



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

First Nations Financial Management Board

Corporate Plan 2014-2015

March 2014

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Executive Summary

The First Nations Financial Management Board (“FMB”) is Canada’s only legislated body that develops and publishes standards for First Nations’ financial management systems and financial performance. Upon request, the FMB 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.

Since it became operational in 2007, the 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 Management Act* (“FMA”). 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 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.

Strategic issues for 2014/15 include building capacity within the existing client base and focusing FMB outreach efforts. In addition, the FMB continues to respond to First Nations that are interested in working together to access capital for equity participation in major projects that cross their traditional territory.

The number of First Nations participating in the FMA continues to grow. As at 31 January 2014, there are over one hundred First Nations that have chosen to be added to the schedule of the FMA. This fiscal year, as at 31 January 2014, the FMB has issued sixteen (16) Financial Administration Law (“FAL”) compliance approvals and has issued fifteen (15) financial performance certificates. This brings the total number of FAL compliance approvals to thirty-eight (38) and the total number of financial performance certificates to thirty-four (34). The figure on the following page shows the growth in the number of First Nations that have received Financial Performance Certificates from the FMB over the past four years.

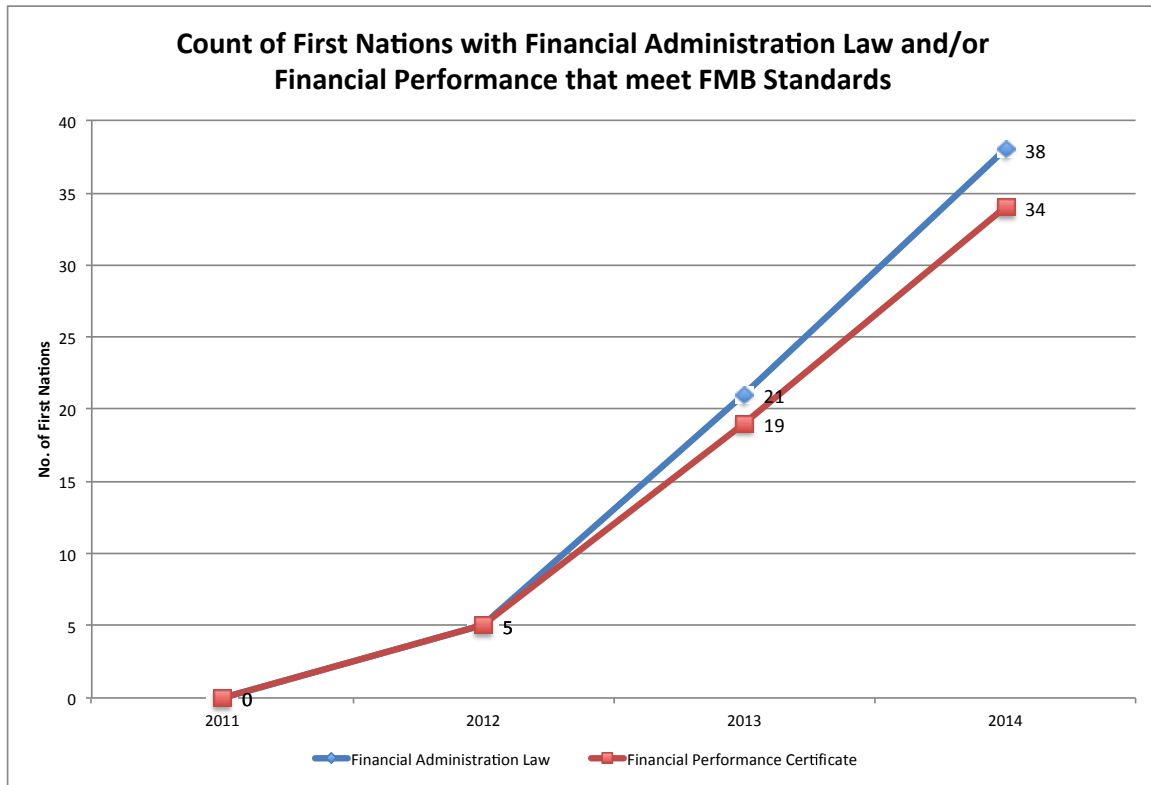


Figure 1 – Count of First Nations with FAL and Financial Performance that meets FMB Standards

The next step for these First Nations will be the continued development of their financial management system. At their request, the FMB will conduct a compliance review to ensure the financial management system is operating effectively. It will be a priority of the FMB in 2014/15 to continue to support certified First Nations in meeting the Financial Management System Standards with work plans and tools, such as the self-assessment.

In addition to the First Nations that are continuing their path through certification, the FMB is experiencing continued demand from First Nations that are beginning the process. It is anticipated that the upcoming fiscal year 2014/2015 will see a similar number of First Nations commencing the development of their Financial Administration Law and requesting a Financial Performance Certificate.

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.

Some First Nations have pursued self-government through the negotiation of treaties. Some of these communities have expressed an interest in access to capital through the FMA. The FMB will continue to work with these First Nations, as well as with provincial and federal government to explore ways to meet these interests.

The FMB is a national institution and as such will continue to work with First Nations in all provinces and territories.

The FMB will continue to examine how it can support capacity development and access to capital for First Nations participation in major projects through outreach, financial literacy, research, publishing guidance material and technical material.

An FMB objective 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 2014-2015 is \$4,591,300. The budget is summarized below:

Table 2 - Financial Plan

Description	Actual 2012/2013	Forecast 2013/14	Budget 2014/15
Salary / Benefits	1,267,241	1,640,834	1,581,120
Client Service Delivery	811,020	925,000	940,000
Policy Development	342,281	395,000	350,000
Operations & Management	1,023,862	799,471	940,830
Board of Director Fee & Expense	608,907	509,700	561,750
Travel	86,351	126,800	147,600
Support for Large Projects	0	302,000	0
Amortization (Capital Replacement)	96,971	70,000	70,000
TOTAL	4,236,633	4,768,805	4,591,300

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 FMA establish the following legislative mandates 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:
 - The form and content of Financial Administration Laws;
 - Approvals of Financial Administration Laws;
 - Certification of First Nation Financial Management Systems;
 - Certification of Financial Performance; and,
 - Financial reporting for the Local Revenue Account.

Corporate Profile

The FMB operates as a shared governance institution under Parts 3 and 6 of the FMA, which came into effect 1 April 2006. The FMA is an optional initiative – in order to participate a First Nation must pass a Band Council Resolution to request that the Governor in Council (“GIC”) add their community’s name to the FMA Schedule. Currently, over one hundred (100) of the six hundred and thirty-three (633) First Nations in Canada are now listed on the FMA Schedule.¹ These communities are the primary client base of the FMB.

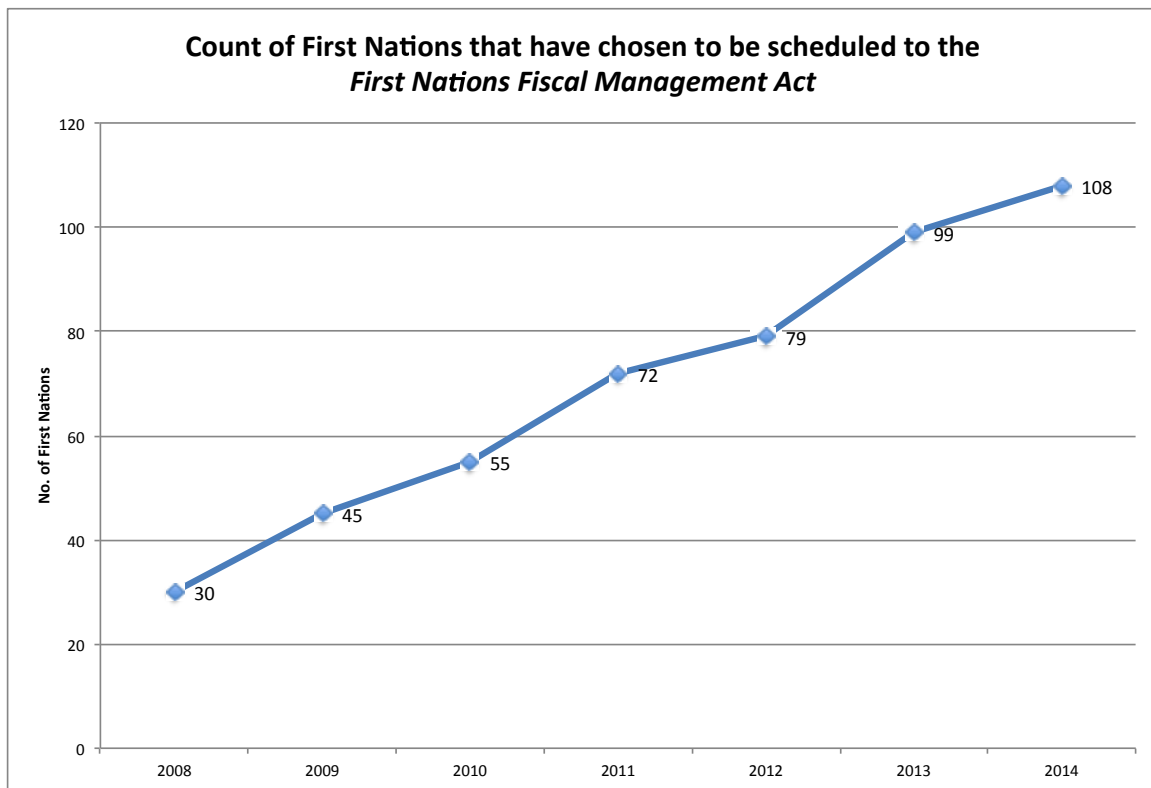


Figure 2a - First Nations that have chosen to become scheduled to the FMA

¹ <http://laws-lois.justice.gc.ca/eng/acts/F-11.67/page-33.html#h-41>

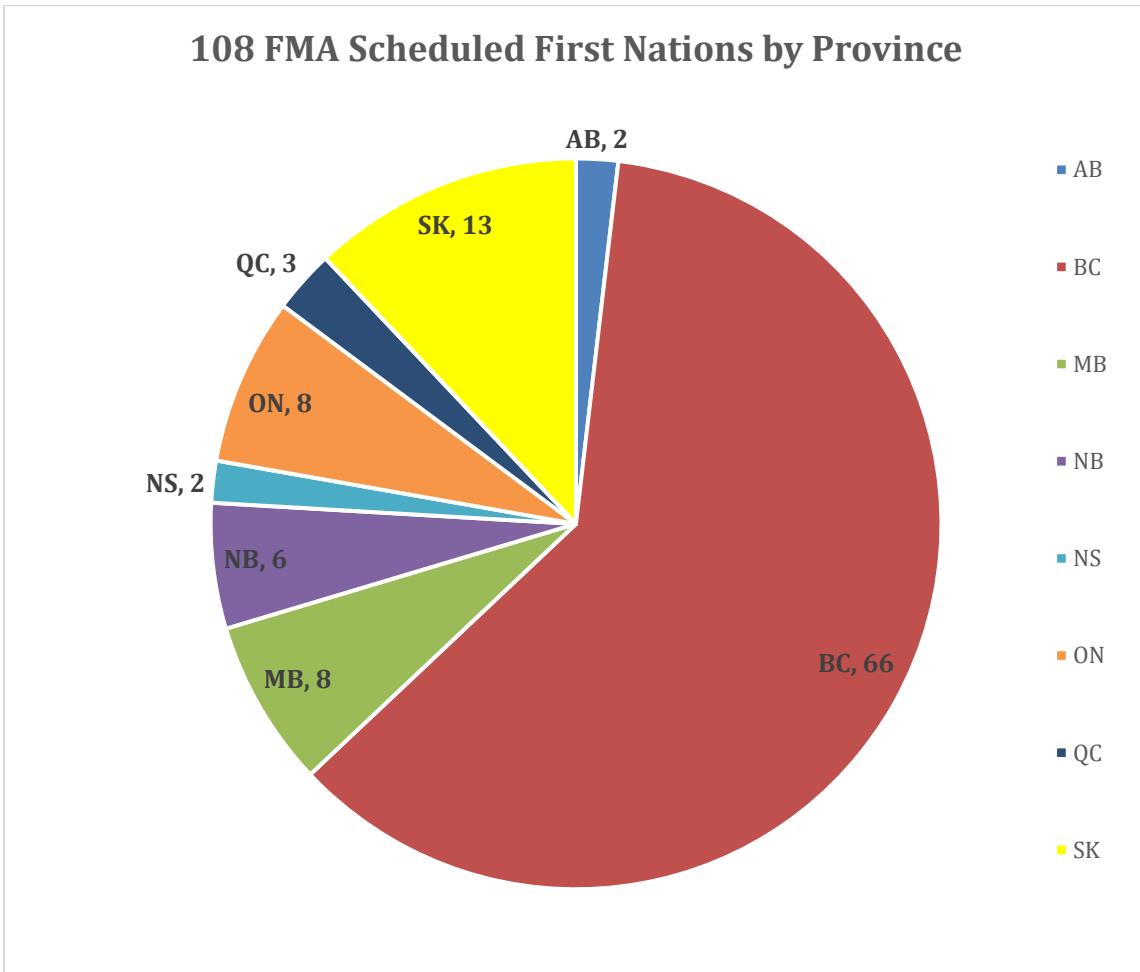


Figure 3b – 108 FMA scheduled First Nations by Province (current to 2014-01-23 and last amended on 2013-10-09)

The FMA 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 FMA 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 FMA 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 23 March 2005 and came into force 1 April 2006.

In order to provide access to non-taxing First Nations and to support the FMA regime, the GIC made regulations on 29 September 2011 that enabled the securitization of various other revenue streams in addition to property tax revenues.

In addition to those on the FMA 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 GIC process to conclude so that they can be listed on the FMA 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 consists of a minimum of nine (9) and a maximum of thirteen (13) directors, including a Chairperson and Vice-Chairperson. A majority of the members (10) are named by the GIC and up to three (3) members are appointed by the Aboriginal Financial Officers Association (“AFOA”).

To date, the Board of Directors 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.

The Organizational Chart of the FMB is shown on the following page.

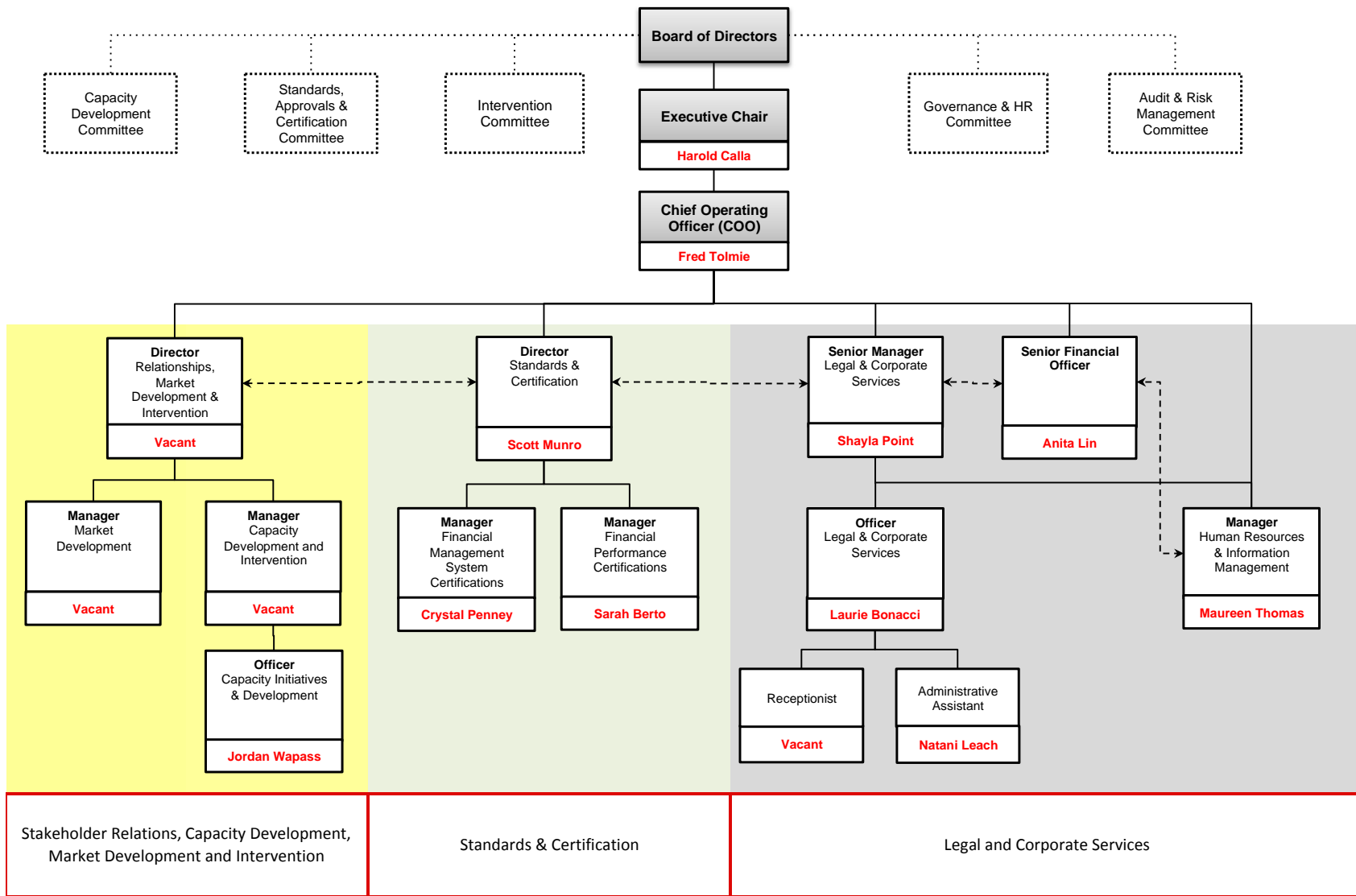


Figure 4 - FMB Organizational Chart

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 Operating Officer.

Chief Operating Officer

The Chief Operating 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 Operating 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 Chief Operating Officer. The Director is responsible for reviewing and overseeing all activities related to standards and certification and supporting First Nations in their implementation of FMB Standards.

Director, Relationships, Market Development and Intervention (vacant)

The Director Relationships, Market Development and Intervention is part of the senior management team reporting to the Chief Operating Officer and is responsible for managing and monitoring the ongoing relationship with scheduled and non-scheduled First Nations, marketing efforts to engage new First Nation clients, as well as performing the duties of the Intervention Officer as required by the regulations.

Senior Manager, Legal and Corporate Services

The Senior Manager, Legal & Corporate Services, is responsible for providing support to the Board of Directors and Board Committees. The Senior Manager is also responsible for Financial Administration Law reviews and for making reports and recommendations to the Board regarding compliance with the Financial Administration Law Standards. The Senior Manager provides support to the Executive Chair and to the Chief Operating Officer as directed to implement the Corporate Plan. Finally, the Senior Manager provides supervision and management of the corporate services team.

Principal Business Activities

The FMB is part of the regulatory regime established by the FMA 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 FMA schedule. *Figure 4* below describes the scenario of a First Nation pledging property tax or other revenues to repay an infrastructure or economic development loan.

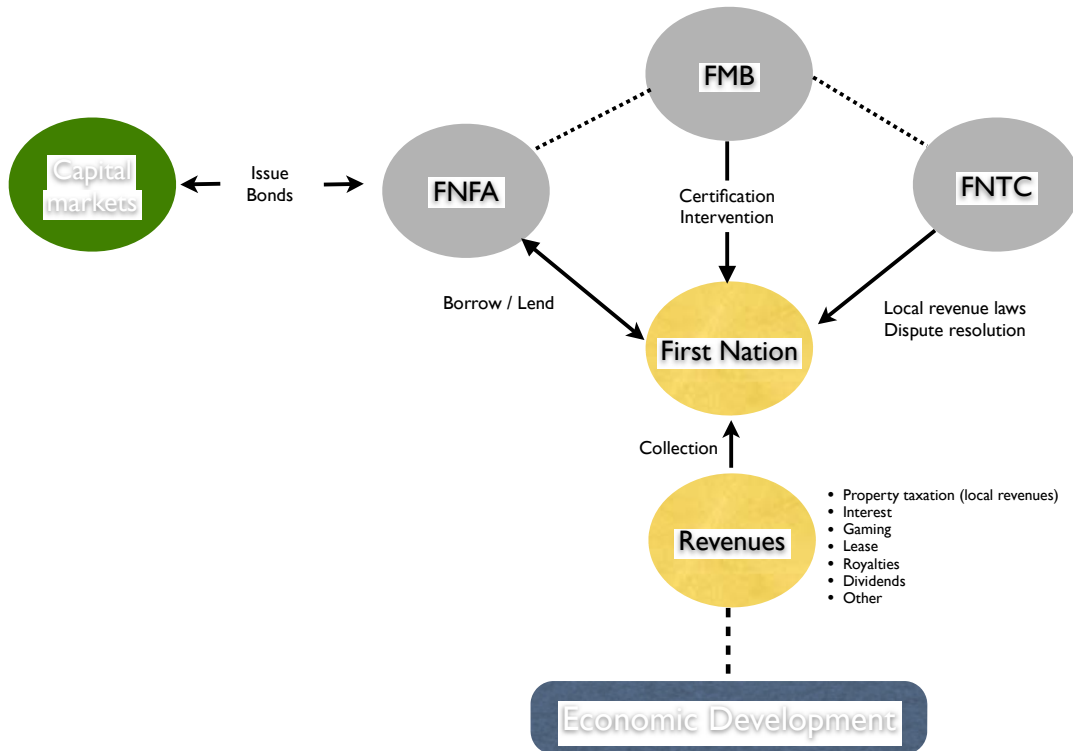


Figure 5 - An overview of the FMA regulatory regime

In the property tax scenario, 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 First Nations Tax Commission ("FNTC) regulates the property tax system (including property taxation, assessment, rates and expenditure laws).

In order for First Nations to qualify for capital infrastructure borrowing through the FMA, 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 FMA. For these purposes the FMB has issued *Financial Management System Standards* (to issue a Financial Management Systems Certificate) and the *Financial Performance Standards* (to issue a 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 FMA, the Governor-in-Council made “*Financing Secured by Other Revenues Regulations*”, which enables a First Nation to use certain “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 FMA institutions. The FMB Certification and Intervention functions are an integral part of the process to borrow from the FNFA using “other revenues”.

The FMB will not issue a certificate unless the First Nation’s law respecting financial administration has first been reviewed and deemed by the FMB to be in compliance with *Financial Administration Law Standards*. The FMB has issued *Financial Administration Law Review Procedures* to guide First Nations who are applying for approval of their law.

FMB Standards and the process described above have received positive feedback from professional organizations in the market place. The FMB framework in assessing financial performance has been vetted by a major accounting firm, two national investment banks and an international 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 Aboriginal Affairs and Northern Development Canada’s (“AANDC”) 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 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 Certificate can be used in place of the financial management aspect of the GA.

Business Lines

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

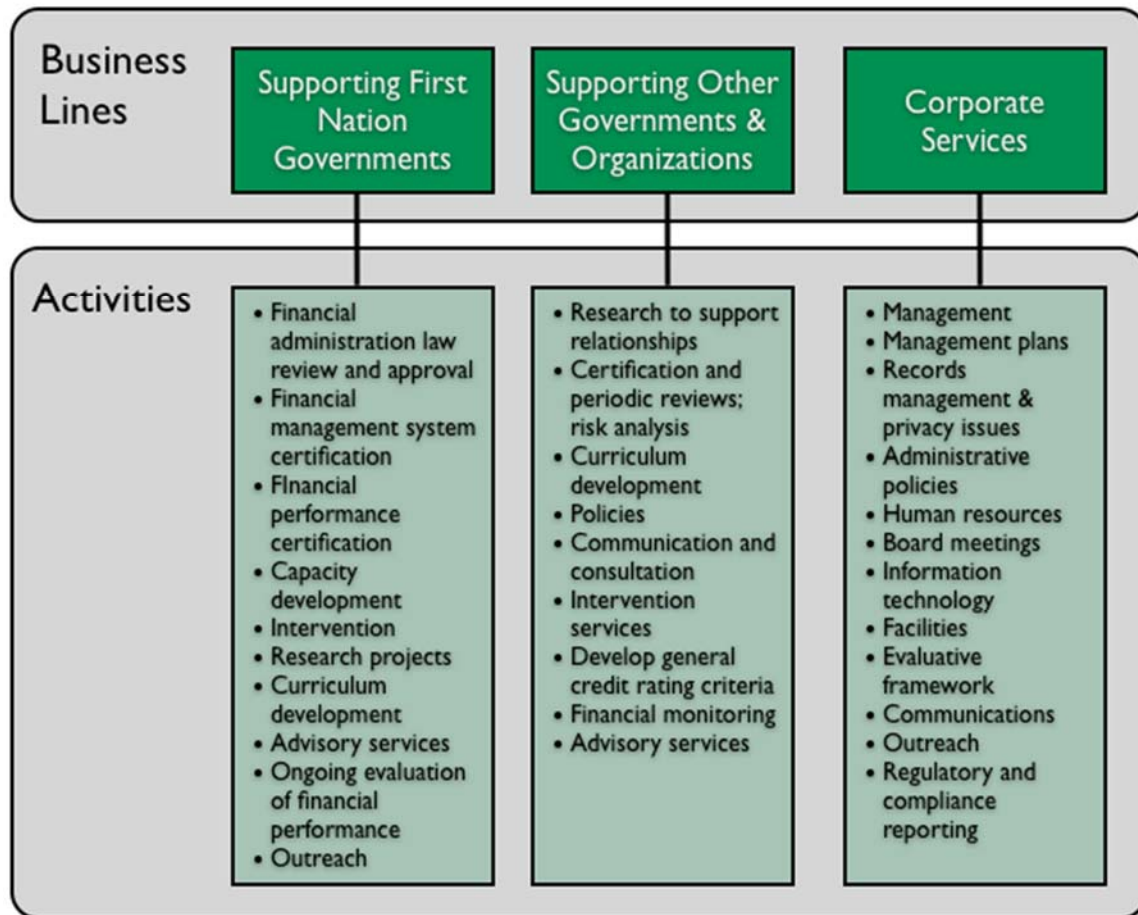


Figure 6 - Activities by Business Line

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 or 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 FMA schedule ²	108	<ul style="list-style-type: none"> • Certification required to borrow
Engaged in Real Property Taxation ³	166	<ul style="list-style-type: none"> • Confidence in management of revenues from property taxation
<i>First Nations GST Act</i> ⁴	49	<ul style="list-style-type: none"> • Confidence in management of sales tax revenue
<i>First Nations Land Management Act</i> ⁵	74	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Financial code for oil and gas monies required.
<i>First Nations Commercial and Industrial Development Act</i>	No Schedule	<ul style="list-style-type: none"> • Confidence in management of revenue raised from commercial and industrial projects.
In Canada	More than 600	<ul style="list-style-type: none"> • Improved fiscal transfer arrangements with Canada.

² <http://laws-lois.justice.gc.ca/eng/acts/F-11.67/page-33.html#h-41>

³ http://fntc.ca/index.php?option=com_quickfaq&view=category&cid=2&Itemid=31

⁴ <http://laws-lois.justice.gc.ca/eng/acts/F-11.7/page-10.html#h-16>

⁵ <http://laws-lois.justice.gc.ca/eng/acts/F-11.8/page-16.html#h-23>

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	Interdependent policy related to certification and intervention protocol. Development of Local Revenue Account Financial Reporting Standards.
First Nations Finance Authority	Interdependent policy related to certification and intervention protocol.
Aboriginal Financial Officers Association	Partnered approach to capacity development.
TULO Centre for Indigenous Economics	Partnered approach to capacity development.
Canadian Executive Service Organization	Partnered approach to capacity development.
University of New Brunswick	Partnered approach to capacity development
Nicola Valley Institute of Technology	Partnered approach to capacity development.
Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants	FMB Standards should be consistent with the Common Government Reporting Model.
CANDO	A national organization involved in economic development.
Aboriginal Affairs and Northern Development Canada	Reporting requirements, risk assessment, co-management and third party management.
Finance Canada	Interests in improved financial management of tax collection agreements.
Lands Advisory Board	Framework Agreement on Land Management includes financial administration requirements.
Financial Institutions and Capital Markets	Regulatory regime established by the fiscal institutions will address interests of lenders / investors in First Nation bonds.
Natural Resources Canada	- Major projects
First Nations Energy and Mining Council	- Major projects

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 strategic issues that the FMB faces in the coming year are diverse. Some *capacity development* issues are related to First Nations that continue to work through the FMB certification process. Others are *outreach* issues that relate to First Nations that are scheduled to the FMA but have not yet begun working with the FMB. There are also strategic issues related to First Nations or First Nation organizations that are not Indian Bands. Some of these issues relate to policy development and may require legislative amendments.

First Nations that are proceeding through certification

A strategic issue for these First Nations is *capacity development*. To date there are over thirty First Nations that have achieved a financial performance certificate. These communities are now working to further develop their financial management system. In order to build capacity, First Nations can:

- (a) Prepare a work plan using the FMB template;
- (b) Conduct a self-assessment of their current system using an FMB tool;
- (c) Identify areas that require improvement by comparing their system to FMB system standards;
- (d) Develop policies and procedures to address areas that require improvements using FMB samples; and
- (e) Consider potential impacts of changes to financial management policies to the entire organization.

The work and cost associated with achieving a system certification may be different for each First Nation depending on the nature of their existing financial management system. For example, First Nations financial management systems may be affected by the scope of operations, size of budget, competencies of existing staff. Even population size, land base, and region in which they are located can affect the financial management system.

Although in some cases, meeting FMB standards may simply be a case of *'writing down what we are already doing'*; in other cases there may be a requirement to do things differently and even to re-structure certain aspects of the organization. In these instances there may be resistance to change. Reasons given for resistance include: the system seems to be working fine already; people are too busy doing their day-to-day job to spend time on a new project; people do not know what to do or how to get there; the work is overwhelming; there is no immediate benefit from conducting this work; and, the perception that not meeting the standards is a criticism.

The FMB has developed financial management system standards and a variety of tools to support First Nations in this process. But since no First Nation has yet completed the Financial Management System Certification process, a challenge for the FMB internally will be to come to some consensus on methodology and judgment used to evaluate compliance with FMB standards. Continued review of the standards will be required.

The FMB will also identify best practices to assist the system development and implementation process. For example, the FMB could suggest that the First Nations establish a steering committee to provide guidance to the work. The steering committee could be comprised of elected officials and users of the system. A project champion must remind users of the long-term benefits to the community and reinforce the vision of improved governance and stewardship. Developing work plans is an important strategy that enables focus on discrete steps. A steering committee would be able to deal with challenges as they arise in the completion of the work plan. A steering committee could establish clear accountability and sends a message to the rest of organization of commitment to the project.

In addition, the FMB must avoid perceived or actual conflict by separating capacity development and certification work. This will ensure that certifiers are not certifying their own work. Partnering with other organizations such as CESO can avoid such perceptions by providing a database of third party service providers.⁶

Depending on the amount of work required there could be pressures on human and financial resources of the organization. Other approaches and tools that might be useful include: focus groups, webinars, online resources and social media. These tools might enable First Nations to communicate with each other about challenges they are facing and solutions that they are finding.

⁶ <http://www.ceso-saco.com>

First Nations that are on FMA Schedule but have not yet begun working with the FMB

Although there are now over thirty First Nations that have a financial performance certificate, there are over one hundred on the FMA schedule. This means that there are about seventy potential FMB clients that have not yet commenced developing a FAL or begun the certification process. A strategic issue related to these First Nations is the FMB's *outreach strategy*.

Some of these communities may be more interested in being members of the FNFA borrowing pool. For example, their business acumen, existing revenues, strategic location, proximity to services and economic opportunities may mean that they are interested in participating in the FMA borrowing process.

First Nations or First Nation Organizations that are not Indian Bands

Some First Nations have expressed an interest in working together to secure capital for major economic development projects. Legislative amendments would be required to support First Nations that are interested in working together so that an entity (for example a development company or a limited partnership) could be certified. In addition, there would be policy development work to determine which standards would apply.

There may be other self-governing First Nations or First Nation organizations (for example, societies established under provincial legislation) that may also be interested in securing access to capital for capital infrastructure projects. Again, there may be legislative changes and policy development work required to permit these First Nations and organizations to be certified.

Interim assessment of previous year's results

The 2013/14 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 Support First Nation Governments business line has been active working with First Nations as they proceed through the process to become certified. Some First Nations are just beginning to develop a Financial Administration Law, some are working towards their Financial Performance Certification, and some are working towards a Financial Management System Certification. Some First Nations are working on several of these pieces concurrently. The table below summarizes the work to date this fiscal year.

Table 5 - Assessment of 2013/14 Results: Supporting First Nation Governments

Performance Measure	As at December 31, 2013
<ul style="list-style-type: none"> 20-30 Presentations 	42 Presentations
<ul style="list-style-type: none"> 10-15 Financial Administration Law Reviews 	26 informal reviews including 16 compliance approvals
<ul style="list-style-type: none"> Monthly report on field assessments 	Ongoing
<ul style="list-style-type: none"> 10-15 financial performance reviews 	19 informal reviews including 15 certificates issued
<ul style="list-style-type: none"> 10-15 financial management system work plans 	10 financial management system work plans
<ul style="list-style-type: none"> 2-5 financial management system reviews 	3 financial management system reviews in progress
<ul style="list-style-type: none"> 10-15 First Nations funded 	25 funding agreements
<ul style="list-style-type: none"> Update to website 	Updated and ongoing
<ul style="list-style-type: none"> 4 events hosted 	6 (Vancouver, Smithers, Prince Rupert, Ottawa, Halifax)

Supporting Other Governments and Organizations

The table below summarizes the work to date this year.

Table 6 - Assessment of 2013/14 Results: Supporting Other Governments and Organizations

Performance Measure	Progress to January 2014
<ul style="list-style-type: none"> 1 MOU with a service delivery organization 	<ul style="list-style-type: none"> 1 (CESO)
<ul style="list-style-type: none"> 2 MOUs (BC, ON) 	<ul style="list-style-type: none"> 2 (Tulo Centre of Indigenous Economics / Thompson Rivers University, CESO, Ontario)
<ul style="list-style-type: none"> Research paper 	<ul style="list-style-type: none"> <i>"Opportunities for First Nations in Proposed LNG Projects in British Columbia"</i>
<ul style="list-style-type: none"> Submit a proposal for capacity development funding 	<ul style="list-style-type: none"> Included with annual Corporate Plan
<ul style="list-style-type: none"> Meeting with AANDC 	<ul style="list-style-type: none"> September 23, 2013 December 4, 2013
<ul style="list-style-type: none"> Discussion paper on the structure required to support major initiatives involving several First Nations. 	<ul style="list-style-type: none"> Draft discussion paper prepared in Prince George at LNG Conference
<ul style="list-style-type: none"> Demonstrate eminence through engagement with media 	<ul style="list-style-type: none"> Television and radio interviews Magazine and newspaper articles

Corporate Services

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

Table 7 - Assessment of 2013/14 Results: Corporate Services

Performance Measure	Progress to January 2014
<ul style="list-style-type: none"> Annual Corporate Plan 	<ul style="list-style-type: none"> Draft underway
<ul style="list-style-type: none"> Annual Report 	<ul style="list-style-type: none"> Annual Report complete
<ul style="list-style-type: none"> Annual General Meeting 	<ul style="list-style-type: none"> Scheduled for February 25, 2014
<ul style="list-style-type: none"> Board Strategic Planning 	<ul style="list-style-type: none"> Held October 29, 2013
<ul style="list-style-type: none"> 4 Board Meetings 	<ul style="list-style-type: none"> 8
<ul style="list-style-type: none"> 16 Committee Meetings 	<ul style="list-style-type: none"> 20
<ul style="list-style-type: none"> 2 newsletters 	<ul style="list-style-type: none"> 2
<ul style="list-style-type: none"> Information management system fully implemented 	<ul style="list-style-type: none"> TRIM implementation ongoing
<ul style="list-style-type: none"> Implement Access to Information and Privacy requirements 	<ul style="list-style-type: none"> One request received and responded to; ongoing compliance
<ul style="list-style-type: none"> Implement recommendations from the FMB special Examination (section 121 of the FMA) 	<ul style="list-style-type: none"> BDO (2013) Recommendations being implemented
<ul style="list-style-type: none"> Website 	<ul style="list-style-type: none"> Updated and ongoing
<ul style="list-style-type: none"> ERM session held and recommendations approved by the Board of Directors 	<ul style="list-style-type: none"> Strategic planning session in October 2013 Mock intervention with FNTC in December 2013

Analysis of external environment

The FMB Board of Directors held a strategic planning session in October 2013. A number of external environment strategic issues were identified.

Table 8 - External environment strategic issues

Strategic Issue	Description	Action
Motivation to participate	<ul style="list-style-type: none"> Although there are over one hundred First Nations on the FMA schedule, some may be more interested to participate in the borrowing process than others Priorities for expanding client base are to enhance the borrowing pool and create the critical mass for a debenture issue 	<ul style="list-style-type: none"> Proactive outreach strategy Defining criteria and indicators
Access to client information	<ul style="list-style-type: none"> Determining data type and source is important to get a better understanding of the unique circumstance of each community There is a link between the First Nation and the region in which it is located 	<ul style="list-style-type: none"> Define user requirements of database Design and populate database Staff training to use database
Resistance to financial management system certification	<ul style="list-style-type: none"> Self-assessment gap areas could be perceived as criticism No immediate pay-off / benefit from working on improvements to the financial management system There may be political / internal issues within the existing administration that may affect progress 	<ul style="list-style-type: none"> Support establishment of First Nation steering committee Steering committee to reinforce vision Steering committee to set work plan and timelines Steering committee to monitor issues

Strategic Issue	Description	Action
Work to build capacity is overwhelming	<ul style="list-style-type: none"> • People are too busy in their day-to-day jobs • Not clear what discrete steps and pieces of work are required • “We don’t know what to do” • “How do we get there?” 	<ul style="list-style-type: none"> • Develop additional MOU's with external service providers • Engage support of partners such as CESO • Inventory of courses • Focus group for First Nations to communicate with each other • Online resources • Proactive approach to self-assessment and work plans
Financial management system compliance	<ul style="list-style-type: none"> • First Nations of different size and circumstance may require identifying different risks within their financial management system 	<ul style="list-style-type: none"> • Work closely with first communities that engage in the system review
FNFA debenture issue	<ul style="list-style-type: none"> • There may be increased demand for FMB services as time approaches to an FNFA debenture • The FNFA will likely be issuing a debenture in 2014 	<ul style="list-style-type: none"> • Monitor demand for financial performance review • Conduct financial performance reviews in a timely fashion to support FNFA debenture
Timelines for major projects	<ul style="list-style-type: none"> • Some large, linear projects have tight timelines dictated by global markets 	<ul style="list-style-type: none"> • Respond to requests from First Nations to provide technical support

Assessment of corporate resources

The table below summarizes some corporate strengths and weaknesses.

Table 9 - Assessment of Corporate Resources

Strength	Risk
<ul style="list-style-type: none"> • The number of First Nations on the FMA schedule has grown and there is continued demand for FMB services • FMB responds to requests with presentations, tools, and templates • FAL and FP services and processes are well defined 	<ul style="list-style-type: none"> • FMB utilizes scarce human resources to respond to First Nations that are not motivated to participate because limited ability to borrow • FMB financial and human resource constraint • Design and implementation of financial management system is being undertaken for the first time
<ul style="list-style-type: none"> • FMB has developed tools and templates for certification • Financial management system work plan template has recently been completed • Work plan will support First Nations in their efforts to build capacity in their financial management system 	<ul style="list-style-type: none"> • First Nations are overwhelmed by material • FMB financial and human resource capacity to respond to demand from First Nations • Capacity development and certification functions must be separate so that certifiers are not evaluating their own work
<ul style="list-style-type: none"> • FMB has conducted research into possible approaches to major projects • This research can support First Nation efforts to secure an equity stake in major projects 	<ul style="list-style-type: none"> • Definition of role of FMB in support of major projects • Time constraints relative to projects

Objectives, Strategies and 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 FMA 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 2014/15, the Supporting First Nation Governments business line will:

Table 11 - Supporting First Nation Governments Targeted Outputs and Deliverables

Targeted Output	Deliverables
<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 Perform field assessments (gap analysis) of each new First Nation client in order to categorize and prioritize based on their certification readiness 	20 presentations
<ul style="list-style-type: none"> Review financial administration laws submitted to the FMB for comparison to FMB standards and provide compliance reports to First Nations Update existing FALs to meet changes in FMB standards 	10-15 Financial Administration Law reviews
<ul style="list-style-type: none"> Develop work plans with individual First Nations to assist in achieving Financial Performance Certification Upon request, conduct financial performance reviews 	10 to 15 Financial Performance reviews
<ul style="list-style-type: none"> Develop robust and 'risk-based' work plans with individual First Nations to assist in implementing Financial Administration Laws and achieving Financial Management System certification 	10 to 15 Financial Management System work plans
<ul style="list-style-type: none"> Support First Nations in the completion of a 'self-assessment' of the financial management system 	8 to 10 self-assessments
<ul style="list-style-type: none"> Upon request, conduct financial management system reviews 	4 to 6 Financial Management System reviews
<ul style="list-style-type: none"> Provide funding to First Nations to support their efforts in achieving FMB certification 	10 First Nations funded
<ul style="list-style-type: none"> Host relevant events and attend / present at relevant conferences and forums 	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 2014/15, the Supporting Other Governments and Organizations business line will:

Table 12 - Supporting Other Governments and Organizations Targeted Outputs and Deliverables

Targeted Output	Deliverables
<ul style="list-style-type: none"> Mock intervention with FNFA on 'other revenues' 	1 Mock Intervention 1 Report with recommendations
<ul style="list-style-type: none"> Develop research project work plans to support standards and policy development in public sector accounting specific to First Nations 	1 formal response to invitation to comment on Exposure Draft issued by the Public Sector Accounting Board.
<ul style="list-style-type: none"> Pursue capacity development work with AANDC 	Report on the review of Financial Management System standards and on capacity development gaps in existing financial administration systems
<ul style="list-style-type: none"> Pursue work with AANDC related to: General Assessment, Readiness Assessment, Intervention, audit review and FSO Responsibilities 	Compare FMB policies, standards, and procedure to AANDC requirements
<ul style="list-style-type: none"> Continue Major Projects research with other fiscal institutions 	Report implications on FMB should First Nations participate in major projects

Corporate Services

The Corporate Services business line will include activities that will be carried internally to support the operations of the FMB. These include management functions, finance, human resources, information technology and evaluation. In 2014/15, the Corporate Services business line will:

Table 13 - Corporate Services Targeted Outputs and Deliverables

Targeted Output	Deliverables
<ul style="list-style-type: none"> • Make preparations for strategic planning session to provide input for the Annual Corporate Plan 	Annual Corporate Plan
<ul style="list-style-type: none"> • Ask First Nations that may be willing to provide 'testimonial' as a case study in the annual report • Prepare text and graphic design of annual report 	Annual Report
<ul style="list-style-type: none"> • Provide notice, undertake logistics for Annual General Meeting • Prepare presentation and materials for Annual General Meeting 	Annual General Meeting
<ul style="list-style-type: none"> • Data management, document management 	File management system development & implementation
<ul style="list-style-type: none"> • Evaluation of compliance software needs 	Report from Privacy Consultant

Financial Plan

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

Table 14 - Financial Plan

Activity	2014/15	2015/16	2016/17	2017/18	2018/19
Salary & Benefits	1,565,195	1,860,017	1,990,664	2,029,295	2,068,687
Client Service Delivery	940,000	978,800	1,018,376	1,058,744	1,099,918
Policy Development	325,000	351,500	378,530	406,101	434,223
Operations & Management	952,905	991,963	1,031,802	1,072,438	1,113,887
Board of Director Fee & Expense	582,400	614,048	646,329	679,256	712,841
Travel	155,800	178,916	202,494	226,544	251,075
Support for Major Projects	0	0	0	0	0
Capital	70,000	70,000	70,000	70,000	70,000
Total	4,591,300	5,045,244	5,338,196	5,542,377	5,750,631

Number of Employees

The table below outlines the number of employees.

Table 15 - Number of employees

Activity	2014/15	2015/16	2016/17	2017/18	2018/19
Number of employees	15	16	17	17	17