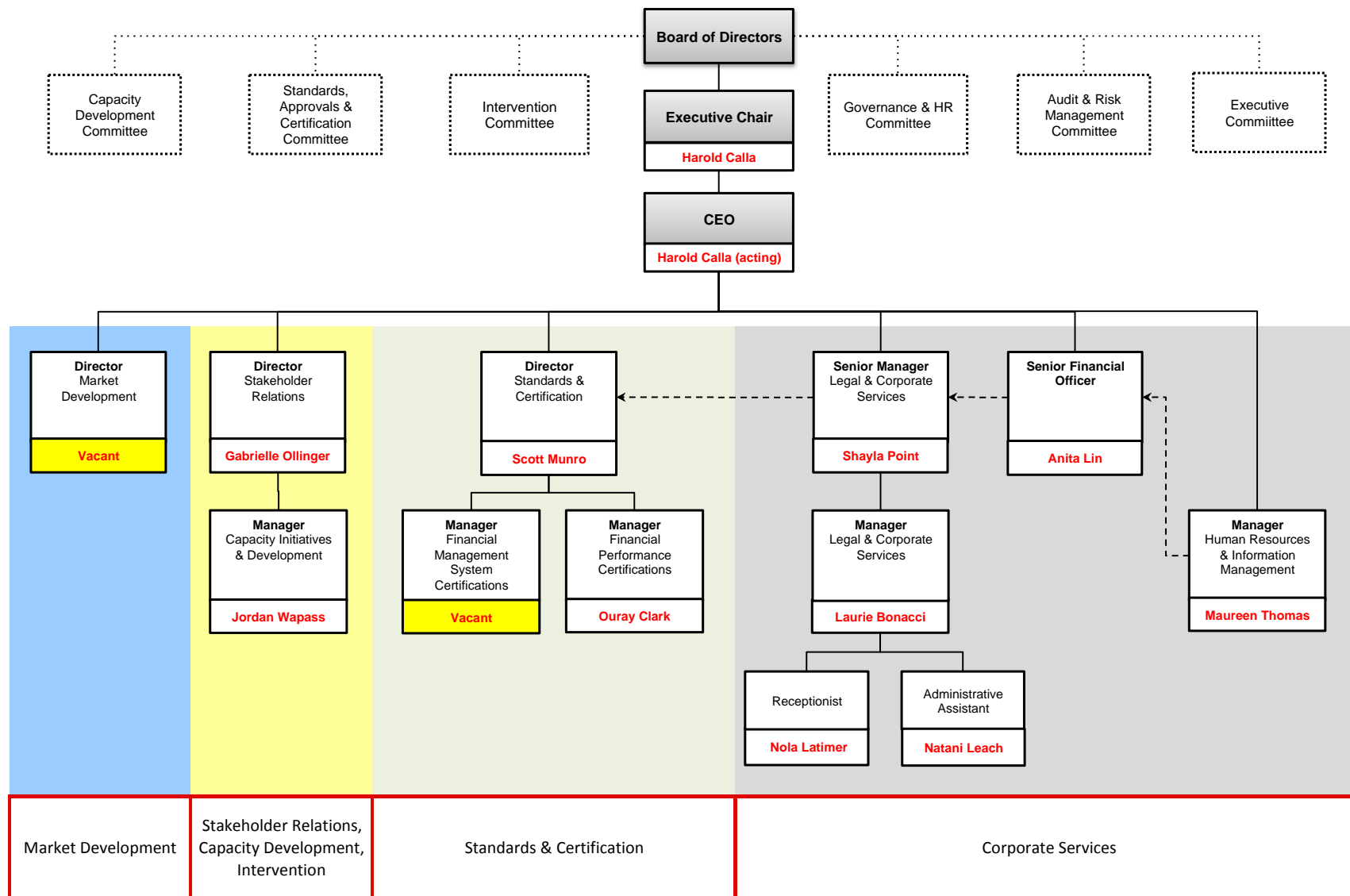


Figure 1 - FMB Organization Chart 2013-2014

The FMB Management Team

Executive Chair

The Executive Chair is responsible for carrying out the decisions of the Board of Directors of the 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 and providing support to the Chief Executive Officer.

Chief Executive Officer

The Chief Executive Officer is primarily responsible for providing leadership and management of the day-to-day operations including the financial function, risk management and insurance decisions. The Chief Executive Officer reports to the Executive Chair.

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

The Director Stakeholder Relations 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, Market Development

The Director Market Development is part of the senior management team reporting to the CEO and is responsible for outreach to First Nations that may become clients of the FMB and borrowing members of the First Nations Finance Authority (“FNFA”).

Senior Manager of Legal & Corporate

The Senior Manager of Legal & Corporate is responsible for managing daily administrative and organizational matters for the Board of Directors and Board Committees. The Senior Manager will provide advisory support on governance practices and secretarial support including taking and producing minutes for all Committee and Board meetings. In addition, the Senior Manager will conduct reviews of draft financial administration laws submitted by First Nations to determine compliance with Financial Administration Law Standards.

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; and/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 or other revenues to repay an infrastructure or economic development loan.

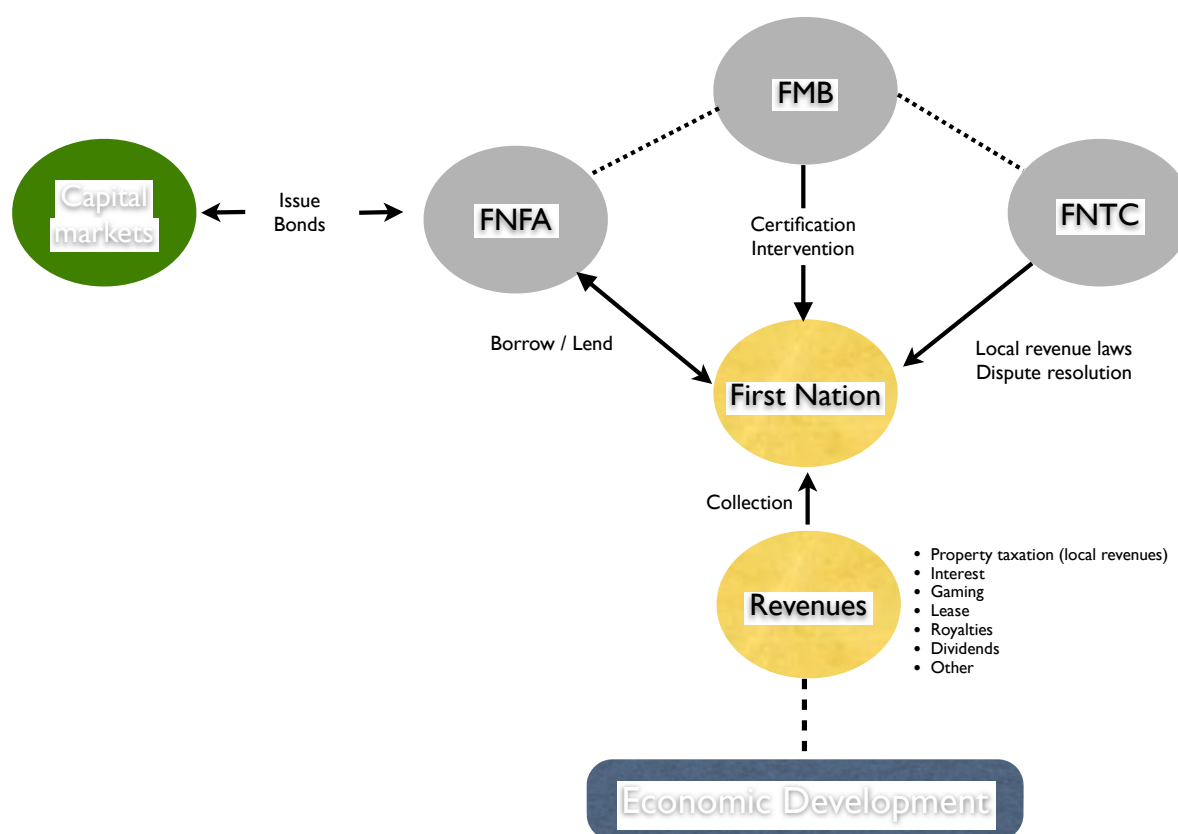


Figure 2 - An overview of the FSMA Regulatory Regime

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, the First Nation must become a “borrowing member” of the 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.

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

FMB will not issue a First Nation a Financial Management Systems Certificate or a Financial Performance Certificate unless the First Nation’s law or laws respecting financial administration have first been reviewed and deemed by the FMB to be in compliance with *Financial Administration Law Standards*. 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.

There are two (2) preconditions to becoming a borrowing member from the FNFA under section 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 Systems Certificate, or ii) a Financial Performance Certificate. First Nations that apply for and achieve Financial Performance certification in advance of Financial Management Systems certification can defer the implementation of their Financial Administration Law for up to thirty-six (36) months.

Figure 3 below illustrates the cycle of prosperity that the FSMA borrowing regime intends to create. A First Nation that is collecting annual own source revenues (e.g. property tax, royalties, interest) is interested in long-term financing in order to invest in capital infrastructure (e.g. water and sewer system).

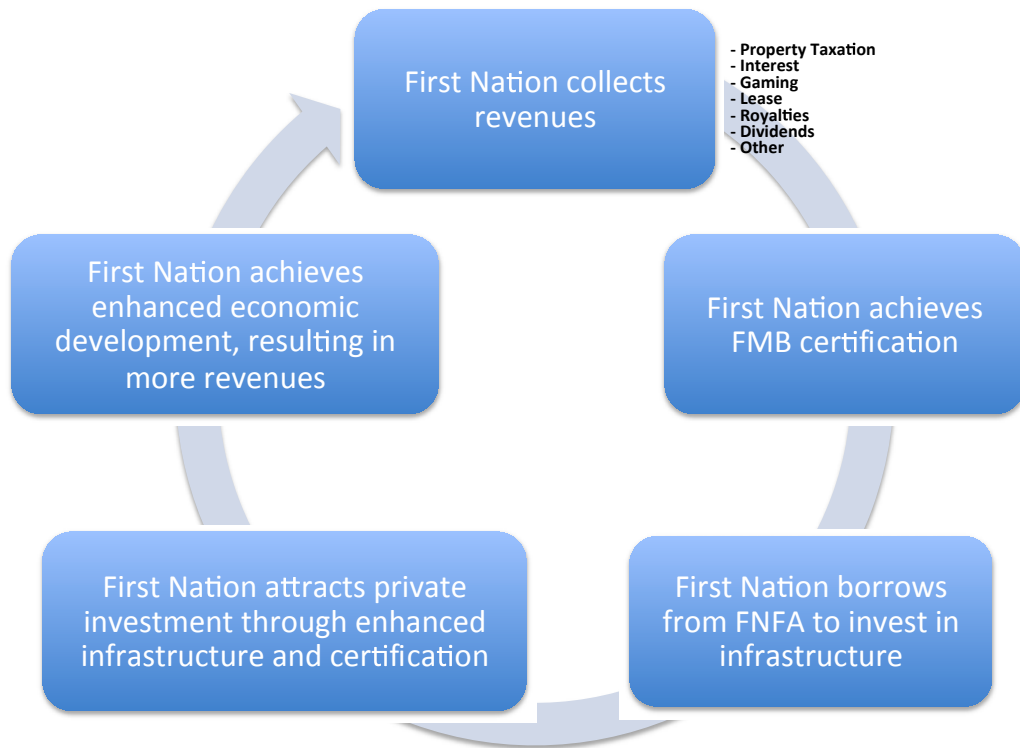


Figure 3 - FSMA Borrowing Regime Prosperity Cycle

An FMB Certification is required to become a borrowing member of the FNFA. A First Nation is then able obtain long-term capital financing by pledging an amount of its annual own source revenues. This occurs through a FNFA debenture issue to the capital markets on behalf of a pool of “borrowing member” First Nations that are seeking financing. The FNFA then provides the financing to the individual First Nations based on their respective borrowing requests.

The FNFA financing enables the First Nation to invest in capital infrastructure, which then supports private investment on the First Nation’s land. This private investment and economic development generates additional own source revenues, which allow the First Nation to invest in further infrastructure development through the FSMA borrowing regime.

The process as explained above and the overall FMB body of work have received positive feedback from professional organizations in the market place. The FMB framework in assessing financial performance, in particular, has been vetted by one of the major accounting firms, two 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 Financial Performance Certificate has been accepted 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 a low, medium or high risk level. The GA includes factors such as governance, operating environment, planning and financial management. 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.

Business Lines

Mapping Activities to Business Lines

There are three (3) FMB business lines. Activities are mapped to the business lines in the figure below.

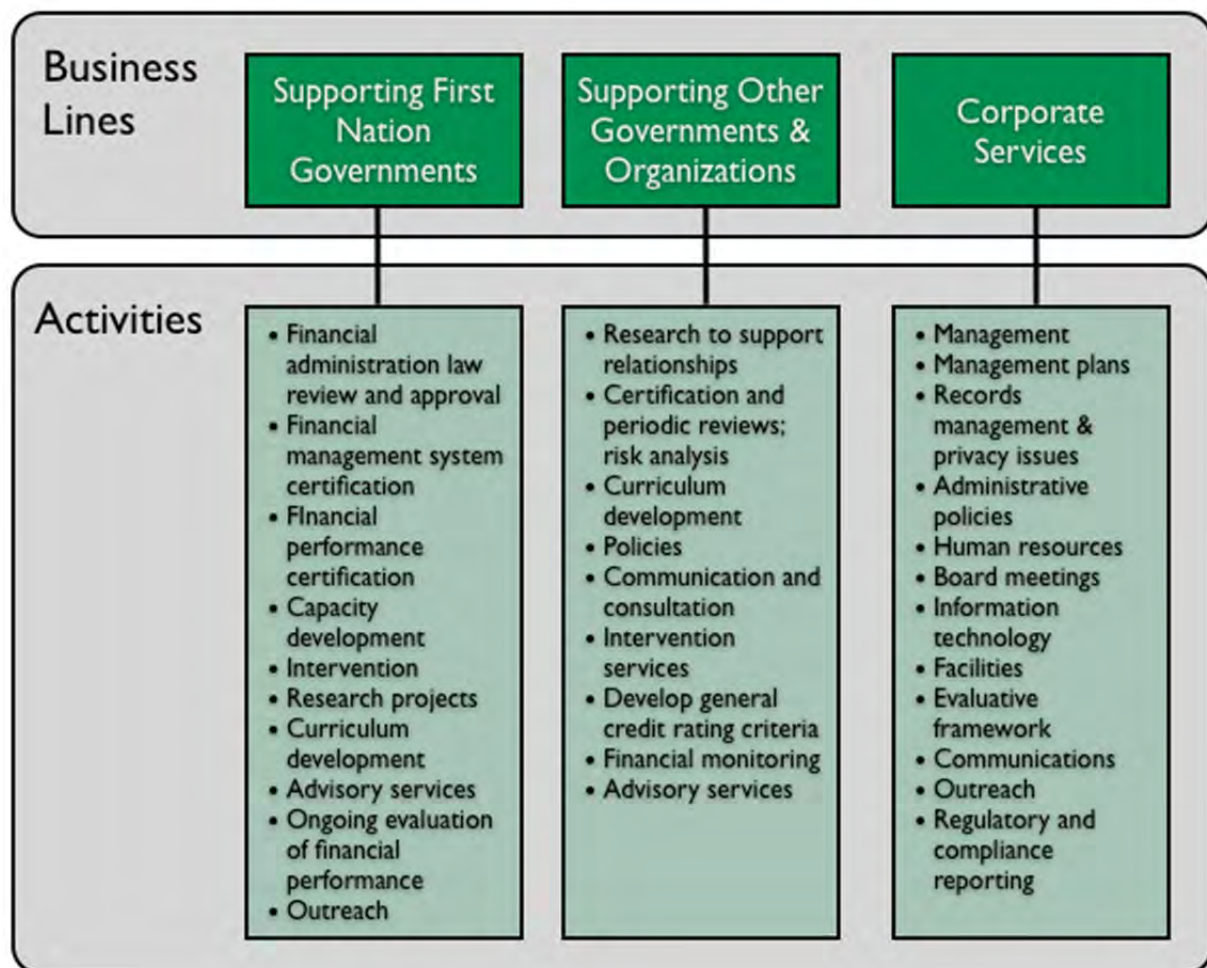


Figure 4 - Activities by FMB Business Lines

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

Initiative	No. of First Nations	Why seek FMB services?
Applied to FSMA Schedule ¹	95	• Certification required to borrow.
Engaged in Real Property Taxation ²	137	• Confidence in management of property tax regime.
<i>First Nations GST Act</i> ³	45	• Confidence in management of sales tax revenue.
<i>First Nations Land Management Act</i> ⁴	58	• Confidence in management of revenue generated from lands under the authority of a First Nation land code.
<i>First Nations Oil and Gas Monies Management Act</i>	No schedule to this Act	• Financial code for oil and gas monies required.
<i>First Nations Commercial and Industrial Development Act</i>	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.

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>

Supporting Other Governments and Organizations

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

Table 4 - Other governments or institutions working with 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 protocol.
First Nations Finance Authority	<ul style="list-style-type: none">• Interdependent policy related to certification and intervention protocol.
Aboriginal Financial Officers Association	<ul style="list-style-type: none">• Partnered approach to capacity development initiatives.
TULO Centre for Indigenous Economics	<ul style="list-style-type: none">• Partnered approach to capacity development initiatives.
Canadian Executive Service Organization	<ul style="list-style-type: none">• Partnered approach to capacity development initiatives.
University of New Brunswick	<ul style="list-style-type: none">• Partnered approach to deliver curriculum.
Nicola Valley Institute of Technology	<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.
CANDO	<ul style="list-style-type: none">• Cando is a national Aboriginal organization involved in community economic development.
Aboriginal Affairs and Northern Development Canada	<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	<ul style="list-style-type: none">• Framework Agreement on Land Management includes financial administration requirements.
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.

Strategic Issues

The 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 ninety-five (95) First Nations that have chosen to participate in the FSMA and thirty-five (35) First Nations that are working with the FMB to develop a Financial Administration Law.

The first five (5) Financial Performance Certifications were made during 2011/12, and another thirteen (13) Financial Performance certifications have been made as at 31 January 2013, to bring the total FMB certified First Nations to eighteen (18). The demand for FMS certifications and Financial Performance certifications will continue to grow this fiscal year as First Nations prepare to invest in infrastructure and take advantage of the opportunity to obtain long-term capital borrowing at a low-cost through the FSMA initiative. We anticipate that five (5) additional Financial Administration Laws and five (5) Financial Performance certificates will be issued by March 31, 2013.

In order for any First Nation to be able to obtain long-term capital financing through the FSMA initiative, there will need to be a sufficient number of FMB certified borrowing members to produce periodic FNFA debentures. Therefore key strategic issues for the FMB continue to be:

- 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.

Certifying Financial Management Systems

A strategic issue for the near term is ensuring that First Nations are able to successfully design and implement the provisions of their Financial Administration Laws and achieve FMS certification. It will be a demanding process for many First Nations to be able to demonstrate that their financial management system is designed in accordance with their Financial Administration Law and that it is operating effectively.

The FMB is working closely with these First Nations to develop capacity and establish work plans, strategies and deadlines in order for the First Nations to meet their respective commitments. The FMB will provide an integrated client service approach to support the achievement of FMS certification.

Certifying Financial Performance

FMB expects there will be increased demand for financial performance reviews given the fact that FNFA has begun issuing low interest loans to certified First Nations. The FMB will need to respond in a timely manner to requests for reviews of Financial Administration Laws and Financial Performance, which are prerequisites to becoming an FNFA borrowing member.

Market Development

The FMB has been in development of a robust nationwide, engagement and outreach strategy to attract First Nations to the FSMA initiative. To increase awareness and interest of FMB Certification and the FSMA among First Nations in every Province and Territory in Canada, the FMB will be developing an enhanced market development function.

The Director, Market Development will work closely with the Client Management Group, the FNFA and regional advocates of the FMB, and will be responsible for the development and execution of the market strategy and marketing plan, which will include identifying, researching and engaging First Nations across Canada that are not current FMB clients but that have a high-potential for certification. The FMB Client Management Group will then work closely with the internal champions to provide assistance and guidance where required to expedite potential FNFA borrowing members through the FMB Certification process.

Interim Assessment of Previous Year's Results

The 2012/13 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.

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 5 - Assessment of 2012/13 Results: Supporting First Nation Governments

Business Line	Performance Measures	Progress Jan 31 2013
Supporting FN Governments	<ul style="list-style-type: none">• 20 new FAL Reviews• 20 First Nations with financial management systems development program in place• 20 new Financial Performance Reviews• Support 20 new 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• 4 regional capacity development workshops• Develop and implement new standards, or policies, or guidance material relating to Treasury Management	<ul style="list-style-type: none">• 13 FAL Reviews complete and 23 new FAL Reviews are in progress• 3 First Nations with financial management systems development program in place• 10 Financial Performance reviews complete and 23 new Financial Performance Reviews are in progress• Supported 20 new First Nations in FAL development• Local Revenue Account Financial Reporting Standards in progress• 2 FMB sponsored workshop events completed• 6 FMB speaking engagements at relevant conferences and forums• Develop capacity development strategy/process for First Nations that do not achieve certification in progress• 2 (Vancouver, Saskatchewan) regional capacity development workshops• Develop and implement new standards, or policies, or guidance material relating to Treasury Management in progress

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 6 - Assessment of 2012/13 Results: Supporting Other Governments and Organizations

Business Line	Performance Measure	Progress Jan 31 2013
Supporting other governments and organizations	<ul style="list-style-type: none"> • 1 FMB research or position paper projects • Protocol agreement completed with AANDC relating to FMB support for intervention, financial assessment, and Funding Services Officer responsibilities • 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 	<ul style="list-style-type: none"> • 2 FMB research or position paper projects • Draft protocol agreement with AANDC relating to FMB support for intervention, financial assessment, and FSO responsibilities • Draft capacity development proposal being developed for AANDC • 4 FSMA institutional coordination sessions completed • 1 additional educational institutions to deliver FMB curriculum (NVIT) - completed • Mock intervention – Local Revenues completed. • Mock intervention – Other Revenues - completed

Corporate Services

The Corporate Services business line has provided administrative support to the other two (2) business lines.

Table 7 – Assessment of 2012/13 Results: Corporate Services

Business Line	Performance Measure	Progress Jan 31 2013
Corporate Services	<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 requirements • Implement recommendations from the FMB special Examination (<i>section 121 of FSMA</i>) • Website maintained • Enterprise Risk Management (“ERM”) session held and recommendations approved by the Board 	<ul style="list-style-type: none"> • Annual corporate plan produced • Annual report produced (has been sent for translation and has recently been received) • Annual general meeting to be held in February 2013 in Toronto • Board strategic planning session held in September 2012 in Osoyoos • 9 board meetings held • 15 committee meetings held • 3 Newsletters produced • Information management system fully implemented • Implement Access to Information and Privacy requirements • Implement recommendations from the FMB Special Examination (<i>section 121 of FSMA</i>) • Website redesigned and launched • ERM session held at the strategic planning session and recommendations incorporated into the Corporate Plan

Analysis of External Environment

The FMB Board of Directors held a strategic planning session in September 2012. A number of external environment strategic issues were identified and are included in the table below.

Table 8 - 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"> • Execute marketing and communications strategy to dispel misperceptions • Celebrate First Nation successes, and communicate the “risk-based approach” to FMS reviews • Respond to First Nation requests for presentations and materials on FMB products and services • 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, refine and distribute tools (such as the FMB Sample Policies & Procedures and the self-assessment) to assist First Nations implement their financial administration laws and achieve FFMS certification • Create tailored work plans that will help First Nations to identify areas of high, medium and low risk within their Financial Management Systems, and assist them in focusing their efforts
	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 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"> • Ensure FMB core documents respond to the various financial management needs of First Nations • Support research on development of First Nation emerging issues (eg. financing large projects)
	Identifying and generating interest in FMB among First Nations that have a high-potential for certification	<ul style="list-style-type: none"> • Develop enhanced market development function and strategy for the FMB to engage new First Nation clients with sufficient own source revenues and capacity to achieve and sustain FMB Certification

Strategic Issue	Description	Action
Intervention	Engaging a third party to provide intervention services on behalf of the FMB	<ul style="list-style-type: none"> • Develop workshop and materials targeted to intervention service providers, leverage on takeaways from mock intervention exercises • Screen and understand the qualifications of “interveners” • 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 regarding the FMB in delivering financial management and administration capacity development funding and services for First Nations
Strategic business opportunities – support for major projects	An FSMA-based approach to financing First Nations equity in large scale projects	<ul style="list-style-type: none"> • Conduct further research into proposed financing approach, including whether it would require amendments to the FSMA or its Regulations • Continue discussions with First Nations, other orders of government, and other FSMA institutions to assess whether the proposed approach is a feasible solution for First Nations in obtaining a meaningful equity stake in projects while providing a solution to government in terms of their duty to consult
Budget cuts to federally funded institutions	Recent budget cuts to FNSI, NCFNG, NAHO, Tribal Councils, etc., could signify further cuts to other First Nation and Aboriginal organizations	<ul style="list-style-type: none"> • Demonstrate value for money for the FSMA - certifications, a borrowing from the FNFA and investment within First Nations communities • Demonstrate an ability to meet annual Corporate Plan objectives
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 strategy for delivering organizational capacity development services to First Nations • Seek specific funding for rolling out capacity development services separate from ongoing operational funding

Strategic Issue	Description	Action
Impacts of Federal Legislation	Bill C-38 (xx) and proposed amendments to the FSMA legislation	<ul style="list-style-type: none"> • Presentation to the House of Commons Standing Committee (October 2012) • Engagement with AANDC and other FSMA institutions on proposed legislative amendments

Assessment of Corporate Resources

The table below summarizes corporate strengths and weaknesses:

Table 9 - Assessment of corporate resources

Strengths	Risks
<ul style="list-style-type: none"> • Growth in number of certified First Nations • Recent press received by the FMB, FNFA and FSMA • Standards and relevance of standards • Set of core documents that are publicly available and have received a wide array of input • Strong leadership; proactive Board • Growing number of clients • Body of work and research • Credibility momentum with outside stakeholders • Reputation of FMB: First Nations and organizations approaching the FMB for other purposes • Partnership with AFOA, NVIT, TULO & University of New Brunswick • Legislative mandate is broad: able to evolve • Flexibility of products provides options for FMB clients • Competent staff with diverse and complementary set of backgrounds • Inroads made with Government (fiscal transfers; default management; capacity development) • Aligned strategy with sister institutions • Growth of awareness across Canada 	<ul style="list-style-type: none"> • Dependent on AANDC funding • FMB established by legislation that can be repealed • Current vacancies within organization • Dependent on value for money evaluation • Sustaining Capacity Development at First Nation level • Perception as a regional focused and property tax based • Governance model dependent on the GIC appointment process • 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; and,
- Respond to private sector requirements for investment on First Nation lands.

The FMB has three (3) business lines to achieve these objectives. The business lines and the objectives for each are presented in the table below.

Table 10 - 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 2013/14, the Supporting First Nation Governments business line will:

Table 11 - Supporting First Nation Governments strategies and performance measures

Business Line	Strategy	Performance Measure
Supporting First Nation 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 • Review financial administration laws submitted to the FMB for comparison to FMB Standards and provide compliance reports to First Nations • Develop enhanced market development function and strategy to engage First Nations to achieve and sustain FMB Certification • 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 robust and "risk-based" work plans with individual First Nations to assist in implementing Financial Administration Laws and achieving FMS certification • Provide funding to First Nations to support their efforts at achieving FMB Certification • Add capacity development functionality to the FMB website • Celebrate and communicate First Nation successes through the FSMA • Host relevant events and attend/present at relevant conferences and forums such as AFOA conferences & other strategic events to expand FMB profile • Establish FMB review procedures for Local Revenue Account Reporting 	<ul style="list-style-type: none"> • 20-30 presentations • 10-15 Financial Administration Law reviews • Monthly report on field assessments • 10-15 financial performance reviews • 10-15 financial management system work plans • 2-5 financial management system reviews • 10-15 First Nations funded • Update to website • 4 events hosted

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 2013/14, the Supporting Other Governments and Organizations business line will:

Table 12 - 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"> • 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 in public sector accounting (GAAP) specific to First Nations • FMB to continue discussions with AANDC 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 • Continue discussions with First Nations, other institutions and governments to support Major Projects through FSMA debenture financing • Engage interested stakeholders in the Canadian public in specific topics relevant to fiscal financing and financial management 	<ul style="list-style-type: none"> • 1 MOU with a service delivery organization • 2 MOUs (BC, ON) • Research paper • Submit a proposal for capacity development funding • Meeting with AANDC • Discussion paper on the structure required to support major initiatives involving several First Nations • Demonstrate eminence through engagement with media

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 13 - 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 the FMB website • Issue eNewsletters and press releases for distribution to First Nations and media • Prepare "Balance Sheet" newsletters for distribution to First Nations • Procure and maintain facilities and equipment • Maintain and review Information Management System • Grow and maintain the Integrated Client Services system for internal client management and succession planning • Finalize research on "Large & Linear Project" financing approach and next steps • 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 requirements • Implement recommendations from the FMB special Examination (section 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 14 - Financial plan

Activity	2013-14	2014-15	2015-16	2016-17	2017-2018
Salary & Benefits	\$ 1,640,834	\$ 1,652,013	\$ 1,667,388	\$ 1,694,063	\$ 1,718,313
Client Service Delivery	925,000	1,050 000	1,000,000	1,000,000	1,000,000
Policy Development	395,000	385,000	385,000	375,000	350,000
Operations & Management	799,471	809,187	826,933	819,709	822,374
Board of Director Fee & Expense	509,700	488,700	493,700	518,385	544,304
Travel	126,800	136,400	146,000	153,300	160,965
Capital	70,000	70,000	70,000	70,000	70,000
Total	\$ 4,466,805	\$ 4,591,300	\$ 4,589,021	\$ 4,630,457	\$ 4,665,956

Number of Employees

The table below outlines the number of employees.

Table 15 - Number of employees

Activity	2013/14	2014/2015	2015/2016	2015/2017	2017/2018
Number of employees	13	13	13	14	14

Appendix A: Summary of Performance Measures

Table 16 – 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 • Review financial administration laws submitted to the FMB for comparison to FMB Standards and provide compliance reports to First Nations • Develop enhanced market development function and strategy to engage First Nations to achieve and sustain FMB Certification • 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 robust and “risk-based” work plans with individual First Nations to assist in implementing Financial Administration Laws and achieving FMS certification • Provide funding to First Nations to support their efforts at achieving FMB Certification • Add capacity development functionality to the FMB website • Celebrate and communicate First Nation successes through the FSMA • Host relevant events and attend/present at relevant conferences and forums such as AFOA conferences & other strategic events to expand FMB profile • Establish FMB review procedures for Local Revenue Account Reporting 	<ul style="list-style-type: none"> • 20-30 presentations • 10-15 Financial Administration Law reviews • Monthly report on field assessments • 10-15 financial performance reviews • 10-15 financial management system work plans • 2-5 financial management system reviews • 10-15 First Nations funded • Update to website • 4 events hosted

Business Line	Strategy	Performance Measure
Supporting other governments and organizations	<ul style="list-style-type: none"> • 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 in public sector accounting (GAAP) specific to First Nations • FMB to continue discussions with AANDC 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 • Continue discussions with First Nations, other institutions and governments to support Major Projects through FSMA debenture financing • Engage interested stakeholders in the Canadian public in specific topics relevant to fiscal financing and financial management 	<ul style="list-style-type: none"> • 1 MOU with a service delivery organization • 2 MOUs (BC, ON) • Research paper • Submit a proposal for capacity development funding • Meeting with AANDC • Discussion paper on the structure required to support major initiatives involving several First Nations • Demonstrate eminence through engagement with media

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 the FMB website • Issue eNewsletters and press releases for distribution to First Nations and media • Prepare "Balance Sheet" newsletters for distribution to First Nations • Procure and maintain facilities and equipment • Maintain and review Information Management System • Grow and maintain the Integrated Client Services system for internal client management and succession planning • Finalize research on "Large & Linear Project" financing approach and next steps • 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 requirements • Implement recommendations from the FMB special Examination (section 121 of FSMA) • 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 (February 2012)
2	A2 – FAL Standards (February 2012, as amended xx)
3	A3 – FAL Sample (February 2012, as amended xx)
4	A4 – Explanatory Notes (February 2012, as amended xx)
5	A5 – FAL Assessment Guide
6	B1 – FMS Certification Procedures
7	B2 – FMS Standards
8	B3 – FMS Policy and Procedures Guide
9	<ul style="list-style-type: none"> B4 – Financial Management System Self Assessment Tool
10	C1 – FP Certification Procedures
11	C2 – FP Standards
12	C3 – FP Guidelines
13	First Nations Capacity Development Funding - Template
14	Template 1 –BCR to be Scheduled to FSMA
15	Template 2 – BCR to request funding from FMB
16	Template 3 - First Nation Letter of Cooperation
17	Template 4 –BCR Request for FAL Approval
18	Template 5 – Confirmation letter from Council regarding conflicts
19	Template 6 - BCR Request for FMS Certification
20	Template 7 – Confirmation letter from Council regarding conflicts (FMS Certification)
21	Template 8 – BCR Request for FP Certification
22	Template 9 – Confirmation Letter from Council regarding conflicts (FP Certification)
23	Template 10 – Section 50(3) FP Certification Letter
24	Template 11 – Section 50 (3) FP Certificate
25	Template 12 – Section 50 (2) FP Report and Schedule
26	Template 13 – Section 50(3) FMS Certification Letter
27	Template 14 – Section 50 (3) FMS Certificate
28	Template 15 – Section 50 (2) FMS Report and Schedule
29	Sample Policy – SPP-01 Delegated & Assigned Responsibilities
30	SPP-02 – Policies, Procedures, and Directions
31	SPP-03 – Reporting of Compensation, Benefits & Contracts
32	SPP 04 – Committee Establishment
33	SPP 05 – Finance & Audit Committee
34	SPP -06 - Appointment of First Nation Officers
35	SPP -07 - Organizational Chart
36	SPP -08 - HR Records Management Policy
37	SPP -09 - Hiring Policy
38	SPP 10 – Disciplinary and Dismissal Policy
39	SPP 11 - Employee Evaluation & Planning Policy
40	SPP -12 - Finance Code of Conduct Policy
41	SPP -13 - Annual Planning and Budgeting Policy
42	SPP -14 - Cash Management and Banking Policy
43	SPP -15 - Financial Institution Account Policy
44	SPP -16 - Expenditures
45	SPP -17 - Debt Policy

#	Document
46	SPP -18 - Procurement Policy
47	SPP -19 - Risk Management Policy
48	SPP -20 - Loans, Guarantees and Indemnities
49	SPP -21 - Investment Policy
50	SPP -22 - Insurance Policy
51	SPP -23 - Emergencies Policy
52	SPP -24 - Financial and Operational Reporting Policy
53	SPP -25 - Information Technology Policy
54	SPP -26 - Audit Policy
55	SPP -27 - Records and Information Policy
56	SPP -28 - Tangible Capital Assets Policy
57	SPP -29 - Financial Administration System Improvement Policy
58	SPP -30 - Whistleblower Policy
59	SPP -31 - Local Revenue Policy
60	FMB Course – Navigating First Nations Financial Management Systems
61	Policy Summary: Intervention of Local Revenues

