



# A1

## FINANCIAL ADMINISTRATION LAW

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## REVIEW PROCEDURES



First Nations  
**FINANCIAL  
MANAGEMENT  
BOARD**

**CONSEIL  
DE GESTION  
FINANCIÈRE** des  
Premières Nations

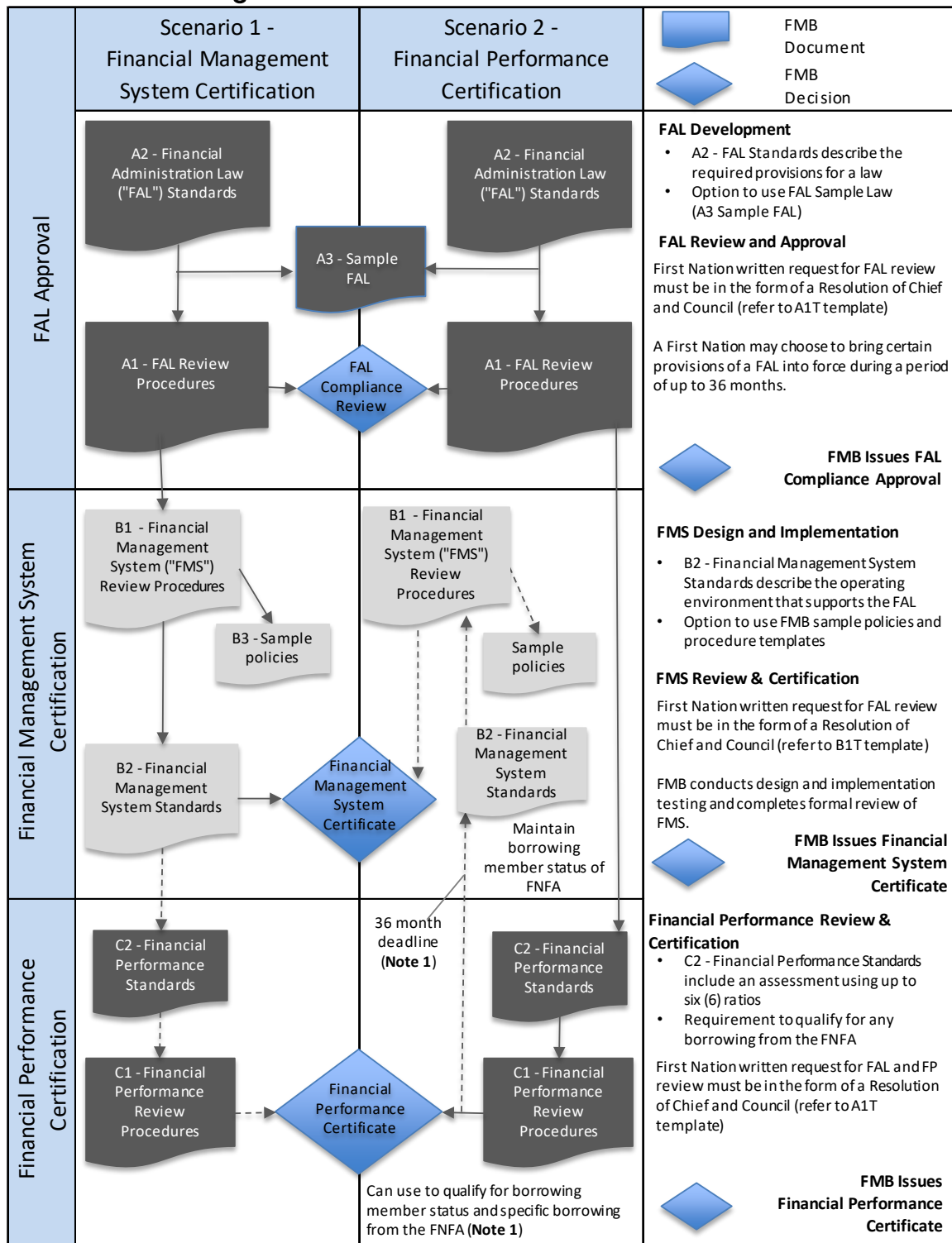
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**Table 1 - LIST OF CORE DOCUMENTS**

The following table lists the core documents made available by the First Nations Financial Management Board (“the FMB”) for First Nations to utilize in developing, implementing and improving their financial management.

<b>FINANCIAL ADMINISTRATION LAW</b>			
<input checked="" type="checkbox"/>	<b>A1</b>	FINANCIAL ADMINISTRATION LAW – <b>REVIEW PROCEDURES</b>	Procedures to apply when requesting a compliance approval of the First Nation’s Financial Administration Law.
	<b>A2</b>	FINANCIAL ADMINISTRATION LAW – <b>STANDARDS</b>	Standards that support sound financial administration practices for a First Nation government in Canada.
	<b>A3</b>	<b>SAMPLE</b> FINANCIAL ADMINISTRATION LAW	Example of a law which meets the requirements of the A2 Financial Administration Law – Standards.
	<b>A4</b>	FINANCIAL ADMINISTRATION LAW – <b>EXPLANATORY NOTES</b>	Provides assistance on the development of a Financial Administration Law by discussing the structure and substantive content of the A3 Sample Financial Administration Law.
	<b>A5</b>	FINANCIAL ADMINISTRATION LAW – <b>SELF-ASSESSMENT</b>	Tool that can be utilized to compare existing or proposed Financial Administration Law(s) of the First Nation to the A2 Financial Administration Law – Standards.
<b>FINANCIAL MANAGEMENT SYSTEM</b>			
	<b>B1</b>	FINANCIAL MANAGEMENT SYSTEM – <b>CERTIFICATION PROCEDURES</b>	Procedures to apply when requesting a review of the First Nation’s financial management system.
	<b>B2</b>	FINANCIAL MANAGEMENT SYSTEM – <b>STANDARDS</b>	Standards that support sound financial practices for the operation, management, reporting and control of the financial management system of a First Nation.
<b>FINANCIAL PERFORMANCE</b>			
	<b>C1</b>	FINANCIAL PERFORMANCE – <b>CERTIFICATION PROCEDURES</b>	Procedures to apply when requesting a review of the First Nation’s financial performance.
	<b>C2</b>	FINANCIAL PERFORMANCE – <b>STANDARDS</b>	Standards that assess the historical financial performance of a First Nation over a five year period using up to six financial ratios.
<b>LOCAL REVENUE ACCOUNT FINANCIAL REPORTING</b>			
	<b>D1</b>	LOCAL REVENUE FINANCIAL REPORTING – <b>STANDARDS</b>	Standards that establish requirements for the financial reporting of a First Nation’s local revenues and expenditures.
	<b>D2</b>	LOCAL REVENUE FINANCIAL REPORTING – <b>ILLUSTRATIVE FINANCIAL STATEMENTS</b>	Illustrative annual financial statements for a First Nation’s local revenues and expenditures designed to comply with the D1 Local Revenue Financial Reporting – Standards.
	<b>D3</b>	LOCAL REVENUE FINANCIAL REPORTING – <b>ILLUSTRATIVE SEGMENT NOTE DISCLOSURE</b>	Illustrative segment note disclosure for inclusion in the annual financial statements of a First Nation designed to comply with the D1 Local Revenue Financial Reporting – Standards.
	<b>D4</b>	LOCAL REVENUE FINANCIAL REPORTING – <b>EXPLANATORY NOTES</b>	Explanatory notes to accompany D1 Local Revenue Financial Reporting – Standards.

**Figure 1 – STEPS TO FMB CERTIFICATION**



**Note 1:** A Financial Performance Certificate is required to enter into a new borrowing agreement with the FNFA. To remain in good standing with the FNFA, a Financial Management System Certificate must be obtained within 36 months from when the first nation receives proceeds for the first time from a debenture or equivalent financial instrument issued by the First Nations Finance Authority under the terms of a Borrowing Law and a Security Issuing Council Resolution.

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## FIRST NATIONS FINANCIAL MANAGEMENT BOARD

### FINANCIAL ADMINISTRATION LAW REVIEW PROCEDURES

#### 1.0 AUTHORITY TO ESTABLISH PROCEDURES

**1.1 Act authority** – Procedures respecting the compliance approval of First Nation financial administration laws under section 9 of the *First Nations Fiscal Management Act* (“the Act”) are established by the FMB under subsection 55(2) of the Act.

**1.2 Procedure revisions** – Procedures may be amended or revised from time to time by the FMB.

**1.3 Access to procedures** – FMB procedures in effect from time to time may be accessed at the FMB’s web site ([www.fnfmb.com](http://www.fnfmb.com)).

#### 2.0 PURPOSE OF PROCEDURES

**2.1 Purpose** – The purpose of these procedures is to establish a process for the FMB

- a. to provide assistance to First Nations in the development of their laws respecting financial administration under section 9 of the Act,
- b. to review a First Nation’s law or laws respecting financial administration submitted to the FMB under section 9 of the Act,
- c. to determine whether a submitted law or laws respecting financial administration was made in accordance with the Act, its regulations and, in all materials respects, the *Financial Administration Law Standards*, and
- d. to issue a compliance approval of a First Nation’s law or laws respecting financial administration under section 9 of the Act.

#### 3.0 APPLICATION OF THESE PROCEDURES

**3.1 Application** – These procedures apply where a First Nation is requesting the FMB for compliance approval of the First Nation’s law or laws respecting financial administration under section 9 of the Act.

#### 4.0 INTERPRETATION

**4.1 Definitions** – Unless the context indicates otherwise, in these procedures:

“Act” means the *First Nations Fiscal Management Act*;

“FAL” means a law or laws respecting financial administration;

“**FAL reviewer**” means the person appointed by the FMB under section 7.1 of these procedures;

“**Financial Administration Law Standards**” means the *Financial Administration Law Standards* established by the FMB under paragraph 55(1)(a) of the Act;

“**FMB**” means the First Nations Financial Management Board.

**4.2 Interpretation** – In these procedures, a reference to a determination that a FAL was made in accordance with the *Financial Administration Law Standards* means a determination that the FAL was made in accordance with the Standards, in all material respects.

## 5.0 REQUEST FOR ASSISTANCE

**5.1 Letter of cooperation** – A First Nation may initiate a client relationship with the FMB by delivering to the FMB a letter of cooperation in the form and with the terms required by the FMB.

**5.2 Written request for assistance** – A First Nation may, by a resolution of the council of the First Nation, authorize a named official or agent to make a written request to the FMB for assistance in the development and enactment of a FAL under section 9 of the Act.

**5.3 Nature of Assistance** – The FMB will determine, in its sole discretion, the nature of any assistance it provides to a First Nation under this section including, but not limited to, conducting an informal review of a draft FAL.

**5.4 Template forms** – The recommended template forms of resolution and letter of cooperation referred to in sections 5.1 and 5.2 are on the FMB’s web site ([www.fnfmb.com](http://www.fnfmb.com)).

## 6.0 REQUEST FOR FORMAL REVIEW OF FAL

**6.1 Request for formal review** – After enactment of a FAL under section 9 of the Act, a First Nation may make a written request to the FMB

- a. to conduct a formal review of its FAL to determine if it was made in accordance with the Act, its regulations and the *Financial Administration Law Standards*, and
- b. to request the FMB to issue a compliance approval of its FAL under section 9 of the Act.

**6.2 Required resolution** – The request of a First Nation under section 6.1 must be accompanied by a resolution of council of the First Nation

- a. containing a direction and authority to a named official or agent, on behalf of the First Nation,
  - i. to seek the informal assistance of the FMB as available and appropriate in order to develop and enact a FAL under section 9 of the Act,



- ii. to request the formal review by the FMB of the First Nation's enacted FAL to determine if it was made in accordance with the Act, its regulations and the *Financial Administration Law Standards*,
  - iii. to request the FMB to issue a compliance approval of the FAL under section 9 of the Act, and
  - iv. to deliver to the FMB all documents required by the FMB to conduct a formal review of the FAL including required original and electronic copies of the FAL with evidence of enactment of the FAL in a form satisfactory to the FMB, and
- b. authorizing the FMB, after issuing a compliance approval of the FAL, to deliver a copy of the approved FAL to the registry referred to in subsection 31(4) of the Act.

**6.3 Template forms** – The recommended template forms for the resolution required in section 6.2 are on the FMB's web site ([www.fnfmb.com](http://www.fnfmb.com)).

## 7.0 FORMAL REVIEW AND REPORT TO FMB

**7.1 Conduct of formal review** – The FMB will appoint a person from its list of approved FAL reviewers to conduct the formal review of a First Nation's FAL when requested by a First Nation under these procedures.

**7.2 Report to the FMB** – The FAL reviewer who has conducted a formal review of a First Nation's FAL under these procedures will deliver a report to the FMB setting out the reviewer's findings.

**7.3 Determination by the FMB** – The FMB will consider the report of the FAL reviewer to determine if the First Nation's FAL was made in accordance with the Act, its regulations and the *Financial Administration Law Standards*.

## 8.0 COMPLIANCE APPROVAL

**8.1 Meeting Standards** – If the FMB determines that the First Nation's FAL was made in accordance with the Act, its regulations and the *Financial Administration Law Standards*, the FMB will

- a. advise the First Nation in writing that it has reviewed the FAL and determined that it was made in accordance with the Act, its regulations and the *Standards*, and
- b. issue a compliance approval of the FAL under section 9 of the Act.

**8.2 Failing to meet Standards** – If the FMB determines that the First Nation's FAL was not made in accordance with the Act, its regulations or the *Financial Administration Law Standards*, the FMB will advise the First Nation in writing of its determination, including any requirements that have not been met, and may indicate at a general level how any identified failures may be rectified.

**8.3 Limits on authority to approve** – The FMB may not issue a compliance approval of a First Nation’s FAL for purposes of section 9 of the Act if the FMB determines that it was not made in accordance with the Act, its regulations or the *Financial Administration Law Standards*.

## 9.0 RECONSIDERATION OF FMB DETERMINATION

**9.1 Request reconsideration** – A First Nation that has been advised under section 8.2 that its FAL was not made in accordance with the Act, its regulations or the *Financial Administration Law Standards* may, within sixty (60) days of being so advised, request the FMB to reconsider its determination.

**9.2 Requirements for request** – A request made under section 9.1 must be made in writing and must include new information or reasons for the FMB to reconsider its determination.

**9.3 Discretion to reconsider** – On receipt of a request for reconsideration, the FMB may decide, in its sole discretion, if the request sets out a basis for the FMB to reconsider its determination and will advise the First Nation in writing of its decision as soon as practical.

**9.4 Reconsideration** – If the FMB decides to reconsider its determination, the FMB will advise the First Nation in writing of the results of its reconsideration as soon as practical.

## 10.0 REVIEW OF AMENDMENTS TO FAL

**10.1 Application to amendments of FAL** – These procedures apply to a request by a First Nation to conduct a formal review of an amendment to its FAL to determine if it is made in accordance with the Act, its regulations and the *Financial Administration Law Standards* and to request the FMB to issue a compliance approval of the amendment to its FAL under section 9 of the Act.

## 11.0 FMB REPORT TO INSTITUTIONS

**11.1 Report of compliance approval** – With consent or on request of a First Nation, the FMB will advise the First Nations Finance Authority and the First Nations Tax Commission when the FMB issues a compliance approval of a First Nation’s FAL or an amendment to its FAL under section 9 of the Act.

**11.2 Filing with registry** – After the FMB issues a compliance approval of a First Nation’s FAL or an amendment to its FAL under section 9 of the Act, the FMB will, with consent or on request of a First Nation, submit a copy of the FAL or amendment to the FAL to the registry referred to in subsection 31(4) of the Act.





First Nations Financial Management Board  
Suite 905 – 100 Park Royal  
West Vancouver, BC V7T 1A2

Tel: 604-925-6665 | Toll Free 1-877-925-6665 | Fax 604-925-6662  
Website: [www.fnfmb.com](http://www.fnfmb.com)