



First Nations Financial Management Board

Corporate Plan 2017-2018

**Approved by the Board of Directors of the First Nations Financial Management Board on August 14, 2017*

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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.

Pursuant to discussions with INAC and the publishing in late 2016 of the report commissioned by INAC entitled “Business Case for Future Funding of the Three Institutions Created by the FMA” by John Graham, the FMB put forth in February 2017 a Five year Strategic Plan (“Strategic Plan”) that reflected a continuation of the growth in demand for its service based on historical trends. Contrary to the messaging received from INAC and reflected in the above referenced report, INAC quickly rejected this plan as being too aggressive for budget and mandate. Some of the key measures in the rejected Strategic Plan are presented in Table 1 below:

	Previous Year	Forecast year				
	Budget					
	Fiscal 2016/2017	Fiscal 2017/2018	Fiscal 2018/2019	Fiscal 2019/2020	Fiscal 2020/2021	Fiscal 2021/2022
Total FMB Expense	6,923,141	11,907,727	14,113,894	15,913,331	16,381,887	16,523,409
FALS enacted (Cumulative)	96	126	156	186	211	236
FP Reviews (Cumulative)	86	116	146	176	201	226
FMS Reviews (Cumulative)	4	22	43	77	107	132

Table 1 – Key Measures for Rejected Strategic Plan

Goals of the February 2017 Rejected Strategic Plan submitted by the FMB to INAC are presented in Figure 1 below.

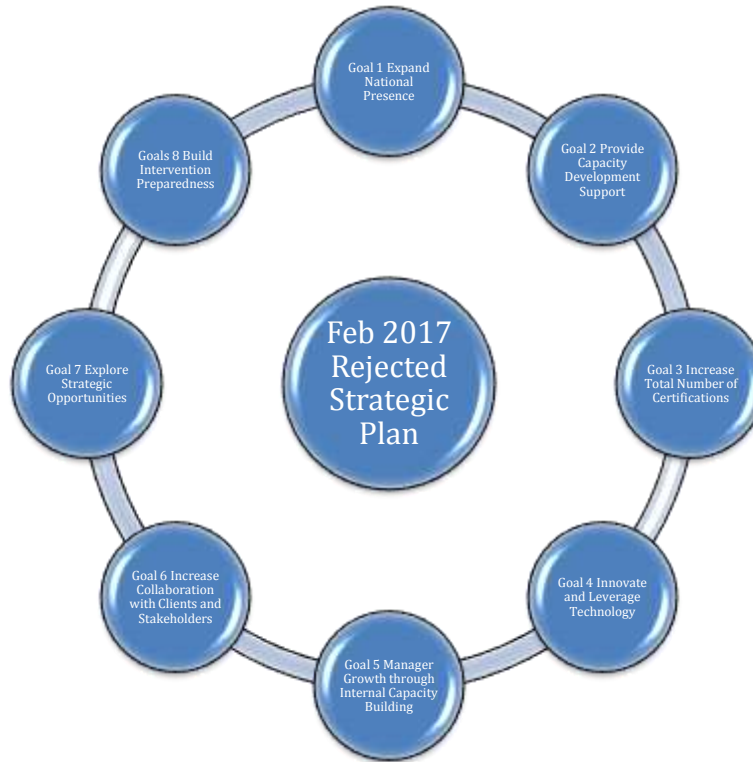


Figure 1- Feb 2017 Rejected Strategic Plan

Although the funding level for 2017/2018 is not what the FMB is accustomed too, it will work within a budget for its core programs with \$7,091,300 with surpluses to a total of \$8,105,012 with a watered down strategic objectives from its February 2017 submission. Also, that an additional note non-core program funding of \$1,416,516 will be expended on the Default Management Pilot Project (Appendix A) and \$214,346 for the First Nations Major Projects Coalition (Appendix B).

Operations Budget	2017/18
Annual Base 2017/18	\$4,591,300
Core Funding 2017/18	2,500,000
Current Year Base and Core Funding	7,091,300
Annual Base Surplus 2016/17	245,949
Mid-Year Surplus 2016/17	767,763
Funds Available	8,105,012
Separate Funding from A Base	
DMPP Surplus 2016/17	672,914
DMPP 2017/18	743,602
FNMPC Surplus 2016/17	\$214,346

Our Key measures for the 2017/18 fiscal year will be as follows;

Description	FAL	FAL Updates	FP Cert	FMS Cert
Balance at April 1st, 2017	103	22	85	4
Estimates for the Year	15-20	4-6	10-15	4-6
Balance estimate for March 31, 2018	118-123	26-28	95-100	8-10

The number of First Nations participating in the FMA continues to grow. As at April 1, 2017 there were 211 (two hundred and eleven) First Nations that had chosen to have their official name added to the Schedule of the FMA. The FMB will continue to reach out to those First Nations whose names are not yet on the Schedule of the FMA and will continue to encourage those First Nations who are striving to make their communities successful. We estimate that approximately 25-30 (twenty five to thirty) additional First Nations will request to have their official names added to the FMA Schedule by fiscal year end.

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. As a national institution, the FMB will seek and respond to First Nations clients in all provinces and territories. It is anticipated that the upcoming fiscal year 2017/2018 will see a similar number of First Nations commencing the development of their Financial Administration Law (“FAL”) and requesting a Financial Performance Certificate.

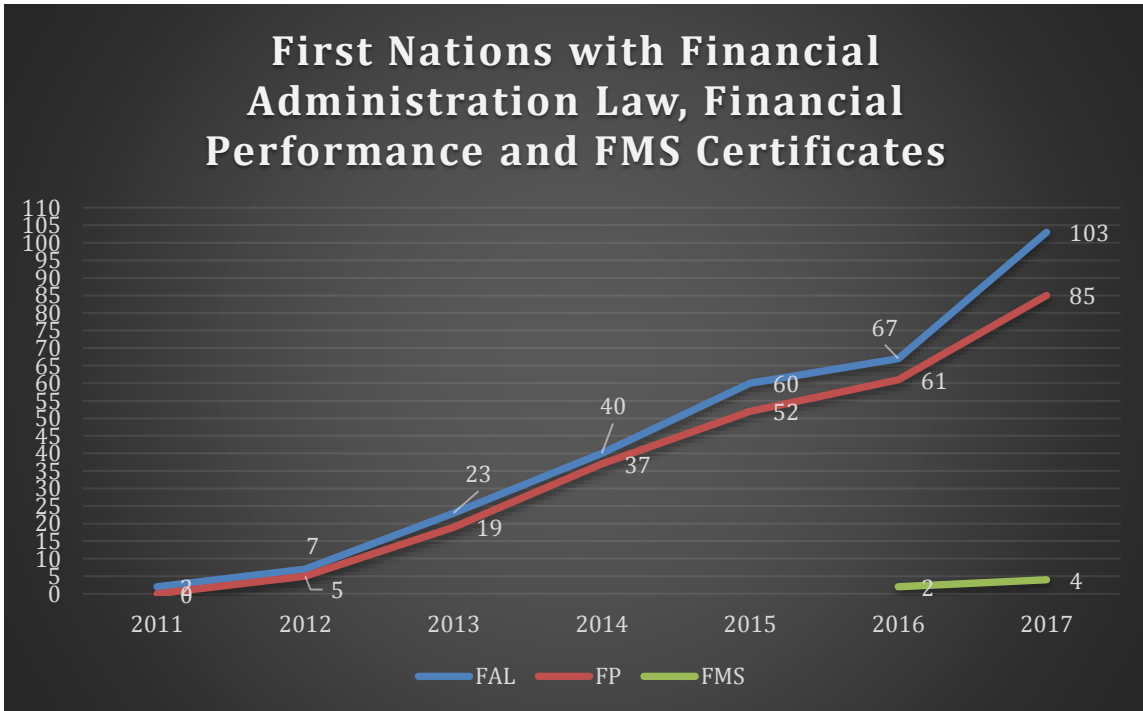


Figure 2 – Count of First Nations with FAL and Financial Performance that meets FMB Standards – April 1, 2017

As of July 25, 2017, the FMB has already issued 9 (nine) new FAL compliance approvals, 6 (six) updated FAL compliance approvals, 7 (seven) Financial Performance Certificates and 1 (one) Financial Management System Certificate. We expect for the fiscal year 2017/18 to issue approximately a 15-20 (fifteen to twenty) FAL compliance approvals, 4-6 (four to six) updated FAL compliance approvals, 10-15 (ten to fifteen) Financial Performance Certificates, and 4-6 (four to six) Financial Management System Certificates, bringing the projected totals to an upper maximum of 123 (one hundred and twenty-three) approved FAL's, 22 (twenty-two) updated FAL's, 100 (one hundred) Financial Performance Certificates and 10 (ten) Financial Management System Certificates.

Our focus at the FMB for the next couple of years is to ensure those First Nations who have chosen to participate in a debenture issuance by the First Nation Finance Authority (the "FNFA") are given priority to ensure that they are able to meet the 36 (thirty six) month deadline from their first initial borrowing draw. For an FMS Certificate, currently there are 98 (ninety-eight) First Nations who are in the Financial Management Systems development and Implementation Process and we are expecting another 15-20 (fifteen to twenty) to be added to the list this year. The Capacity Development and Intervention and Standards and Certification business lines will work closely together to co-ordinate time and staff resources to ensure those First Nation who is going through the FMS implementation process are reviewed and certified in a timely and supportive manner.

Due to the increase in demand for FMS Certifications the following increase in Human Resources will take effect:

Department	Current FTE	New FTE	Improved FTE
Capacity Development & Intervention	5	4	9
Standards & Certification	3.5	4	7.5

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

Some First Nations have pursued self-government through the negotiation of treaties. A number 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.

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 on this objective through its four business lines:

Marketing, FAL's & Stakeholder Relations	Capacity Development & Intervention	Standard & Certifications	Corporate Services and Legal
<ul style="list-style-type: none"> •Market Development •Stakeholder Relations •FAL Compliance Reviews 	<ul style="list-style-type: none"> •Capacity Development tools and plans •Organizational Capacity building •Intervention services under the First Nations Fiscal management Act •Post-Certification client support 	<ul style="list-style-type: none"> •Design and develop FAL Compliance Standards and procedures •Perform FP ratio analysis •Perform FMS Certification Analysis 	<ul style="list-style-type: none"> •Administrative Management •Legal Support •Financial Reporting •Legislative Amendments •Monitor FMB Compliance with relevant legislation

Table 2 - FMB Business Lines and Activities

Strategically, FMB has realigned its Strategic objectives and will focus on the following during the 2017/2018 fiscal year;



Figure 3 – 2017/18 Strategic Goals

The budget for core activities for fiscal year 2017-2018 is \$8,105,012. The budget is summarized below:

Activity	2017/18
Salary & Benefits	3,658,107
Client Service Delivery & FNMPC (\$190,248)	1,442,885
Policy Development	326,597
Operations & Management	1,417,273
Board of Directors Fee & Travel Expense	620,250
Travel	349,900
Intervention Reserve	\$200,000
Capital	90,000
Total	\$8,105,012

Table 3 – Financial Plan



Mandate

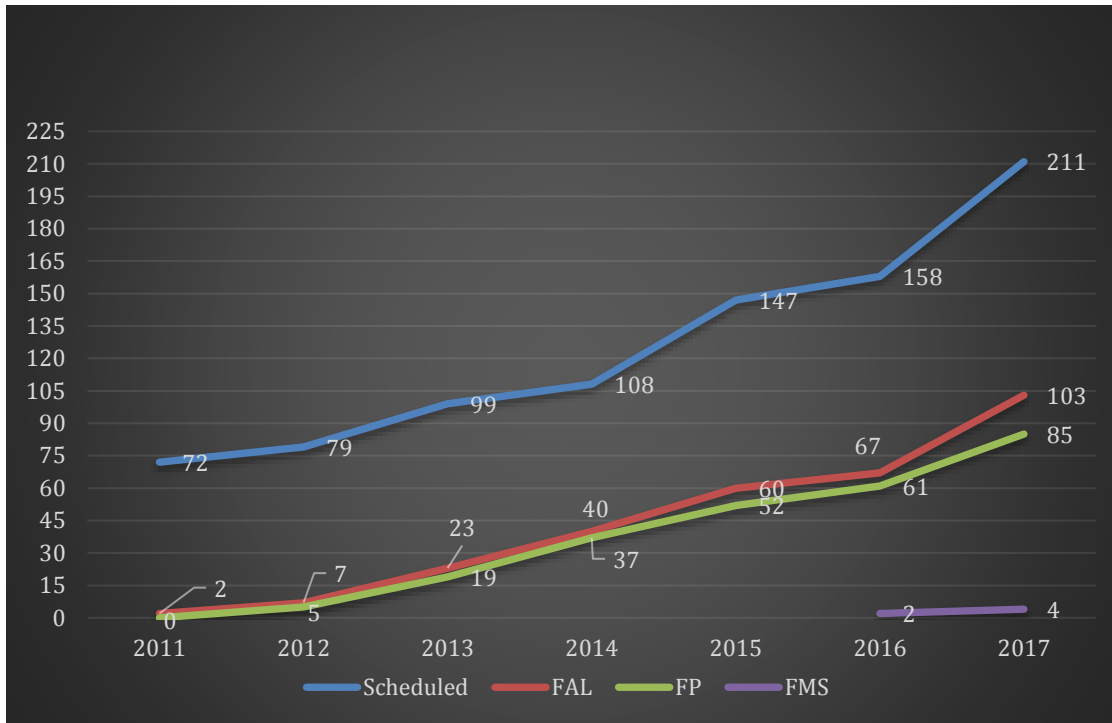
The FMB will provide the tools and guidance that will instill confidence in First Nations' financial management and reporting systems to support economic and community development.

Sections 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 Nations financial management;
- Provide assessment and certification services respecting First Nations financial management and financial performance;
- Provide financial monitoring services respecting First Nations 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 April 1, 2006. The FMA is an optional initiative – in order to participate a First Nation must pass a Council Resolution to request the Minister of Indigenous and Northern Affairs Canada to add their community’s name to the FMA Schedule. As of April 1, 2017 there were 211 (two hundred and eleven) First Nations that have done so and are now listed on the FMA Schedule. These communities are the primary client base of the FMB. As the FMB is gaining momentum each year we expect the number of First Nations scheduled will increase dramatically over the years to come.



*as of April 1, 2017

Figure 4 – Number of First Nations scheduled to the FMA, with a FAL, a Financial Performance Certificate and Financial Management System Certificate

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 March 23, 2005 and came into force on April 1, 2006.

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

In addition to those First Nations listed on the FMA Schedule, there has been interest of non-scheduled and non-taxing First Nations that are interested in securitizing their own source 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 INAC Ministerial approval 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 Indigenous & Northern Affairs Canada who is 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 AFOA Canada.

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

- Audit and Risk Management Committee
- Governance and Human Resources Committee
- Standards, Approvals, and Certification Committee
- Marketing and Capacity Development Committee
- Special Projects Initiative Committee
- Executive Committee

The current Organizational Chart and Board Committees of the FMB are shown in Figure 3 on the following page.

The FMB Management Team

Executive Chair-Harold Calla

The Executive Chair is responsible for providing executive oversight of the decisions of the Board of Directors of the FMB, for supporting and implementing the vision of the Board, as well as for overseeing the strategic and corporate plans for the organization.

Chief Operating Officer- Brian Titus

The Chief Operating Officer (“COO”) is primarily responsible for the management of the day-to-day operations including human resources, administrating contracts, leading legislative amendments, monitoring and evaluating the FMB’s performance to the Boards’ plans. The Chief Operating Officer reports to the Executive Chair.

Director, Market Development, FALs & Stakeholders Relations-Shayla Point

The Director, Market Development, FALs and Stakeholders Relations is part of the senior management team reporting to the COO and is responsible for managing the ongoing relationship with First Nations, including marketing and business development efforts to engage new clients. This Director is also responsible for providing operational support to First Nations wishing to enact a FAL, and conducts legal reviews and provides feedback to clients regarding compliance with FAL Standards. The Director provides the FMB Board of Directors with legal opinions and recommendations regarding FAL compliance approvals. With respect to stakeholder relations, this Director also ensures that the FMB engagement approaches (across all business lines) responds to client needs. Finally, the Director develops and maintains relationships with other First Nations organizations.

Director, Capacity Development and Intervention-Suzanne Trottier

The Director, Capacity Development and Intervention is part of the senior management team reporting to the COO and is responsible for managing and monitoring of Capacity Development for First Nations organizations and helps develop and implement the Financial Management Systems for certification , as well as performing the duties of the Intervention Officer as required by the regulations. This Director is also responsible for conducting the Default Management Prevention Pilot Project and soon the Support Service Pilot Project.

Director, Standards and Certification-Scott Munro

The Director, Standards and Certification is part of the senior management team reporting to the COO. The Director is responsible for reviewing and overseeing all activities related to standards and certification.

Fiscal Management Act Regulatory Regime

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 own source revenues to repay the loan. First Nations interested in participating must first apply to be added to the FMA Schedule. Figure 6 below describes the scenario of a First Nation pledging property tax or other revenues to repay an infrastructure or economic development loan.

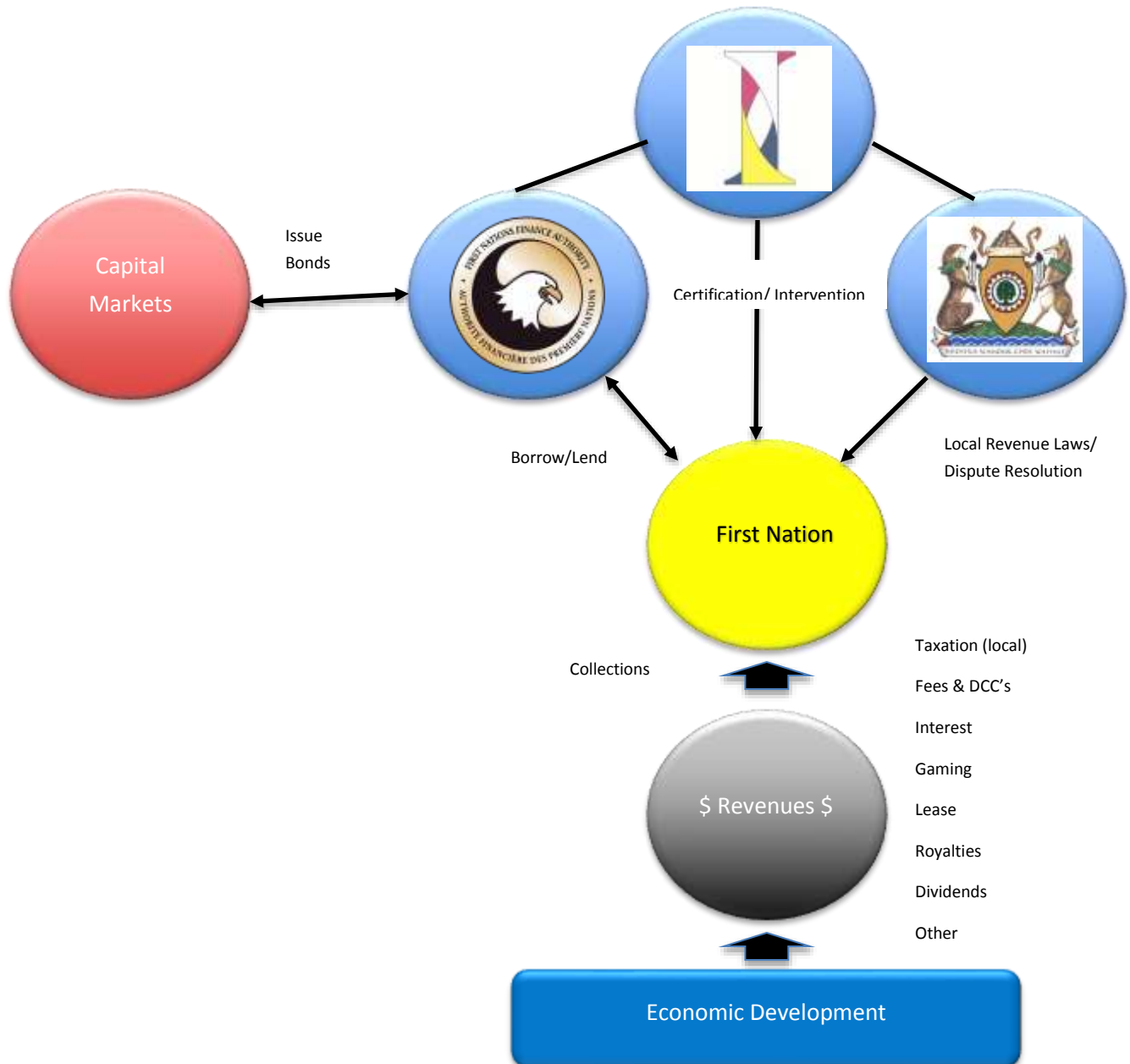


Figure 6 - An overview of the FMA regulatory regime

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 pledge property tax or other own source revenues for loans through the FMA legislative program, 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 Financial Administration Law Compliance Review and a Financial Performance Certificate to the First Nation indicating that it meets the standards set by the FMB. For these purposes the FMB has issued its *Financial Performance Standards*. This certificate may be used by a First Nation to support its application to become a borrowing member of the FNFA. Every borrowing requires the First Nation secure a new Financial Performance Certificate.

A First Nation must obtain a Financial Management System Certificate from FMB within 36 months after the First Nation receives proceeds for the first time from a debenture (or equivalent instrument) issued by the FNFA and before it may obtain a second loan from the FNFA. The FMB has issued the *Financial Management System Standards* for purposes of issuing a First Nation a Financial Management System Certificate. The FMB has also issued the *Financial Management System Certification Procedures* and the *Financial Performance Certification Procedures* to guide First Nations who are applying for a certificate from the FMB.

A First Nation will not be issued a Financial Management System Certificate or a Financial Performance Certificate by FMB unless the First Nation's law or laws respecting financial administration have first been reviewed and given compliance approval by the FMB. The First Nation's law or laws must meet the requirements of the *Financial Administration Law Standards* before they will be given a compliance approval. 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.

Pursuant to section 142 of the FMA, the GiC 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 FMA provides the FMB with authority to require First Nations to enter co-management or third party management in three (3) circumstances. First, the FNTC may, in certain circumstances relating to First Nation tax laws, direct the FMB to impose co-management or third party management over the First Nation's local revenues. Second, the FNFA has the parallel power to direct the FMB to require a First Nation to enter co-management or third party management if a borrowing member First Nation has not met its payment obligations. Third, the FMB can self-initiate intervention, if in their opinion, there is serious risk that a First Nation will default on an obligation to the FNFA.

FMB certification coupled with the intervention authority gives the capital markets the confidence to invest in bonds issued by the FNFA, and are fundamental to the benefits that flow from this access to capital. The oversight framework of the FMA was reviewed by rating agencies and investment banks, and during this review the standards and certification processes were examined, which contributed to the achievement of the investment grade credit rating given to the FNFA.

The FMB Financial Performance Certificate has been accepted as a proxy in INAC 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.

Currently there are 98 First Nations who are working towards a Financial Management System Certification in various levels of completion and approximately 15-20 (fifteen to twenty) First Nations would be added each year. The FMB is faced with a crisis where there are not enough capacity in the Capacity Development or the Standard and Certifications business lines in order to maintain the growing certification interest from First Nations. FMB plans to add resources to mitigate the problem as follows;

Standards and Certification

- Fill the vacant Senior Manager position – This individual will oversee Certification activity and allow the Director to add value to the FMB in other more strategic way
- Managers – 3 (three) new staff members will be hired to respond to increased certification workload

Capacity Development & Intervention

- Managers – 4 (four) new staff members will be hired to respond to increased workload

It is estimated it could take up to 2 (two) to 3 (three) years for First Nations to complete the FMS process, this depends on the First Nations capacity and resources that it can dedicate to the process. In our certification experience to date we have heard constructive feedback from First Nations. In the summer of 2017 the FMB will complete a comprehensive review of its collection standards, with the goal of publishing 2 (two) or more separate Exposure Draft documents outlining some proposed changes in response to this feedback. Any changes proposed will seek to balance the needs of First Nations with those of rating agencies and the FNFA.

Business Lines

There are four (4) FMB business lines. Activities are mapped to the business lines in the figure below.

Marketing, FAL's & Stakeholder Relations	Capacity Development & Intervention	Standard & Certifications	Corporate Services and Legal
<ul style="list-style-type: none"> • Market Development • Stakeholder Relations • FAL Compliance Reviews 	<ul style="list-style-type: none"> • Capacity Development tools and plans • Organizational Capacity building • Intervention services under the First Nations Fiscal management Act • Post-Certification client support 	<ul style="list-style-type: none"> • Design and develop FAL Compliance Standards and procedures • Perform FP ratio analysis • Perform FMS Certification Analysis 	<ul style="list-style-type: none"> • Administrative Management • Legal Support • Financial Reporting • Legislative Amendments • Monitor FNFMB Compliance with relevant legislation

Table 4 - Activities by Business Line

Marketing, FAL's & Stakeholder Relations

This business line comprises the ground floor work for those First Nations who are interested in taking the first step in the FMB process, this usually starts where a First Nation requests a presentation to the Council on what the full process entails and its benefits. The staff will then ask for a Letter of Cooperation from the First Nation and present them with a sample financial administration law. Staff will continue to work with the First Nation and/or its legal representative.

Once the FAL has been submitted by the First Nation, the Director of Marketing, FALs and Stakeholder Relations will do a legal review to ensure that it meets all the requirements of the Financial Management Board standards.

Another responsibility of this business line is to keep the relationship moving forward with the First Nation during the development of the Financial Management Systems process, as well as marketing the FMB brand to prospective First Nations' clients.

Capacity Development and Intervention

This business line is responsible for primary interaction between the FMB and its clients for Capacity Development and Intervention activities and services. The Capacity Development and Intervention business line supports First Nations by building capacity for an organization as a whole by helping implement their financial management systems to meet the FMB standards.

For Intervention, the Capacity Development and Intervention business line is year two (2) of a three (3) year pilot project on Default Management Prevention, which has been quite successful.

Recently, INAC has requested FMB to submit a proposal on support services pilot project based on a discussion paper "Research into Support Services" that the FMB has submitted last fiscal year. Our objective is to have this available for funding under the mid-year funding call opportunity. See Appendix C "Research into Support Services"

The FMB works with other governments and organizations as described in the Table 5 below:

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.
Public Sector Accounting Board (PSAB)	FMB Standards should be consistent with the Common Government Reporting Model.
CANDO	A national organization involved in economic development.
Indigenous and Northern Affairs 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

Table 5 - Other governments or institutions working with FMB

Currently, Capacity Development and Intervention business line has 98 (ninety eight) First Nations that are working towards a Financial Management Systems certificate, with approximately 15-20 (fifteen and twenty) new First Nations starting the process each year. Currently this function is underfunded and requires additional Resources to meet the demands over the next number of years. The current caseload per Capacity Development and Intervention manager is approximately 20-26 (twenty to twenty-six) First Nations, 10-13 (ten to thirteen) is a more manageable number to effectively assist the First Nation client.

Currently there are 98 First Nations that are in the Financial Management System certification process in various levels of completion as follows:

Phase I	42	FMS Readiness Assessment and Implementation work plan
Phase II	37	Policy Drafting
Phase III	<u>19</u>	Implementation and Final Readiness Assessment
Total	98	

Focus will be on adding additional human resources to the Capacity Development and Intervention team so that we can meet the number one objective:

To ensure that First Nation bands that are in the First Nation Finance Authority's Borrowing Pool or Pending are given priority to those that have committed to the 36 month deadline to implement the FMS.

Currently those First Nations that are in the borrowing pool that have passed or are coming towards the 36 (thirty six) month deadline for the FMS Certification are as follows: 13 of the 19 in Phase III, 15 of the 37 in Phase II, and 3 of the 42 in Phase I.

The FMB expects to see approximately 4-6 (four to six) First Nations achieve FMS Certification this year, with this number rising in future years as the FMB's funding and resources also increase.

Standards and Certification

This business line is responsible for establishing standards and improving standards for financial administration laws, financial management systems, financial performance, local revenues financial reporting and providing certification services in relation to those standards. The business line has been actively updating standards and delivering certification services to First Nations upon their request.

The workload of the Standards and Certification business line has grown in recent years, as the number of First Nations implementing their FALs and seeking FMB certification services has increased due to a large number of First Nations that are going through the Financial Management Systems process.

Over the next couple of years, we expect that there will be large number of First Nations who will be developing and implementing their Financial Management Systems and who will be looking for certification from the Standards and Certification team.

As of April 1, 2017, there are 98 (ninety eight) First Nations who are in the process of developing and implementing the Financial Management Systems and another 15-20 (fifteen to twenty) First Nations each year will be added to this process.

Currently it takes approximately 300 (three hundred) hours to do a risk based approach review of the FMS and 40-45 (forty to forty-five) hours for a Financial Performance review for a First Nation that is requesting certification. Currently, FMB is understaffed to meet the needs of certification for both the financial performance and Financial Management System certification. More staff is required for the FMB to maintain its mandate to ensure that guidelines, policies, and certification criteria are all met. FMB will work on ways to improve our practice in order to decrease our time in certifying First Nations without jeopardizing our quality.

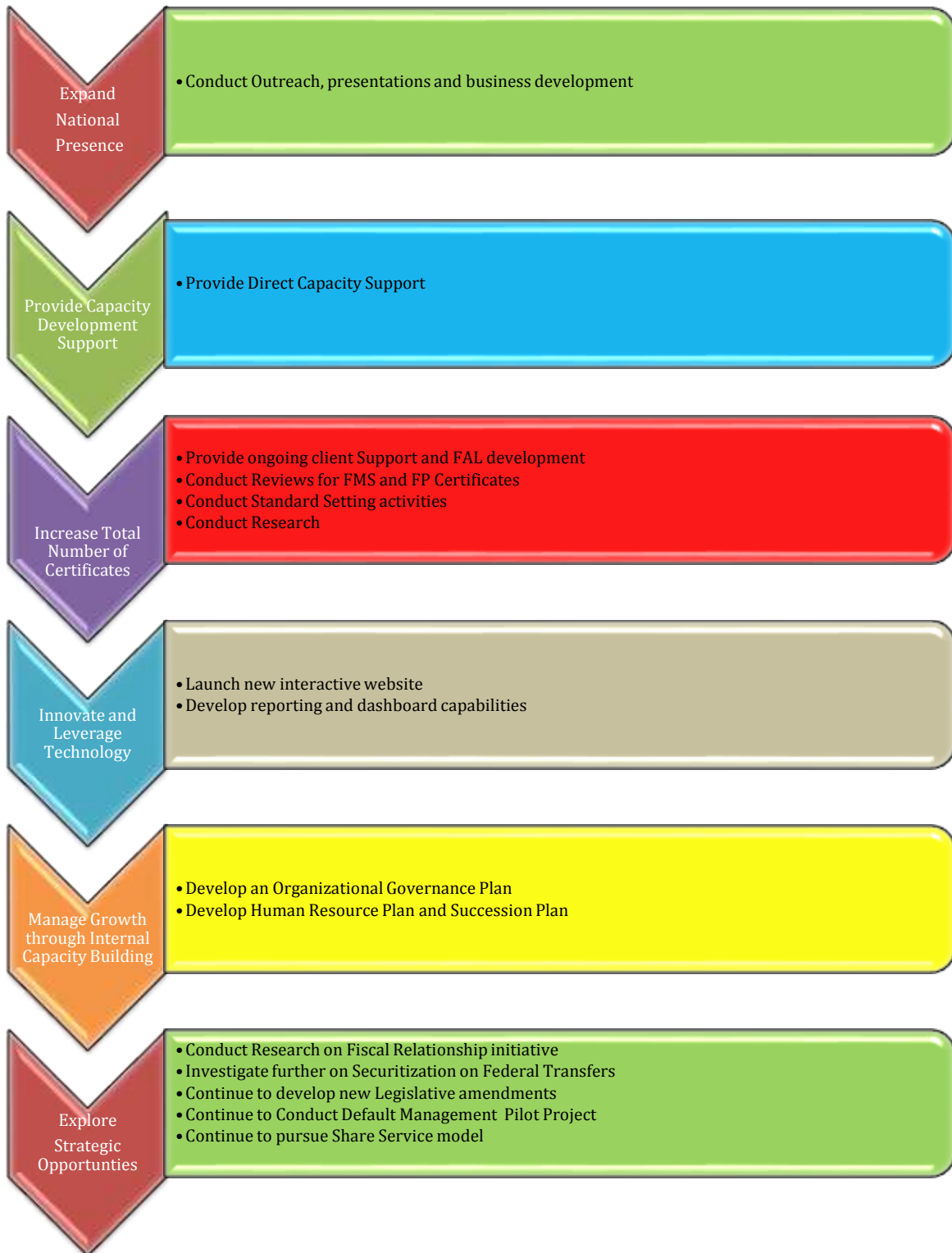
During the year the FMB expects to publish two (2) or more separate Exposure Drafts with substantive changes to some of its standards in an effort to remain responsive to the certification needs of First Nations and to ensure the ongoing strength and resilience of the borrowing regime that exists under the FMA.

Corporate Services

The Corporate Services business line is responsible for the activities that are carried out internally to provide the operational and administrative support 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, reporting, information technology and evaluation. Other important function of corporate services is legal, attending to legislative amendments and exploring strategic opportunities.



Strategic Goals for 2017/18



Strategic Goal #1 - Expand National Presence

This strategic goal is what will make the FMB successful in obtaining other goals such as increasing our total number of certifications. This will be carried out by the Marketing, FALs and Stakeholder Relations team and it will be obtained by the following actions and measures:

Action One: Conduct outreach, presentations and business development

- 60-75 Presentations to First Nations
- 4-6 Presentations to other Organizations
- Participation at 2-4 First Nations events
- Head Sponsor of AFOA International Conference

Strategic Goal #2 - Provide Capacity Development Support

This strategic goal is to build financial capacity within First Nations governments in regards to financial management as our Capacity Development and Intervention managers work with First Nations to develop and implement the Financial Management Systems. This will be carried out by the Capacity Development and Intervention team and it will be obtained by the following actions and measures:

Action One: Provide direct capacity support

- Provide Preference to First Nations who are in the Borrowing Pool and are coming up the 36 month deadline
- Have approximately 4-6 First Nations ready for Certification review
- Have approximately 8-10 move from Phase II to Phase III
- Have approximately 10-12 move from Phase I to Phase II

Action Two: Conduct workshop

- Conduct Workshop At International AFOA Conference

Strategic Goal #3 - Increase Total Number of Certifications

This strategic goal is to increase the number of First Nations eligible to enter the FNFA's borrowing pool and provide proof that FMB certification is an achievable outcome. This goal will be carried out jointly by the Marketing, FAL, & Stakeholder Relations and the Standard and Certification teams and it will be obtained through the following actions and measures;

Action One: Provide ongoing client support and FAL development services

- 20-25 Signed letters of Cooperation with First Nations
- 15-20 FAL's approved
- 4-6 FAL updates

Action Two: Conduct reviews for FMS and FP Certificates

- 15-20 Financial Performance Reviews
- 10-15 Financial Performance Certificates
- 4-6 Financial Management Systems Certificates

Action Three: Conduct standard setting activities

- Complete review of current standards and publish changes for comments by First Nations, FNFA and FNTC

Action Four: Conduct research

- Conduct research and development of new standards and procedures needed for any Periodic Review or Monitoring activity

Strategic Goal #4 - Innovate and Leverage Technology

This strategic goal is to modernize FMB through technology in where it will become a helpful tool for the First Nations and FMB in managing files to become more efficient. This will be carried out by the Capacity Development and Intervention team and it will be obtained by the two (2) actions and measures:

Action One: Launch new Website

- Launch New Website in November 2017

Action Two: Develop reporting and dashboard capabilities

- Implement an interactive dashboard for tracking certifications and capacity development

Strategic Goal #5 - Manage Growth through Internal Capacity Building

This strategic goal is to manage the growth in caseloads of staff within the Capacity Development and Standards and Certification business lines through becoming more efficient and building capacity within. This will be carried out by Corporate Services and it will be obtained through the following actions and measures:

Action One: Develop an Organizational Governance Plan

- Update Accountability Framework and Job Descriptions
- Update Board Governance Manual
- Compile and Update the FMB's Internal organization policies

Action Two: Develop a Human Resource Plan and Succession Plan

- Based on the Accountability Framework create a plan that will meet the needs for the future

Strategic Goal #6 - Explore Strategic Opportunities

This strategic goal is multi-faceted in which we all will expand the Financial Management capabilities in First Nations as it is also within the mandate of the FMB. This will be carried out by the Executive Chair and the entire team of the FMB and will be obtained through the following activities and measures:

Action One: Investigate Fiscal Relationships initiative

- Conduct research on the Fiscal Relationships initiative

Action Two: Investigate further on securitization of federal transfers

- Develop and Present to INAC the FMB's views and recommendations

Action Three: Continue to develop new legislative amendments

- Develop and Present to INAC and FMA institutions FMB views and recommendations for substantive legislative changes
- Continue with Section 141 working with the INAC, Province of BC and Treaty bands

Action Four: Continue to conduct Default Management Prevention Pilot Project

- Continue to provide guidance and support in the Default Management to First Nations under the program.

Action Five: Continue with pursuing the Shared Services Model

- Submit to INAC a Shared Services Pilot Project proposal



Analysis of external environment

A number of external environment strategic issues have been identified in the Table below:

Table 6 - External environment strategic issues

Strategic Issue	Description	Action
Building capacity and/or meeting the required timeframe for Financial Management System Certification	<ul style="list-style-type: none"> • Currently most, if not all Financial Administration Laws contain “coming into force” provisions within a 36-months timeframe. Currently, there are 98 First Nations in the FMS Process, in which 31 have come to the 36 month deadline or whom are coming close. • Certification requires dedication and significant time commitment. • Building capacity requires human and financial resources. • Turnover in employees within First Nation finance administration regime. 	<ul style="list-style-type: none"> • Increase human resources both in Capacity Development and Intervention and Standard and Certifications. • Continue to employ a risk-based approach to FMS Certification. • Employ a new service delivery model to better coordinate capacity development and FMS Certification services.
Business Development	<ul style="list-style-type: none"> • Being listed on the FMA schedule does not necessarily indicate a willingness to develop a FAL or to get certified. • FNFA wants to see 100 borrowing members by March 31, 2020, currently they are 65 borrowing members. • FNFA wants to reach \$1 Billion dollars in their portfolio in the next few years. • FMB provides services to First Nations in different circumstances. 	<ul style="list-style-type: none"> • Communicate the benefits of FMB certification and the FMA regime. • Capitalize on the momentum the FMB and FMA are gaining in other provinces and Territories (ON, MB, NB, and NS). • Continue the working relationship of the Major Projects Coalition to attract clients. • To Communicate with FNFA on a regular basis. • AFOA Canada International Conference Sponsorship.
Competition	<ul style="list-style-type: none"> • Some First Nations are choosing conventional lenders, which do not require certification and have offered competitive rates. • Other groups have profited from providing refinancing or debt restructuring services to First Nations in exchange for significant fees. • Some First Nations have pursued certification from other for-profit standard-setting organizations (e.g. ISO). 	<ul style="list-style-type: none"> • Communicate the other benefits of FMB certification and that FMB services are free of charge. No hidden fees. • As the FNFA borrowing pool grows, rates will become even more favourable. • FMB Certification is risk mitigation when looking to Commercial lenders for Risk Lending.

Assessment of corporate resources

The Table below summarizes some corporate strengths and weaknesses.

Table 7 - Assessment of Corporate Resources

Strategic Issue	Description	Action
How will the FMB support First Nations efforts in capacity development?	<ul style="list-style-type: none"> • More than 65 First Nations have achieved Financial Performance Certification and have become Borrowing Members, and are now required to achieve Financial Management System Certification. • Currently 98 First Nations are going through the FMS Process • A First Nation's FAL needs to be updated to the current FMB FAL Standards prior to FMS Certification. • Each FMS Certification requires a significant commitment of resources on the part of the FMB. 	<ul style="list-style-type: none"> • Priority given to Borrowing members and who are pending to be borrowing members with the FNFA in order to meet 36 month deadline. • The new service delivery model will better coordinate capacity development and FMS certification services. • Increase staff resources • Continue to provide direct financial support to First Nations to implement their FMS work plans. • Support Advancement of Support Services Pilot Project.
How does the Fiscal Relationship initiative affect FMB and First Nations under the FMA Regime?	<ul style="list-style-type: none"> • There are talks with INAC about delegating some or all legislative authority over First Nations and Lands reserved for First Nation from Canada to the Province by shifting responsibilities from Section 91.24 of the Constitution Act, 1867 to section 92. • Participating in Federal and First Nation discussions on the topic. 	<ul style="list-style-type: none"> • Conduct investigation on Fiscal Relationship and what it really means for the FMA Regime. • Meet with Provincial Governments on this topic.
How will the FMB respond to requests to provide additional services in the future?	<ul style="list-style-type: none"> • The FMB may be able to provide additional services, consistent with its legislative mandate, such as support for First Nations to exit Default management, Shared Services model, and services to self-governing First Nations. • FMB Section 141 working group to include Treaty Bands and Self Government Bands under the FMA regime. 	<ul style="list-style-type: none"> • Continue Pilot Project in regards to Default Management. • Pursue Shared Services model Pilot project with INAC. • Work with the federal government, FMA institutions, provincial governments and First Nations to develop option(s) for self-governing First Nation to participate in the FMA.

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:

- To ensure that First Nations that are members of the FNFA's borrowing pool and who have participated in a debenture issuance are given priority to meet their 36 month commitment to achieve FMS Certification.
- Support First Nations 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 Reflect UNDRIP.
- Respond to private sector requirements for investment on First Nation lands.

The FMB has four (4) business lines to achieve these objectives. The business lines and the objectives for each are presented in the table below.



Business Line	Activities
Marketing, FAL's and Stakeholder Relations	<ul style="list-style-type: none"> ● Support First Nations in developing financial administration laws that comply with the FMB FAL Standards ● Provide compliance approval of First Nations financial administration laws ● Provide Presentations to First Nations who request to meet ● Provide First Nations with a Letter of Commitment who request to join the FMA Schedule ● Outreach activities to increase client base and Develop new Markets ● Outreach to Stakeholders ● Oversee access to information requests
Capacity Development and Intervention	<ul style="list-style-type: none"> ● Develop and deliver financial management capacity development tools and services ● Develop procedures for intervention ● Intervene on a First Nation's financial administration in accordance with the FMA ● Continue Default Management Prevention Pilot Project
Standards and Certification	<ul style="list-style-type: none"> ● Develop and maintain standards for financial management administration laws, financial performance, financial management systems, and local revenue financial reporting ● Develop and maintain procedures for certification of First Nations against the FMB standards ● Certify First Nations for Financial Performance and Financial Management Systems based on Standards
Corporate Services	<ul style="list-style-type: none"> ● Provide internal financial management services ● Provide internal administrative support services ● To Strategically lead the organization based on direction provided by the Board of Directors ● Monitor FMB compliance with all relevant legislation and regulations ● Work with Special Project Initiatives on Natural Resource ● Gather documentation for access to information requests

Table 8 - FMB Business Lines and Activities

Marketing, FALs and Stakeholder Relations

In 2017/18, the Marketing, FALs and Stakeholder Relations business line will:

Actions to meet Strategic Goals	Performance Measure
<ul style="list-style-type: none"> Conduct outreach, presentations and business development 	<ul style="list-style-type: none"> 60-75 presentations to First Nations across Canada 4-6 presentation to other Organizations Participation at 2-4 First Nation events Head Sponsor of AFOA Canada International Conference
<ul style="list-style-type: none"> Obtain Letter of Cooperation's from First Nation Communities who request to join the FMA Schedule 	<ul style="list-style-type: none"> 20-25 signed Letters of Cooperation
<ul style="list-style-type: none"> Provide compliance approvals of First Nations Financial Administrative Laws 	<ul style="list-style-type: none"> 15-20 Reviewed and approved 4-6 Updated FAL's approved
<ul style="list-style-type: none"> Outreach with stakeholders regularly on various matters 	<ul style="list-style-type: none"> 2 meetings

Table 9 –Marketing, FAL's and Stakeholder Relations Strategies and Performance Measures

Capacity Development and Intervention

In 2017/18, the Capacity Development and Intervention business line will:

Actions to meet Strategic Goals	Performance Measure
<ul style="list-style-type: none"> Provide Direct Capacity support 	<ul style="list-style-type: none"> Provide preference to First Nations who are in Borrowing Pool or pending to borrow Have approximately 4-6 ready for Certification review Have approximately 8-10 move from Phase II to Phase III Have approximately 10-12 move from Phase I to Phase II
<ul style="list-style-type: none"> Conduct Workshop 	<ul style="list-style-type: none"> International Conference at AFOA Conference
<ul style="list-style-type: none"> Launch new Website 	<ul style="list-style-type: none"> Soft launch in October for AFOA International Conference Implement an interactive dashboard for tracking certifications and capacity development
<ul style="list-style-type: none"> Develop reporting and dashboard capabilities 	<ul style="list-style-type: none"> Implement interactive dashboard for tracking certifications and capacity development
<ul style="list-style-type: none"> Continue to conduct Default Management Prevention Pilot Project 	<ul style="list-style-type: none"> Continue to provide guidance in the Default Management to First Nations under the program
<ul style="list-style-type: none"> Continue to pursue Shared Model Services model 	<ul style="list-style-type: none"> Prepare a Pilot Project Proposal for INAC

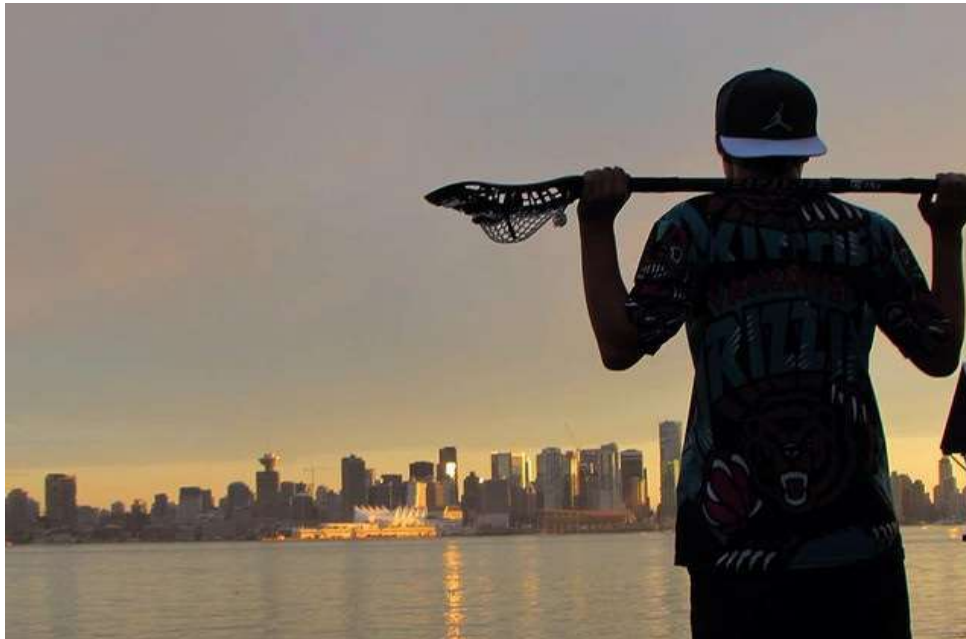
Table 10 – Capacity Development and Intervention strategies and performance measures

Standards and Certification

In 2017/18 Standards and Certification business line will:

Actions to meet Strategic Goals	Performance Measure
<ul style="list-style-type: none"> Conduct reviews for FMS and FP Certificates 	<ul style="list-style-type: none"> 15-20 Financial Performance Reviews 10-15 Financial Performance Certificates 4-6 FMS Certificates
<ul style="list-style-type: none"> Conduct standard setting activities 	<ul style="list-style-type: none"> Complete review of current Standards and publish Exposure Draft for comment by First Nations, FNFA, and FNTC
<ul style="list-style-type: none"> Conduct research 	<ul style="list-style-type: none"> Conduct research and development of new standards and procedures needed for periodic recertification or monitoring activity

Table 11 – Standards and Certification Strategies and Performance Measures



Corporate Services

In 2017/18 the Finance and Administration business line will:

Action to meet Strategic Goals	Performance Measure
<ul style="list-style-type: none"> Make preparations for strategic planning session to provide input for the Annual Corporate Plan and Budget 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Annual Report
<ul style="list-style-type: none"> Provide notice, undertake logistics for Annual General Meeting Prepare presentation and materials for Annual General Meeting 	<ul style="list-style-type: none"> Annual General Meeting
<ul style="list-style-type: none"> Prepare Annual Budget 	<ul style="list-style-type: none"> Prepare annual Budget for Board approval and INAC Submission
<ul style="list-style-type: none"> Investigate Fiscal Relationship Initiative 	<ul style="list-style-type: none"> Conduct research on Fiscal Relationship Initiative and what it means for the FMB
<ul style="list-style-type: none"> Investigate further on securitization of federal transfers 	<ul style="list-style-type: none"> Develop and present to INAC the FMB's views and recommendations
<ul style="list-style-type: none"> Continue to develop new legislative amendments 	<ul style="list-style-type: none"> Develop and present to INAC and FMA institutions FMB views and recommendations for substantive legislative changes around section 141 to allow Treaty First Nations to participate under FMA regime
<ul style="list-style-type: none"> Develop an Organizational Governance Plan 	<ul style="list-style-type: none"> Update Accountability Framework and Job Descriptions Update Board Governance Manual Compile and update the FMB's internal organization policies
<ul style="list-style-type: none"> Develop an Human Resources Plan and Succession Plan 	<ul style="list-style-type: none"> Based on the Accountability Framework, create a plan that will meet the needs of the future

Table 12 – Corporate Services Strategies and Performance Measures

Financial Plan

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

Activity	2017/18	2018/19	2019/2020
Salary Benefits	3,658,107	4,708,107	5,026,137
Client Service Delivery	1,442,885	1,785,790	2,385,790
Policy Development	326,597	250,000	275,000
Operations & Management	1,417,273	1,650,000	1,825,000
Board of Directors Fee & Travel Expense	620,250	620,250	650,000
Travel	349,900	375,000	400,000
Intervention Reserve	\$200,000	\$200,000	\$200,000
Capital	90,000	110,000	100,000
Total	\$8,105,012	\$9,699,147	\$10,861,927

Note: \$190,248 in Core funding is for FNMPC.

Table 13 - Financial Plan

Default Management & SPI Activities and Budget

Activity	2017/18	2018/19	2019/2020
Default Management Pilot Project	1,416,516	247,226	
SPI (FNMPC)	214,346	0	0
Total	1,630,862	247,226	-

Table 14 – Default Management & SPI Activities and Budget

Number of Employees

The table below outlines the number of employees.

Activity	2016/17	2017/18	2018/19
Number of employees	27	34	38

Table 15 - Number of Employees

