

# B2

## FINANCIAL MANAGEMENT SYSTEM

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## STANDARDS



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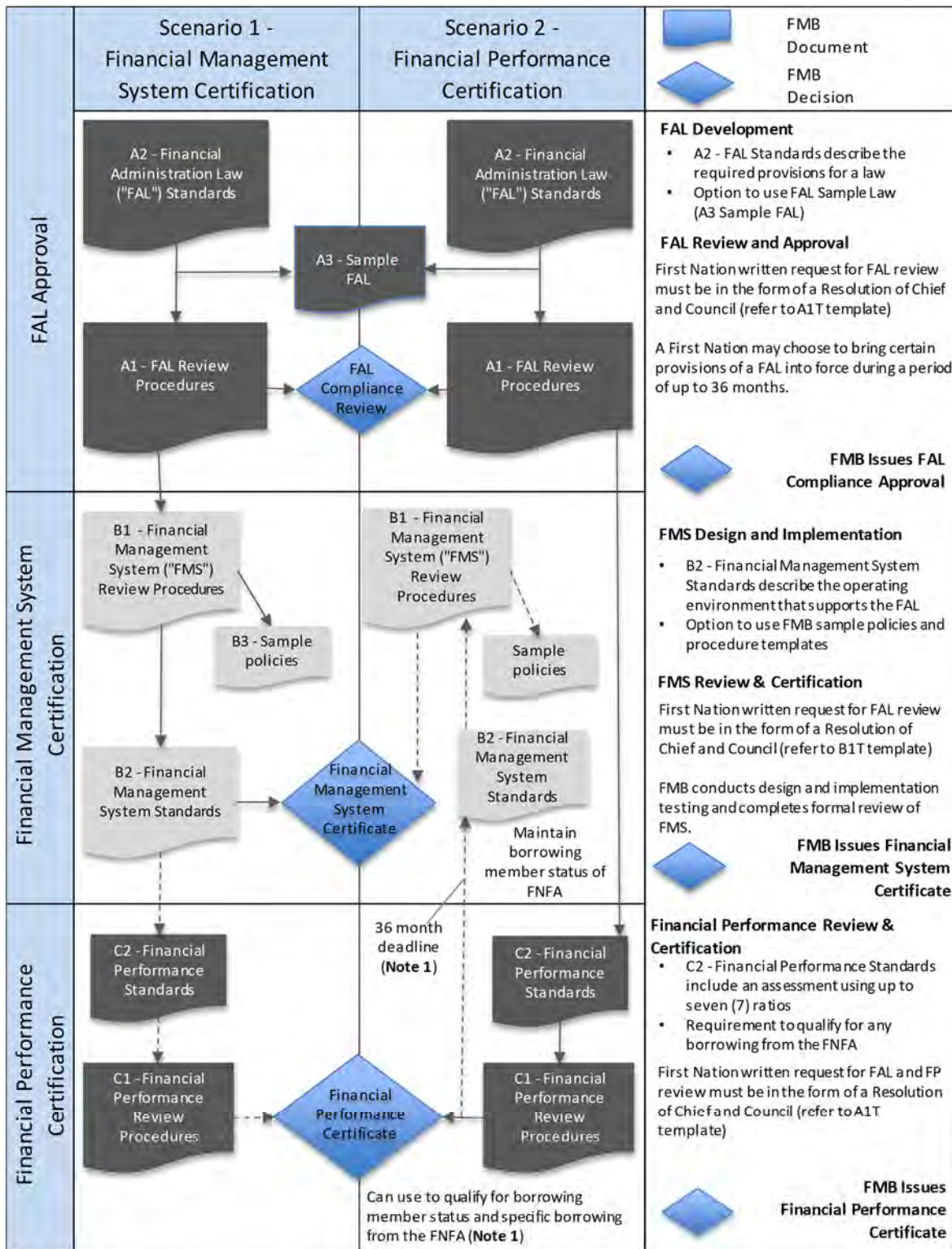
APRIL 1, 2019

## 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.

FINANCIAL ADMINISTRATION LAW				
	A1	FINANCIAL ADMINISTRATION LAW – <b>REVIEW PROCEDURES</b>	Procedures to apply when requesting a compliance approval of the First Nation’s Financial Administration Law.	
	A2	FINANCIAL ADMINISTRATION LAW – <b>STANDARDS</b>	Standards that support sound financial administration practices for a First Nation government in Canada.	
	A3	<b>SAMPLE</b> FINANCIAL ADMINISTRATION LAW	Example of a law which meets the requirements of the A2 Financial Administration Law – Standards.	
	A4	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.	
	A5	FINANCIAL ADMINISTRATION LAW – <b>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.	
FINANCIAL MANAGEMENT SYSTEM				
	B1	FINANCIAL MANAGEMENT SYSTEM – <b>CERTIFICATION PROCEDURES</b>	Procedures to apply when requesting a review of the First Nation’s financial management system.	
	<input checked="" type="checkbox"/>	<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.
FINANCIAL PERFORMANCE				
	C1	FINANCIAL PERFORMANCE – <b>CERTIFICATION PROCEDURES</b>	Procedures to apply when requesting a review of the First Nation’s financial performance.	
	C2	FINANCIAL PERFORMANCE – <b>STANDARDS</b>	Standards that assess the historical financial performance of a First Nation over a five-year period using up to <del>sevensix</del> financial ratios.	
LOCAL REVENUE FINANCIAL REPORTING				
	D1	LOCAL REVENUE FINANCIAL REPORTING – <b>STANDARDS</b>	Standards that establish requirements for the financial reporting of a First Nation’s local revenues and expenditures.	
	D2	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.	
	D3	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.	
	D4	LOCAL REVENUE FINANCIAL REPORTING – EXPLANATORY NOTES	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.

## Background Context

The *First Nations Fiscal Management Act* (“the Act”) establishes several ~~first-nation~~First Nation institutions – the First Nations Tax Commission (“the FNTC”), the First Nations Financial Management Board and the First Nations Finance Authority (“the FNFA”) - with mandates designed to permit ~~first-nations~~First Nations access to financial markets on a similar basis as municipalities and local governments in Canada.

Working in a collaborative framework these three institutions facilitate the voluntary development of ~~first-nation~~First Nation capacity to access these markets – by assisting them to use their available revenue streams to secure funding and by assisting them to implement a sound financial management system in which investors and other stakeholders would have confidence - by negotiating on their collective behalf the borrowing of funds from these financial markets.

In order for a ~~first-nation~~First Nation to access these markets through this legislative program, the ~~first-nation~~First Nation must become a “borrowing member” of the FNFA. Before a ~~first-nation~~First Nation is eligible to be considered for membership in the FNFA, the FMB must issue a Financial Performance Certificate to the ~~first-nation~~First Nation indicating that the ~~first-nation~~First Nation was in compliance with the *Financial Performance Standards*. This Certificate supports a ~~first-nation's~~First Nation's application to become a borrowing member of the FNFA and its first financing from the FNFA.

The ~~first-nation~~First Nation must obtain a Financial Management System Certificate from FMB within 36 months after the ~~first-nation~~First Nation receives proceeds for the first time from a debenture (or equivalent instrument) issued by the FNFA or 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~~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~~First Nations who are applying for a certificate from the FMB. Table 2 of this document explains the steps that can be taken in this process towards certification.

A ~~first-nation~~First Nation will not be issued a Financial Management System Certificate or a Financial Performance Certificate by FMB unless the ~~first-nation's~~First Nation's law or laws respecting financial administration have first been reviewed and issued a compliance approval by the FMB. The ~~first-nation's~~First Nation's law or laws must meet the requirements of the *Financial Administration Law Standards* before they will be issued a compliance approval. The FMB has issued the *Financial Administration Law Review Procedures* to guide ~~first-nations~~First Nations who are applying for compliance approval of their law or laws respecting financial administration. It may be necessary for a ~~first-nation~~First Nation to bring its already approved law or laws respecting financial administration up to date to meet the current *Financial Administration Law Standards* before it will be issued a Financial Management System Certificate. This may be necessary if there has been some significant period of time between the FMB's approval of the ~~first-nation's~~First Nation's financial administration law and its request for a Financial Management System Certificate.

To assist ~~first nations~~First Nations the FMB has prepared and made available to ~~first nations~~First Nations a Sample Financial Administration Law (Sample Law) which meets the requirements of the *Financial Administration Law Standards* and which reflects sound financial administration practices of local, provincial and federal government in Canada. There are two versions of this Sample Law available – one meets the standards required to be met by ~~first nations~~First Nations already raising or intending to raise local revenues under the Act and one meets the standards required to be met by ~~first nations~~First Nations that are not raising and intending to raise local revenues under the Act.

FMB Standards were established (and will continue to be updated as necessary) through an ongoing process of FMB internal review and revision that has involved members of the former First Nations Financial Management Board Advisory Panel (which directed the original legislative development), members of the board of directors of FMB and industry technical advisors, including lawyers and accountants experienced in ~~first nation~~First Nation advisory services. Advice on financial market expectations applicable to local government bond financings has also been obtained.

FMB has carried out case studies of the potential requirements of the standards and procedures with several representative ~~first nations~~First Nations, to test document and system content and application. The FNTC and FNFA have reviewed and provided comment on the FMB standards, procedures and sample laws to ensure they do not conflict with FNTC and FNFA authorities applicable to scheduled ~~first nations~~First Nations including FNFA borrowing members.

In addition to the materials reviewed in the development of the *Financial Administration Law Standards* and the Sample Law, the following standards and materials were reviewed:

- ❖ Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) Internal Control – Integrated Framework
- ❖ COSO Internal Control Over External Financial Reporting
- ❖ Various ISO (International Organization for Standardization) Standards, including ISO 9001:2008 Quality Management ~~System Requirements~~Systems and IWA 4 Quality Management Systems – Guidelines for the Application of ISO 9001:2008 in local government
- ❖ CPA (Chartered Professional Accountants) Canada Public Sector Accounting Handbook and Study Group documents

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# FIRST NATIONS FINANCIAL MANAGEMENT BOARD

## FINANCIAL MANAGEMENT SYSTEM STANDARDS

### INTRODUCTION

#### 1.0 PURPOSE OF STANDARDS

**1.1 Core Standards** – The Core Standards in these *Financial Management System Standards* establish basic requirements for sound financial practices for the operation, management, reporting and control of the financial management system of a ~~first-nation~~First Nation and include the testing of the ~~first-nation's~~First Nation's implementation of the requirements of its law or laws respecting financial administration.

**1.2 Local Revenue Standards** – The Local Revenue Standards in these *Financial Management System Standards* are in addition to the Core Standards and include the testing of the ~~first-nation's~~First Nation's implementation of the requirements of its local revenue laws. The Local Revenue Standards apply to a ~~first-nation~~First Nation that has enacted local revenue laws under section 5 of the *First Nations Fiscal Management Act*.

**1.3 Objective measurements** – These *Financial Management System Standards* also include the means to objectively measure compliance with their requirements.

**1.4 Caution** – These *Financial Management System Standards* are not intended to provide a means to assess every requirement of the financial management system of a ~~first-nation~~First Nation and should not be relied upon for that purpose.

#### 2.0 CERTIFICATION PROCEDURES

**2.1 Application of Procedures** – The *Financial Management System Certification Procedures* apply to these *Financial Management System Standards*.

#### 3.0 FORMAL REVIEW OF SYSTEM

**3.1 Review required** – The *Financial Management System Certification Procedures* include a requirement that a formal review of the financial management system of the ~~first-nation~~First Nation be carried out by the ~~Board~~FMB.

**3.2 Compliance with these standards** – The purpose of the formal review is to provide the ~~Board~~FMB with information to enable it to form an opinion as to whether the ~~first-nation~~First Nation was, at the time of the review, in compliance with these *Financial Management System Standards*.

#### 4.0 ~~BOARD~~FMB CERTIFICATION

**4.1 Certification for borrowing purposes** – Before the ~~Board~~FMB will certify a ~~first-nation~~First Nation for purposes of borrowing from the First Nations Finance Authority, other than for purposes of the ~~first-nation's~~First Nation's first borrowing of money, the ~~first-nation~~First Nation



has a Financial Management System Certificate issued by the ~~Board~~FMB under the *Financial Management System Certification Procedures*.

## 5.0 INTERPRETATION OF STANDARDS

**5.1 Definitions** – Unless the context indicates otherwise, in these standards:

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

“**auditor**” means the independent auditor of the ~~first nation~~First Nation appointed by the council;

“**Board**” means ~~the First Nations Financial Management Board~~;

“**Board standards**” mean ~~the standards made by the Board under the Act~~;

“**borrowing member**” means a ~~first nation~~First Nation that ~~has been accepted as~~ a borrowing member under ~~section 76 (2) of the~~ the Act;

“**chief administrative officer**” means the senior administrative officer, band manager or general manager responsible for the day-to-day management or administration of the First Nation’s administrative system;

“**code**” means ~~a code adopted by the First Nation under the First Nations Oil and Gas and Moneys Management Act and has not ceased to be a borrowing member or~~ a land code adopted by the First Nation under ~~section 77 of the~~ the *First Nations Land Management Act*;

“**council**” means the council of the ~~first nation~~First Nation and includes the chief of the First Nation;

“**councillor**” means a member of the council of the ~~first nation~~First Nation and includes the chief of the ~~first nation~~First Nation;

“**director of finance**” means the senior financial manager or controller responsible for the day-to-day management or administration of the First Nation’s financial administration system;

“**FAL**” means the law or laws respecting financial administration of the ~~first nation~~First Nation;

“**financial competency**” means the ability to read and understand financial statements that present accounting issues reasonably expected to be raised by the ~~first nation’s~~First Nation’s financial statements;

“**financial institution**” means the First Nations Finance Authority, a bank, credit union or caisse populaire;

“**financial management**” includes financial administration, financial performance and accountability;

“**~~first nation~~First Nation lands**” mean all reserves of the ~~first nation~~First Nation within the meaning of the *Indian Act*;

**“~~first-nation~~First Nation law”** means any law, including any bylaw or code, of the ~~first-nation~~First Nation made by the council or the membership of the ~~first-nation~~First Nation;

**“~~first-nation’s~~First Nation tangible capital assets”** mean all non-financial assets of the ~~first-nation~~First Nation having physical substance that

- a. are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets,
- b. have useful economic lives extending beyond an accounting period,
- c. are to be used on a continuing basis, and
- d. are not for sale in the ordinary course of operations;

**“First Nations Finance Authority”** means the First Nations Finance Authority established under the Act;

**“First Nations Tax Commission”** means the First Nations Tax Commission established under the Act’

**“fiscal year”** means the twelve (12) month period beginning on April 1<sup>st</sup> of one year and ending on March 31<sup>st</sup> in the next year;

**“FMB”** means the First Nations Financial Management Board established under the Act;

**“FMB standards”** mean the standards made by the FMB under the Act;

**“GAAP”** means generally accepted accounting principles of the Chartered Professional Accountants of Canada, as amended or replaced from time to time;

**“including”** means ‘including, but not limited to’;

**“life-cycle management program”** means a program of inspection, planning, maintenance, replacement and oversight of First Nation tangible capital assets;

**“local revenue account”** means an account with a financial institution into which local revenues are deposited separately from other moneys of the ~~first-nation~~First Nation;

**“local revenue law”** means a local revenue law made by the ~~first-nation~~First Nation under the Act;

**“local revenues”** mean money raised under a local revenue law;

**“officer”** means the ~~senior manager, senior financial~~chief administrative officer, director of finance, tax administrator and any other employee of the ~~first-nation~~First Nation designated by the ~~Council~~council as an officer;

“**other revenues**” means other revenues as defined in section 3 of the *Financing Secured by Other Revenues Regulations* made under the Act;

–“**policy**” means the overall intentions and directions of the council respecting specified subject matter;

“**procedure**” means the specified method by which an activity or a process is to be carried out;

“**property tax law**” means a law made under ~~section~~paragraph 5(1)(a) of the Act;

“**record**” means anything on which information is recorded or stored by any means whether graphic, electronic, mechanical or otherwise;

~~“**senior financial officer**” means the senior financial manager or administrator responsible for the day-to-day management or administration of the first nation’s financial administration system;~~

~~“**tangible capital asset project**” means the acquisition, construction, rehabilitation, repair or replacement of a First Nation tangible capital asset but does not include routine maintenance; and~~

“**tax administrator**” means the tax administrator responsible for the day-to-day management of local revenues and the local revenue account.

**5.2 Application of Act definitions** – Unless the context indicates otherwise, the words and expressions used in these standards and not otherwise defined have the same meanings as in the Act.

**5.3 Rules of interpretation** – In these standards, the following rules of interpretation apply:

- a. words in the singular include the plural, and words in the plural include the singular;
- b. if a word or expression is defined, other parts of speech and grammatical forms of the same word or expression have corresponding meanings;
- c. a reference to a law, including a FAL, means the law as amended or replaced from time to time;
- d. a reference to a standard means the standard as amended or replaced from time to time;
- e. headings, subheadings and notes are inserted for convenience of reference only, do not form part of these standards and in no way define, limit, alter or enlarge the scope or meaning of any provision of these standards.

**5.4 Mandatory provisions** – These standards establish requirements which must be complied with by a ~~first nation~~First Nation unless the standard is expressed as permissive.

**5.5 Sound practices required** – If a provision in these standards is mandatory, the standard must be met so as to enable the ~~first-nation~~First Nation to carry out its financial management in a manner that substantially accords with sound financial management practices of governments in Canada.

**5.6 Applicable considerations** – When determining how a mandatory provision is to be met in its financial management system, the ~~first-nation~~First Nation may take into consideration the unique characteristics of the ~~first-nation~~First Nation, including its social, economic, legal and geographic environments. The ~~Board~~FMB must take these considerations into account when determining if these standards have been met.

**5.7 Compliance in all material respects** – Before the ~~Board~~FMB may issue a Financial Management System Certificate to a ~~first-nation~~First Nation, the ~~Board~~FMB must be of the opinion that the ~~first-nation~~First Nation was in compliance, in all material respects, with these standards.

## 5.8 Terms used in Standards

**5.8.1 Meaning of “demonstrated”** – When these standards state that an action or something must be “demonstrated”, the FAL or other law has imposed the requirement that the action be taken or that something be done. ~~(For example, standard 9.3 requires the council to demonstrate that all ~~council~~First Nation policies, ~~and~~ procedures ~~and~~ directions—respecting the ~~first-nation’s~~First Nation’s financial management system are available to all persons affected by them. The obligation to make these policies, ~~and~~ procedures ~~and~~ directions—available is required in Financial Administration Sample Law section 9(56) (see also 8.3.4 of the *Financial Administration Law Standards*).~~

**5.8.2 Meaning of “established/implemented”** – When these standards state that a policy, ~~and~~ procedure ~~or~~ ~~direction~~ must be “established” or “implemented”, the policy, ~~and~~ procedure ~~or~~ ~~direction~~ is a requirement of these standards and is intended to provide objective evidence that an element of the FAL or other related law has been implemented. ~~(For example, standard 11.2.35 requires the council to establish and implement a documented procedure to ensure the financial competency requirements for members of its finance and audit committee have been met. Section 12(2) of The Financial Administration Sample Law requires a majority of the members of the finance and audit committee to have “financial competency” (see also 10.1.4 of the *Financial Administration Law Standards*)).~~

~~**Editorial cross references** – To assist readers to work with these standards and the *Financial Administration Law Standards*, cross references to related provisions in the *Financial Administration Law Standards* have been noted at the end of provisions in these Standards e.g. FAL Standards 8.1 means standard 8.1 of the *Financial Administration Law Standards*.~~

## 6.0 CONFLICTS

**6.1 Between Standards and Act** – In the event of a conflict between a provision of these standards and the Act, the Act prevails to the extent of the conflict.

**6.2 Between Standards and ~~first nation~~First Nation law** – In the event of a conflict between a provision of these standards and a ~~first nation~~First Nation law, the ~~first nation~~First Nation law prevails to the extent of the conflict.

**6.3 Higher standards apply** – Despite standards 6.1 and 6.2, if a provision of these standards imposes a higher standard than that imposed in a provision of the Act or a ~~first nation~~First Nation law, the higher standard must be applied.

## PART ONE – CORE STANDARDS

### PART ONE – CORE STANDARDS

#### DIVISION ONE – FINANCIAL ADMINISTRATION LAW

##### 7.0 FINANCIAL ADMINISTRATION LAW(S)

7.1 **Approved FAL in force** – The ~~first nation~~First Nation has a FAL which meets the following requirements:

- a. the FAL meets the *Financial Administration Law Standards* in effect on the date the ~~first nation~~First Nation requests the ~~Board~~FMB to conduct a formal review of its financial management system under the *Financial Management System Certification Procedures*;
- b. the ~~Board~~FMB has issued a compliance approval for the FAL under section 9 of the Act; and
- c. all the provisions of the approved FAL are in force.

#### DIVISION TWO – ADMINISTRATION

##### 8.0 ~~DELEGATED~~DELEGATED/ASSIGNED RESPONSIBILITIES

8.1 **Council delegation procedures** – The council establishes and implements a documented ~~policies~~policy and procedures for the permitted delegation of any functions or duties of the council respecting the ~~first nation's~~First Nation's financial management system to an officer, employee, committee, contractor or agent, including the following matters:

- a. identification of matters that may or may not be delegated;
- b. any approvals required;
- c. any records of the delegation to be maintained;
- d. any standards to be met by those exercising the delegated functions;
- e. periodic review of delegated functions; and

- f. a documented agreement of those to whom functions have been delegated to comply with the standards described in paragraph d. ~~[FAL Standards 8.2, 8.3]~~

**8.2 Assignment procedures** – If the FAL permits an officer of the ~~first nation~~First Nation to assign his or her duties or functions to another person, the council establishes and implements a documented ~~procedure~~policy and procedures for these assignments including

- a. the qualifications of the individual to whom particular responsibilities may be assigned,
- b. the monitoring of the performance of these assigned responsibilities, and
- c. the documentation and periodic review of assignments. ~~[FAL Standards 8.2, 11.1.6, 11.2.5, 11.3.4]~~

## ~~9.0~~ POLICIES, PROCEDURES AND DIRECTIONS

### ~~9.0~~ POLICIES AND PROCEDURES

#### 9.1 FAL requirements

**9.1.1 Policies, ~~and~~ procedures ~~and~~ directions** – The council demonstrates that it has established all policies and procedures ~~or given all directions~~ that the FAL requires the council to establish or make. ~~[FAL Standards 8.3, 10.1.6, 12.6, 15.4.3, 16.1.3, 17.1, 17.4.1, 17.6.1, 17.6.2, 17.1, 18.1, 21.1, 21.3, 21.4, 22.5, 22.6, 25.2, 27.4, 28.2]~~

**9.1.2 Consistency with FAL and GAAP** – The council establishes and implements a documented ~~procedure~~policy and procedures that ~~provides~~provide the means to ensure that all ~~council~~First Nation policies, ~~and~~ procedures ~~and~~ directions respecting the ~~first nation's~~First Nation's financial management system are not contrary to the FAL or inconsistent with ~~generally accepted accounting principles~~. ~~[FAL Standards 8.3.1]~~GAAP – ~~except as permitted in its FAL.~~

**9.1.3 List of council documents** – The council establishes and implements a documented ~~procedure~~policy and procedures that ~~requires~~require the council to maintain a current list of every policy, ~~and~~ procedure ~~and~~ direction required to be made under or authorized by the FAL.

#### 9.2 General requirements

**9.2.1 General content** – The council establishes, documents and implements all policies, ~~and~~ procedures ~~and~~ directions necessary to effectively manage and control the financial management system of the ~~first nation~~First Nation.

**9.2.2 Council document management** – The ~~council's~~First Nation's policies, ~~and~~ procedures ~~and~~ directions include provisions that require them to be

- a. updated as necessary, and

- b. managed, approved and controlled.

**9.2.3 General requirements** – In addition to the general requirements of standard 9.2.1, the council demonstrates that

- a. ~~its~~ **First Nation** policies, ~~and~~ procedures ~~and directions~~ adequately and effectively control the processes of the financial management system,
- b. resources and information are available to support the operation and monitoring of these processes, and
- c. when necessary, actions will be implemented to attain the planned results and to continually improve these processes. *[FAL Standards 17.6]*



### 9.3 Availability and access

**9.3.1 Availability of council documents** – The council demonstrates that all ~~council~~First Nation policies, ~~and~~ procedures ~~and directions~~ respecting the ~~first nation's~~First Nation's financial management system are documented and available to all persons affected by them. *[FAL Standards 8.3.3, 8.3.4]*

**9.3.2 Definition of affected persons** – For purposes of standard 9.3.1, the council demonstrates that ~~for each~~ ~~council~~First Nation policy, ~~and~~ procedure ~~or direction that it establishes or gives it~~ includes a statement defining those persons or classes of persons who are affected by the policy, ~~and~~ procedure ~~or directions~~. *[FAL Standards 8.3.4]*

**9.3.3 Location and retrieval procedure** – For purposes of standard 9.3.1, the council establishes and implements a ~~procedure~~documented policy and procedures that ~~ensures~~ensure that every ~~council~~First Nation policy, ~~and~~ procedure ~~or direction~~ required to be made available to persons affected by them can be located and retrieved as soon as practicable by those persons. *[FAL Standards 8.3.4]*

~~9.4 Security of council documents~~Document security – The council establishes and implements a documented policy ~~or procedure and procedures~~ that ~~ensures~~ensure that every ~~council~~

~~9.4~~First Nation policy, ~~and~~ procedure ~~or direction~~which is approved by council may only be changed

a. on the instructions of, and by a person authorized by, the council, and

b. First Nation procedure which is approved by the chief administrative officer under delegated authority

i. is consistent with, and made under the authority of, a policy approved by the council, and

ii. may only be changed on the instructions of, and by a person authorized by the council or the ~~senior manager~~. *[FAL Standards 8.2]*chief administrative officer.

**9.5 Compliance** – The council demonstrates that every person who is performing a function or has a role in the ~~first nation's~~First Nation's financial management system is complying with all applicable provisions of the FAL and all applicable ~~council~~First Nation policies, ~~and~~ procedures ~~or directions~~. *[FAL Standards 12.2]*

## 10.0 ~~REPORTING OF~~REPORTING OF REMUNERATION AND EXPENSES

**10.1 Defined terms** – In standard 10.0:

“**entity**” means a corporation or a partnership, a joint venture or any other unincorporated association or organization, the financial transactions of which are consolidated in the annual financial statements of the ~~first nation~~First Nation in accordance with GAAP;

“**expenses**” includes the costs of transportation, accommodation, meals, hospitality and incidental expenses; and

“**remuneration**” means any salaries, wages, commissions, bonuses, fees, honoraria and dividends and any other monetary and non-monetary benefits.

**10.2 Annual report** – The council demonstrates that an annual report is being prepared listing for each councillor the remuneration paid and expenses reimbursed by the ~~first nation~~First Nation, and by any entity, whether such amounts are paid to the councillor while acting as councillor or in any other capacity. [~~FAL Standards 9.2, 18.6.2~~]

**10.3 Required procedures** – Subject to the requirements of the FAL, the council establishes and implements documented procedures

- a. for the recording, retaining and safeguarding of records for each councillor respecting the matters referred to in standard 10.2, and
- b. for the annual reporting of the information referred to in paragraph a. in a special purpose report which is published in the ~~first nation's~~First Nation's annual report.

## ~~11.0~~ **FIRST NATION COMMITTEES**

### 11.0 **FIRST NATION COMMITTEES**

#### **11.1 First Nation committees generally**

**11.1.1 Definition** – In standard 11.1 “committee” means a committee established by the ~~first nation~~First Nation to perform a function in its financial management system and includes a subcommittee of the committee.

**11.1.2 Terms of reference** – The council establishes documented terms of reference for each committee.

**11.1.3 Contents of terms of reference** – The terms of reference of each committee include the number and qualifications of its members, its quorum requirements, its role or functions, including any established in the FAL, its voting rules, its objectives or requested outcomes and its meeting and reporting obligations.

**11.1.4 Compliance with terms of reference** – Each committee demonstrates that it conducts itself in accordance with its terms of reference.

**11.1.5 Retention of records** – Each committee establishes and implements a documented policy to retain the agendas and minutes of all its meetings for at least seven ~~(7)~~ years.

## 11.2 Finance and ~~Audit Committee~~audit committee

**11.2.1 Interpretation** – For purposes of standard 11.2, an individual is independent if the individual does not have a direct or indirect financial relationship with the ~~first-nation~~First Nation government that could, in the opinion of council, reasonably interfere with the individual's exercise of independent judgment as a member of the finance and audit committee.

**11.2.2 Required ~~policies~~policy/procedures** – The council demonstrates that it has a ~~documented~~established and implemented a documented policy and procedure~~—or directions~~

- a. establishing criteria to determine if an individual is eligible to be a member of the finance and audit committee and is independent,
- b. requiring confirmation, before appointment, that each potential member of the finance and audit committee is eligible to be a member and is independent, and
- c. requiring each member of the finance and audit committee annually to sign a statement confirming that the member continues to meet the criteria referred to in paragraph a. ~~[FAL Standard 10.1.6]~~

**11.2.3 Eligibility criteria**– The criteria referenced in standard 11.2.2.a must specify that any individual with a role in the financial management of the ~~first-nation~~First Nation involving the planning, organizing, directing or controlling of its financial activities - including budgeting, financial accounting, financial reporting, procurement and utilization of funds - is not eligible to be a member of the finance and audit committee.

**11.2.4 Committee established** – The council demonstrates that it has carried out the following:

- a. established its finance and audit committee consisting of the number of members specified in the FAL;
- b. appointed members of the committee who meet the requirements of the FAL including the following:
  - i. at least one (1) councillor must be a member of a committee consisting of three (3) members and at least two (2) councillors must be members of a committee consisting of four (4) or more members,
  - ii. a majority of the members must have financial competency,
  - iii. all members must be independent, ~~and~~
  - iv. all members are eligible to be members of the committee;

- c. appointed a chairperson and a vice-chairperson of the committee, one (1) of whom must be a councillor;
- d. documented the appointment of the members of the committee and their terms of office;
- e. sent notices and agendas of all council meetings to the chairperson of the committee if the chairperson is not a councillor; and
- f. on request of a chairperson of the committee who is not a councillor, has provided the chairperson with any materials or information provided to the council respecting the matters before it. *[FAL Standards 10.1, 10.3]*

**11.2.5 Financial competency** – The council establishes and implements a documented procedure policy and procedures

- a. to track the financial competency of each member of its finance and audit committee, and
- b. to ensure that a majority of the members of its finance and audit committee, as defined in the FAL, have financial competency. *[FAL Standards 10.1.4]*

**11.2.6 Term requirements** – The council establishes and implements a documented procedure policy and procedures to monitor the terms of office of members of the finance and audit committee and to take necessary actions to ensure that these terms of office

- a. are of a sufficient period of time to permit the members to develop a critical understanding of the ~~first nation's~~ First Nation's financial management system,
- b. are staggered to ensure the continuing effectiveness of the committee and to provide for succession planning, and
- c. meet the requirements set out in the FAL. *[FAL Standards 10.2.1]*

**11.2.7 Procedures Policy/procedures for member removal** – The council ~~establishes~~ demonstrates that it has established and implemented a documented procedure policy and procedures for the removal from office of a member of the finance and audit committee in the circumstances specified in the FAL for such removal including requiring that

- a. the council confirm that the procedure has been complied with when a member is removed from the finance and audit committee, and
- b. the member of that committee was removed because of the circumstances specified in the FAL for such removal. *[FAL Standards 10.2.2]*

**11.2.8 Procedure Policy/procedures for replacement during term of office** – The council ~~establishes~~ demonstrates that it has established and implemented a documented

~~procedure~~policy and procedures in accordance with the requirements of the FAL for the replacement of a member of the finance and audit committee who is removed from office, resigns or dies before the member's term of office expires. *[FAL Standards 10.2.3]*

**11.2.9 Record of additional roles, etc.** – The council demonstrates that it has documented in the finance and audit committee's terms of reference the committee's roles and responsibilities under the FAL and any additional roles and responsibilities that the council assigns to the committee. *[FAL Standards 10.1.1, 10.5]*

**11.2.10 ~~Procedures~~ Policy/procedures for responsibilities** – The council ~~establishes~~demonstrates that it has established and implemented a documented ~~policy and~~ policy and procedures respecting each of the roles and responsibilities of the ~~financial~~finance and audit committee set out in its terms of reference including the kind and frequency of reports the committee is required to make to the council in addition to its reporting obligations specified in the FAL. *[FAL Standards 10.1.1, 10.1.2, 10.4.6]*

**11.2.11 Attendance and voting records** – The finance and audit committee demonstrates that ~~it~~

- a. it maintains written records of the attendance at its meetings of committee members, the ~~senior manager~~chief administrative officer and the ~~senior financial officer~~director of finance,
- b. the ~~senior manager and senior financial~~chief administrative officer and director of finance have attended those meetings unless excused from attendance in the circumstances provided in the FAL, and
- c. votes of the committee were conducted in accordance with the requirements of the FAL. *[FAL Standards 10.4.1, 10.4.2, 10.4.3, 10.4.4]*

**11.2.12 Meeting records** – The finance and audit committee demonstrates that it

- a. held the minimum number of meetings required in the FAL,
- b. ~~it~~ kept minutes of the substance of those meetings, and
- c. ~~it~~ reported to the council on the substance of those meetings within a reasonable time after each meeting. *[FAL Standards 10.4.5, 10.4.6]*

**11.3 Consistent rules** – If the finance and audit committee has permission under the FAL to make rules for the conduct of its meetings, the committee documents these rules and establishes and implements a documented ~~procedure~~policy and procedures that ~~provides~~provide the means to ensure that these rules are not inconsistent with the FAL or any directions given by the council. *[FAL Standards 10.4.7]*

**11.4 Alternate member** – If the FAL permits a policy authorizing the appointment of an alternate member of the finance and audit committee, the council demonstrates that any policy it establishes has been documented and complies with the requirements of the FAL. ~~[FAL Standards 10.2.4]~~

## ~~12.0 FIRST NATIONS OFFICERS AND EMPLOYEES~~

### ~~12.0 SENIOR MANAGER FIRST NATIONS OFFICERS AND EMPLOYEES~~

#### ~~12.1 Chief administrative officer~~

~~12.1.1 Duties and functions~~ – If the FAL does not establish and specify the duties and functions of a ~~senior manager~~ chief administrative officer, the council demonstrates that it has a law or resolution that

- a. specifies the duties and functions of the ~~senior manager~~ chief administrative officer as set out in standard 11.1 of the *Financial Administration Law Standards*, and
- b. requires the ~~senior manager~~ chief administrative officer to report directly to the council. ~~[FAL Standards 11.1.1, 11.1.2, 11.1.4, 11.1.5]~~

~~12.1.2 Appointment~~ – The council demonstrates that it has appointed a ~~senior manager~~ chief administrative officer to perform the duties and functions of the ~~senior manager~~ chief administrative officer as set out in standard 11.1 of the *Financial Administration Law Standards*. (Note: One or more individuals may be appointed to perform any or all of the duties and functions of the ~~senior manager~~ chief administrative officer so long as all those duties and functions have been assigned to an individual and each individual reports directly to the council). ~~[FAL Standards 11.1.3, 11.1.4, 11.1.5]~~

~~12.1.3 Additional activities consistent with FAL duties~~ – The council demonstrates that any additional activities that the ~~senior manager~~ chief administrative officer is required to carry out are not contrary to the Act or inconsistent with the ~~senior manager's~~ chief administrative officer's duties or functions referred to in standard 12.1.1. ~~[FAL Standards 11.1.5]~~

~~12.2 Senior financial officer~~ Director of finance – The council demonstrates that

- a. it has appointed a ~~senior financial officer~~ director of finance to perform the duties and functions of the ~~senior financial officer~~ director of finance as specified in the FAL, ~~[FAL Standards 11.2.1, 11.2.3]~~
- b. the ~~senior financial officer~~ director of finance reports directly to the ~~senior manager~~ chief administrative officer or to the council as required in the FAL, and ~~[FAL Standards 11.2.2]~~
- c. any additional activities carried out by the ~~senior financial officer~~ director of finance are not contrary to the Act or inconsistent with the ~~senior financial officer's~~ director of finance's duties or functions set out in the FAL. ~~[FAL Standards 11.2.4]~~

### 12.3 Tax administrator – The council demonstrates that

- a. it has appointed a tax administrator to perform the duties and functions of the tax administrator as specified in the Act, the ~~first nation's~~First Nation's local revenue laws and in the FAL, and ~~[FAL Standards 11.3.1 and 11.3.2]~~
- b. the tax administrator reports directly to the ~~senior financial~~director of finance, the ~~chief administrative~~ officer or the ~~senior manager.~~council – as required in the FAL ~~Standards 11.3.2]~~or the First Nation's local revenue laws.

**12.4 Functions documented** – The council demonstrates that the principal powers, duties and functions of all employees of the ~~first nation~~First Nation, including those who report directly or indirectly to the tax administrator, have been documented and approved by the council or the ~~senior manager~~chief administrative officer - as specified in the FAL. ~~[FAL Standards 11.4]~~

### 12.5 Organization chart

**12.5.1 Current chart** – The council demonstrates that ~~it has prepared~~a current organization chart ~~has been prepared~~ that accurately depicts the following:

- a. all governance, management and administrative systems of the ~~first nation~~First Nation, their organization and linkages;
- b. the specific roles and responsibilities of each level of the organization of these systems;
- ~~c.~~ all governance, management and administrative positions at each level of the organization of these systems including
  - ~~i.~~ the council, finance and audit committee and all other committees of the council or ~~first nation~~First Nation, officers and employees of the ~~first nation~~First Nation, and
  - ~~ii.~~ the principal lines of authority and responsibility between the council, the committees, officers and employees. ~~[FAL Standards 11.4.2]~~

**12.5.2 Chart procedure** – For purposes of standard 12.5.1, the council establishes and implements a documented ~~procedure~~policy and procedures that ~~ensures~~ensure that

- a. the organization chart can be located and retrieved as soon as practicable by all persons affected by it, and
- b. the organization chart is kept current.

**12.5.3 Procedure contents** – The ~~procedure~~procedures referred to in standard 12.5.2 ~~includes~~include a definition of the persons or classes of persons who are affected by the organization chart, including those specified in the FAL. ~~[FAL Standards 11.4.3]~~

**12.5.4 Access to chart** – The council demonstrates that it provides access to the organization chart by all persons affected by it. *[FAL Standards 11.4.3]*

**12.5.5 Document security** – The council establishes and implements a documented policy ~~or procedure~~ and procedures that ~~ensures~~ ensure that the organization chart may only be changed on the instructions of council and by a person authorized to do so by the council or by the ~~senior manager~~ chief administrative officer.

## 12.6 Human ~~Resource records~~ resources

**12.6.1 Records of functions, etc.** - The council demonstrates that it has current records clearly describing the functions, responsibilities and authorities of the personnel (including officers, employees, consultants and contractors) involved in operation and management of the financial management system and all its related processes.

**12.6.2 Maintenance procedure** – For purposes of standard 12.6.1, the council establishes and implements a documented ~~procedure~~ policy and procedures that ~~ensures~~ ensure that current records are maintained.

**12.6.3 Records of qualifications/competencies** – The council demonstrates that it has current records of the skills, experience, qualifications and competencies required for all personnel referred to in standard 12.6.1. *[FAL Standards 11.4.5]*

**12.6.4 Management of employee records** – The council establishes, retains, safeguards and maintains appropriate confidentiality of current records of individual ~~first nation's~~ First Nation's employee skills, experience, qualifications, competencies and training. *[FAL Standards 11.4.4, 11.4.5, 21.3, 21.4]*

**12.6.5 Hiring ~~policies~~ policy/procedures** – The council establishes and implements a documented ~~policies~~ policy and procedures for

- a. the hiring of ~~first nation's~~ First Nation's employees referred to in standard 12.6.1 including requirements to ensure
  - i. a person hired as a ~~first nation's~~ First Nation's employee has the skills, experience, qualifications and competencies required for the position being filled, and
  - ii. fair and impartial hiring practices such as providing consistent selection criteria, evaluating applicants consistently, using rating processes and reference checks and hiring on merit, and
- b. the retaining of consultants and contractors referred to in standard 12.6.1 to ensure that a consultant or contractor retained has the skills, experience, qualifications and competencies required for the role being performed. *[FAL Standards 11.4.5]*

**12.6.6— Dismissal ~~policies~~ policy/procedures** – The council establishes and implements a documented ~~policies~~ policy and procedures for the dismissal of ~~first nation's~~ First Nation's



employees, with or without cause, including requirements for keeping records of performance ~~expectations~~measures, performance reviews and corrective and disciplinary actions. ~~[FAL Standards 11.4.4]~~

## 12.7 Human ~~Resources~~resources planning

**12.7.1 Training plan** – The council establishes and implements a plan for any training of ~~first nation's~~First Nation officers or employees required to meet the ~~first nation's~~First Nation's future needs and requirements after taking into account succession and any anticipated changes in the ~~first nation's~~First Nation's activities. ~~[FAL Standards 11.4.4, 11.4.5]~~

**12.7.2 Planning records** – The council documents the future training needs and requirements for the financial management system of the ~~first nation~~First Nation including any required and optional training for individual ~~first nation's~~First Nation employees that is aligned with those needs and requirements. ~~[FAL Standards 11.4.4, 11.4.5]~~

**12.7.3 ~~Employee evaluation~~Performance measures** – The council establishes and implements a documented policy and procedures respecting performance measures appropriate for the roles and responsibilities of every First Nation officer and employee.

**12.7.4 Performance evaluations** – The council establishes and implements a documented policy and procedures for a performance evaluation process

- a. to measure the skills and competencies of individual ~~first nation's~~First Nation officers and employees against their assigned employment roles, responsibilities and established performance measures,
- ~~b.~~ to determine any training requirements for those officers and employees, and
- ~~b-c.~~ to implement any necessary corrective measures, and
- ~~c-d.~~ to ensure that qualified and competent personnel officers and employees are carrying out the financial administration management activities of the first nation. ~~[FAL Standards 11.4.4, 11.4.5]~~First Nation.

**13.0 — CONDUCT EXPECTATIONS****13.0 CONDUCT EXPECTATIONS**

**13.1 Conflicts of interest policy/procedures** – The council demonstrates that it has established a documented policy and procedures respecting the avoidance and mitigation of conflicts of interest including the following:

- a. defining the private interests of councillors, officers, employees, committee members, contractors and agents that could result in a conflict of interest,
- b. specifying restrictions on the acceptance of gifts and benefits by any person referred to in paragraph a. that might reasonable be seen to have been offered in order to influence the making of a decision by that person,
- c. prohibiting any person referred to in paragraph a. who has a conflict of interest from attempting to influence a decision or from participating in the making of a decision respecting the matter in which the person has a conflict of interest, and
- d. specifying how any undisclosed or any alleged but not admitted conflicts of interest of councillors are to be addressed.

**13.13.2 Disclosure policy and procedures**

**13.2.1.1 Disclosure Policy/procedures for councillors** – The council establishes and implements a documented policy and procedures for

- a. the annual disclosures by councillors of their private interests which could result in a conflict of interest, and
- b. the disclosures by councillors as soon as practicable of any circumstances which could result in an actual or potential conflict of interest, and
- ~~b.c.~~ the recording, retaining and safeguarding of these annual disclosures. ~~FAL Standards 12.5~~ disclosures under these procedures in a manner that protects the privacy of the persons referenced in the disclosures.

**13.1.2—.2 Policy/procedures for others** – The council establishes and implements a documented policy and procedures for

- a. the disclosures by officers, employees, committee members, contractors and agents as soon as practicable of any circumstances which could result in an actual or potential conflict of interest, and
- b. the recording, retaining and safeguarding of the disclosures made under these procedures in a manner that protects the privacy of the persons referenced in the disclosures.

**13.213.3 Content for conduct expectations** – The ~~council's~~First Nation policies and procedures for conduct expectations provide appropriate guidance to the different groups of persons who are making financial recommendations or decisions for the ~~first nation~~First Nation including requiring them

- a. to behave in an ethical and transparent manner, and
- b. to comply with all applicable legal requirements. *[FAL Standards 12.1, 12.2, 12.3]*

~~13.1.3—Disclosure procedures for others—The council establishes and implements documented procedures for~~

- ~~a. the disclosures by officers, employees, committee members, contractors and agents of any circumstances which could result in a conflict of interest, and~~
- ~~b. the recording, retaining and safeguarding of the disclosures made under these procedures in a manner that protects the privacy of the persons making the disclosures. [FAL Standards 12.5, 12.6]~~

**13.313.4 Conduct training** – The council establishes and implements a program to train councillors, officers, employees, committee members, contractors and agents respecting their conduct expectations as set out in the FAL or in ~~council~~First Nation policies and procedures.

**13.413.5 Compliance declaration** – The council establishes and implements a documented policy and ~~procedure~~procedures for the following purposes:

- a. to ensure that every officer, employee, committee member, contractor and agent when engaged in a duty or responsibility relating to the ~~first nation's~~First Nation's financial management system signs a declaration indicating they understand and agree to comply with the applicable conduct expectations as set out in the FAL or in ~~council~~First Nation policies, and procedures;
- b. to ensure that the declarations referred to in paragraph a. are signed
  - i. when the officer, employee, committee member, contractor or agent is first hired, appointed or retained, as the case may be, and
  - ii. annually ~~thereafter,~~after that;
- c. to retain and safeguard the declarations made under the policy and ~~procedure,~~procedures; and
- d. to ensure that the applicable conduct expectations as set out in FAL or in ~~council~~First Nation policies and procedures are included in the terms of any applicable employment contracts, appointments to the finance and audit committee, contracts for service with consultants and contractors and appointment of agents. *[FAL Standards 12.3, 12.6]*

**13.6 Compliance with FAL, etc. division** – The council demonstrates that the listed classes of persons referred to in standard 13.0 are complying with the requirements of the FAL and applicable First Nation policies and procedures respecting conduct expectations referred to in standard 13.0.

## **DIVISION THREE – FINANCIAL MANAGEMENT**

### **14.0 FISCAL YEAR**

#### **14.0 POLICY/PROCEDURES FOR FISCAL YEAR**

**14.1 Financial year end** – The council establishes and implements a documented policy and procedures that ensures ensure that all financial reporting and financial statements of the first nation First Nation are for the period beginning on April 1 of one year 1st and ending on March 31 in the next year. *[FAL Standards 13.1]*

#### **15.0 INTEGRATED PROCESS**

#### **15.0 INTEGRATED PROCESS**

**15.1 Integrated planning and budgeting** – The council establishes and implements a documented policy and procedures that detail an integrated planning and budgeting process which sets out the following:

- a. the frequency, timing and requirements for the making of any strategic plans, multi-year financial plans, tangible capital asset project plans, tangible asset life-cycle planning management program plans and annual budgets;
- b. the relationships between related aspects of any strategic plans, multi-year financial plans, tangible capital asset project plans, life-cycle management program plans and annual budgets;
- c. the individuals or parties persons responsible for preparing, coordinating, approving, amending, updating and communicating the items identified in paragraphs a. and b;
- d. any information to be provided to respecting or the involvement of First Nation members of in, the first nation respecting planning and budgeting process. *[FAL Standards 14.1, 15.1, 15.2, 15.3, 15.4, 22.3, 22.4, 22.6]*

#### **16.0 FINANCIAL PLANS**

#### **16.0 STRATEGIC PLAN**

**16.1 Strategic plan** – The council demonstrates that the first nation First Nation

- a. has established and implemented, as appropriate, a current documented strategic plan that articulates a long-term vision for the first nation First Nation and its

members to be used by the First Nation for the purpose of informing financial and community decision-making, and

- b. reviews the strategic plan on a regular, periodic basis and revises it as necessary.

~~16.2 Multi-year plan~~ **Membership information or involvement** – The council demonstrates that it has complied with the requirements of the FAL or First Nation policies and procedures respecting the involvement in or informing of First Nation members about the strategic plan.

## 17.0 FINANCIAL PLAN

~~16.17.1 Multi-year financial plan~~ – The council demonstrates a current documented multi-year financial plan for the ~~first nation~~ First Nation that

- a. meets the requirements of the FAL,
- b. is consistent with and supports the objectives of the strategic plan referred to in standard 16.1,
- c. is based on the projections of revenues, expenditures and transfers between accounts,
- d. includes the life-cycle management program for ~~the first nation's~~ First Nation tangible capital assets, and
- e. includes the ~~economic and social impacts of the first nation's~~ First Nation's planned capital asset projects ~~and projects undertaken by the first nation with other governments.~~ *[FAL Standards 14.0, 22.3, 22.4].*

~~16.217.2 Membership information or involvement~~ – The council demonstrates that it has complied with the requirements of the FAL or ~~council~~ First Nation policies ~~or~~ and procedures respecting the involvement in or informing of ~~first nation~~ First Nation members about the multi-year financial plan. *[FAL Standards 15.4.3]*

## 17.018.0 BUDGETS

~~17.118.1 Approval~~ – The council establishes and implements a documented policy and procedures for

- a. the approval by the council of an annual budget of the ~~first nation~~ First Nation for the following fiscal year by March 31 of each year, and
- b. the approval by the council of any amendments of the component of the annual budget respecting the ~~first nation's~~ First Nation's local revenues as required in the FAL, and
- c. the approval by the council of any changes to the annual budget. *[FAL Standards 15.4.1, 15.4.2, 15.4.4]*

**17.218.2 Content for policy/procedures** – The policy and procedures referred to in standard 1718.1 specify

- a. all activities required to take place before budget approval,
- b. who is the persons responsible for each activity, and
- c. the timetable for completion and coordination of these activities. *[FAL Standards 15.0]*

**17.318.3 Council budget approval** – The council demonstrates that

- a. the annual budget for the first nation First Nation for the current fiscal year was approved on time and contains all components required in the FAL, and
- b. any amendments of the component of the annual budget respecting the first nation's First Nation's local revenues were approved as required in the FAL. *[FAL Standards 15.1, 15.2, 15.3, 15.4]*

**17.418.4 Budget change approvals** – The council demonstrates that any changes to the annual budget for the first nation First Nation for the current fiscal year were approved by the council. *[FAL Standards 15.4.4]*

**17.518.5 Deficits**

**1718.5.1 FAL compliance** – The council demonstrates that it has complied with the requirements of the FAL respecting management of and any limitations on budget deficits.

**1718.5.2 Deficit policy** – The council establishes and implements a documented policy for the circumstances, if any, when a deficit may be incurred and accumulated.

**1718.5.3 Approval procedure** – The council establishes and implements a documented procedure policy and procedures for approval of a budget deficit including consideration of any recommendations from the finance and audit committee on plans to balance the budget deficit. *[FAL Standards 16.3.3]*

**17.618.6 Membership information or involvement** – The council demonstrates that it has complied with the requirements of the FAL or council First Nation policies or and procedures respecting the involvement in or informing of first nation First Nation members about the annual budget, budget deficits or and extraordinary expenditures. *[FAL Standards 15.4.3]*

## **19.0 FINANCIAL MANAGEMENT AND CONTROLS**

**19.1 Funds and revenues management** – The council demonstrates that it has established and implemented a documented policy and procedures respecting the means for effectively managing and controlling all First Nation funds and revenues, including internal controls for financial institution accounts and asset management.

## ~~18.0~~ — COMPLIANCE WITH FAL, ETC. ~~FINANCIAL MANAGEMENT AND CONTROLS~~

~~19.2~~ – The council demonstrates that it is effectively managing and controlling all First Nation funds and revenues in accordance with the requirements of the FAL and any applicable First Nation policies and procedures.

~~19.3~~ Cash management – The council demonstrates that it has established and implemented a documented policy and procedures respecting the means for effectively managing the First Nation's cash.

~~19.4~~ Compliance with FAL, etc. – The council demonstrates that it is effectively managing the First Nation's cash in accordance with the requirements of the FAL and any applicable First Nation policies and procedures.

### ~~18.19.5~~ Financial institution accounts

~~18.19.5.1~~ **Account requirements** – The council demonstrates that the ~~first nation's~~First Nation's accounts in financial institutions are operated as follows:

- a. all accounts are maintained and operated solely for identified purposes;
- b. current records of all account transactions are retained and available for review at any time;
- c. all records pertaining to financial institution authorities are maintained and changes reported to the council;
- d. written notification of any withdrawal or change to cheque writing limitations established by the council, the finance and audit committee or the ~~senior financial officer~~director of finance is communicated as soon as possible to the financial institution with a copy retained in the ~~first nation's~~First Nation's records; and
- e. any restricted monies are deposited in a separate account and accounted for on a separate basis. ~~[FAL Standards 16.1.1]~~

### ~~18.219.6~~ Account deposits

~~18.219.6.1~~ **Account ~~procedure~~policy/procedures** – The council establishes and implements a documented ~~procedure~~policy and procedures for all deposits in ~~first nation's~~First Nation's accounts in financial institutions.

~~18.2.2~~ ~~Procedure~~19.6.2 **Policy/procedures content** – The ~~procedure~~policy and procedures referred to in standard ~~18.219.6.1~~ ~~requires~~ require the following:

- a. all cash transactions to be handled in a controlled and transparent manner designed to minimize errors;
- b. a record to be kept of all anticipated recurring deposit account transactions;

- c. all deposits to be identified by revenue source; and
- d. all funds received on deposit to be segregated as appropriate. ~~[FAL Standards 16.1.1, 16.1.2]~~

### ~~18.3~~19.7 Financial institution account reconciliation

~~18.3~~19.7.1 **Reconciliation policy/procedures** – The council establishes and implements a documented policy and procedures requiring all financial institution accounts to be reconciled by the senior financial officer and independently reviewed within 30 days of the end of each month, except under documented extenuating circumstances.

~~18.3~~19.7.2 **Independent review** – The independent review referenced in standard 19.7.1 must be undertaken by a person who is not in a reporting relationship to the person who prepared the reconciliation of the financial institution accounts.

19.7.3 **Reconciliation procedure policy/procedures** – The council establishes and implements a documented procedure policy and procedures to ensure that

- a. records of the account reconciliations referred to in standard ~~18.3~~19.7.1 are retained, and
- b. any identified reconciliation irregularities are documented and reported by the senior financial officer director of finance to the finance and audit committee as soon as practicable.

~~18.3~~19.7.4 **Reconciliation irregularities** – The council demonstrates that any identified reconciliation irregularities are documented and brought to the attention of the finance and audit committee as soon as practicable.

### ~~18.4~~19.8 Expenditures

~~18.4~~19.8.1 **Expenditures management** - The council demonstrates that it has established and implemented a documented policy and procedures respecting the effective management of all First Nation expenditures.

19.8.2 **Compliance with FAL, etc.** – The council demonstrates that the First Nation is effectively managing all First Nation expenditures in accordance with the requirements of the FAL and any applicable First Nation policies and procedures.

19.8.3 **Controls on delegation** – The council demonstrates that ~~first nation~~First Nation signing authorities are delegated in accordance with any requirements of the FAL and in accordance with an appropriate division of duties and responsibilities commensurate with good internal financial controls. ~~[FAL Standards 8.2, 16.2.1]~~

~~18.19.8.4.2~~ **Account Expenditures and account payable procedure policy/procedures** – The council ~~establishes and implements~~ demonstrates



that it has established and implemented a documented ~~procedure~~ policy and procedures for the ~~expenditures and~~ accounts payable process as follows:

- a. all expenditures from ~~first nation~~ First Nation funds require two signatures or two approvals before a cheque is issued or payment authorized;
- b. the authorization of an expenditure and the approval of payment of an authorized expenditure must not be exercised by the same person in respect to any payment; ~~and~~
- c. all records verifying compliance with this standard must be retained. ~~[FAL Standards 16.2.1]~~

~~18.4.319.8.5~~ **Restrictions on non-local revenue expenditures** – The council demonstrates that all expenditures of ~~first nation~~ First Nation funds, other than local revenues, are made only if and as permitted under the budget of the ~~first nation~~ First Nation in effect at the time of the expenditure (subject to any reasonable exceptions to address unforeseen events provided for in the FAL or in ~~council~~ First Nation policy ~~and procedures~~ authorized by the FAL). ~~[FAL Standards 16.2.3]~~

## 18.5 Debt

~~18.5.1 Debt policies and procedures~~ – The council establishes and implements documented policies and procedures for

- ~~a. the proper consideration of the need for the first nation to incur debt obligations including the evaluation of different potential financing arrangements;~~
- ~~b. the approval of the terms and conditions of debt obligations;~~
- ~~c. the timely payment of debt obligations by the first nation;~~
- ~~d. the monitoring and reconciliation of debt transactions; and~~
- ~~e. the reporting of debt obligations in accordance with the requirements of GAAP, the FAL and any agreements under which the debt obligations were incurred. [FAL Standards 16.3.1]~~

~~18.5.2 Debt records~~ – The council demonstrates that it has maintained the following records for every debt obligation of the first nation:

- ~~a. the principal amount borrowed;~~
- ~~b. the date or dates all or any part of the principal amount must be repaid;~~
- ~~c. the date or dates when interest on the debt must be paid;~~

- ~~d. a. the cost of borrowing including interest payments and service or other charges;~~
- ~~e. the purpose for which the debt has been incurred;~~
- ~~f. the authority under which the debt was incurred including any required council resolution and first nation membership involvement. [FAL Standards 16.3.1]~~

### **18.619.9 Procurement**

**18.619.9.1 Procurement ~~policies~~policy/procedures** – The council establishes and implements a documented ~~policies~~policy and procedures that ensure effective control of the procurement of goods, services and ~~first nation's~~First Nation's assets. ~~[FAL Standards 16.2.1]~~

**18.619.9.2 Policy/~~procedure~~procedures content** – The ~~policies or~~policy and procedures referred to in standard 18.619.9.1

- a. require all procurement documents (e.g. requisitions, purchase order, requests for proposals or tender calls) to clearly indicate on their face the details of the goods or services being requested,
- b. include expenditure spending limits,
- c. specify the budget appropriations and accounts from which certain good or services may or must be purchased, and
- d. include effective monitoring controls to ensure identification and reporting of any spending overruns.

**18.619.9.3 PoliciesPolicy/procedures for tendering and request for proposals** – The ~~policies~~policy and procedures referred to in standard 18.619.9.1 that address tendering or requests for proposals for supply of goods or services include ~~the following:~~

- a. the conditions, including threshold criteria, under which a formal tendering or request for proposal process is required~~;~~ and
- b. ~~who is~~the persons responsible for carrying out the activities of that process. ~~[FAL Standards 8.3.2, 16.2.1]~~

### **18.719.10 Procurement of suppliers**

**18.719.10.1 Evaluation ~~policy~~policy/procedures** – The council establishes and implements a documented ~~procedure~~policy and procedures that ~~establishes~~establish the criteria for selection and initial and ongoing evaluation of suppliers of goods and services to the ~~first nation.~~First Nation. ~~[FAL Standards 16.2.1]~~

**18.719.10.2 ProcedurePolicy/procedures contents** – The ~~procedure~~policy and procedures referred to in standard 18.719.10.1 ~~requires.~~require

- a. supplied goods and services to be examined or reviewed, as appropriate, to determine their suitability and compliance with any contract or purchase specifications, and
- b. records of the examinations or reviews to be retained. *[FAL Standards 16.2.1]*

**18.719.10.3 Access to new suppliers** – The council establishes and implements a documented policy and ~~procedure~~procedures that ~~encourages~~encourage and ~~facilitates~~facilitate new suppliers to participate in the supply of goods and services to the ~~first nation~~. *[FAL Standards 16.2.1] First Nation.*

### **18.819.11 Reimbursable expenses**

**18.819.11.1 Reimbursement policy/~~procedure~~procedures** – The council establishes and implements a documented policy and ~~procedure~~procedures respecting the reimbursement of expenses incurred by persons acting on behalf of the ~~first nation~~. *[FAL Standards 10.5.2] First Nation.*

**18.819.11.2 Policy/~~procedure~~procedures contents** – The policy and ~~procedure~~procedures referred to in standard 18.819.11.1 ~~includes~~include the following:

- a. activities which are considered to be carried out on behalf of the ~~first nation~~First Nation;
- b. expenses which are reimbursable, including defined limits for different categories of expenses;
- c. documents required to support a claim for reimbursement of expenses; and
- d. ~~who has the persons with~~ authority to approve reimbursement of expenses for different categories of claimants. *[FAL Standards 10.5.2]*

## **19.0 — RISK MANAGEMENT**

### **19.1 For Profit Business Activity**

#### **19.12 Borrowing**

**19.11 — ~~Risk management~~ 12.1 Debt policy/procedures** – The council establishes and implements a documented policy and procedures for the following:

- a. the proper consideration of the need for the First Nation to incur debt obligations including the evaluation of different potential financing arrangements;
- b. the approval of the terms and conditions of debt obligations;
- c. the timely payment of debt obligations by the First Nation;
- d. the monitoring and reconciliation of debt transactions; and

e. the reporting of debt obligations in accordance with the requirements of GAAP, the FAL and any agreements under which the debt obligations were incurred.

**19.12.2 Debt records** – The council demonstrates that it has maintained the following records for every debt obligation of the First Nation:

a. the principal amount borrowed;

b. the date or dates all or any part of the principal amount must be repaid;

c. the date or dates when interest on the debt must be paid;

d. the cost of borrowing including interest payments and service or other charges;

e. the purpose for which the debt has been incurred; and

f. the authority under which the debt was incurred including any required council resolution and First Nation membership involvement.

**19.12.3 Debt generally** – The council demonstrates that it has established and implemented a documented policy and procedures respecting

a. the incurring of debt by the First Nation,

b. debt management, and

c. use of borrowed funds.

**19.12.4 Compliance with FAL, etc.** – The council demonstrates that the First Nation is incurring any debt, managing its debt obligations and using its borrowing funds in accordance with the requirements of its FAL and applicable First Nation policies and procedures.

**19.12.5 Granting security** – The council demonstrates that it has established and implemented a documented policy and procedures respecting the granting of security by the First Nation.

**19.12.6 Compliance with FAL, etc.** – The council demonstrates that the First Nation is granting security in accordance with the requirements of its FAL and applicable First Nation policies and procedures.

## **20.0 RISK MANAGEMENT**

### **20.1 For-profit business activity**

**20.1.1 Risk management policy/procedures** – The council establishes and implements a documented policy and procedures that ensure that the risks associated with the first nationFirst Nation carrying on for-profit activities are limited or managed. ~~[FAL Standards 17.1]~~

**1920.1.2 ProcedurePolicy/procedures content** – The policy and procedures referred to in standard 1920.1.1 require the following:

- a. the identification of any material risks associated with the conduct of a proposed for-profit activity;
- b. the steps that must be taken to limit or manage those risks to the first-nationFirst Nation;
- c. approvals required to undertake for-profit activity; and
- d. the monitoring of any approved for-profit activity.

**1920.1.3 Compliance with FAL, etc.** – The council demonstrates that any for-profit activities of the first-nationFirst Nation (other than those being carried out by separate legal entities in which the First Nation has an interest) are being conducted in accordance with the requirements of the FAL and any applicable councilFirst Nation policies or procedures. *[FAL Standards 17.1]*

#### **19.220.2 Loans, Guarantees and Indemnities**

**1920.2.1 Loans generally -Compliance with FAL, etc.** – The council demonstrates that any loans made by the first nationit has established and implemented a documented policy and any guaranteesprocedures respecting effective management of the lending of First Nation funds and indemnities given by the first nation have been made or given in accordance with the requirementscollecting of the FALfunds loaned.

**20.2.2 Policy/procedures content** – The policy and anyprocedures referred to in standard 20.2.1 must include provisions

- a. for collecting monies and interest owed, if applicable—council policies—or procedures and reported on annually. [FAL Standards 17.2,
- a.b. respecting the writing off and 17.4.2]forgiving of debts.

**19.220.2.3 Additional policiespolicy/procedures** – The council establishes and implements a documented policies in respect of the following matters:policy and procedures respecting

- a. the giving of expense and payroll advances; and
- b. the giving or making of leases or lease to buy arrangements.

**19.2.3 Policy content** – The policies referred to in standard 19.2.1 include the following:

- b. provisions for collecting monies and interest owed, if applicable;
- c. provisions respecting the writing off and forgiving of debts. [FAL Standards 17.4]

~~19.2.420.2.4~~ **Compliance with FAL, etc.** – The council demonstrates that any loans given by the First Nation have been made or given in accordance with the requirements of the FAL and any applicable First Nation policies or procedures and reported on annually.

## 20.3 Guarantees and indemnities

~~20.3.1~~ **Compliance with FAL, etc.** – The council demonstrates that any guarantees and indemnities given by the First Nation have been made or given in accordance with the requirements of the FAL and any applicable First Nation policies and procedures and reported on annually.

~~20.3.2~~ **Records procedure** – The council establishes and implements a documented policy and procedures for the keeping of records of all guarantees, indemnities and securities~~security~~ given for capital ~~asset~~ projects on ~~first nation's~~First Nation lands. ~~[FAL Standards 16.3.2, 17.2]~~

## 19.320.4 Investments

~~19.320.4.1~~ **Investment management strategy policy/procedures** – The council ~~establishes~~demonstrates that it has established and ~~implements~~implemented a documented policy and procedures respecting the ~~first nation's~~establishment and periodic review of an effective investment management strategy ~~including~~for First Nation funds.

~~20.4.2~~ **Investment management strategy** – The council demonstrates that it has a documented investment management strategy for First Nation funds that meets the requirements of the FAL and any applicable First Nation policies and procedures and includes, where applicable, ~~its~~short-term and long-term strategies and allowable uses of available funds. ~~[FAL Standards 17.3.1]~~

~~19.20.4.3.2~~ **Investment procedurepolicy/procedures** – The council establishes and implements a documented ~~procedure~~policy and procedures for investments that requires the following:

- a. risk assessments to be performed and criteria to be met with respect to risk before investing;
- b. approvals to be given before investing;
- c. reviews to be conducted to determine if the investments meet the requirements of the FAL and are consistent with the investment management strategy of the First Nation; and

~~e.d.~~ records to be kept and retained of all investment decisions. ~~[FAL Standards 17.3.1]~~

~~19.3.3—20.4.4~~ **Restrictions on investments** ~~Compliance with FAL, etc.~~ – The council demonstrates that ~~the first nation~~it has established and implemented a documented policy

and procedures to ensure that government transfer funds and local revenue funds may only be invested in

e. investments specified in paragraph 82(3)(a), (b), (c) or (d) of the Act, and

f. investments in securities issued by the First Nations Finance Authority or a municipal finance authority established by a province.

**20.4.5 Types of institutions** – The council demonstrates that it has established and implemented a documented policy and procedures for determining the financial institutions or types of financial institutions in which the First Nation may invest its funds.

**20.4.6 Compliance with FAL, etc.** – The council demonstrates that the First Nation has made investments in accordance with the requirements of the FAL, its investment management strategy and any other applicable council/First Nation policies and procedures. [FAL Standards 17.3]

### 19.420.5 Insurance

**19.420.5.1 Insurance procedure/policy/procedures** – The council establishes and implements a documented procedure/policy and procedures to ensure that the requirements of the FAL respecting insurance coverage of the first nation/First Nation have been met including the following:

- a. the identification of the material risks of the first nation/First Nation (or of councillors, officer or employees of the first nation/First Nation) for which insurance coverage may available;
- b. the identification and procurement of appropriate insurance coverage;
- c. the approvals required for insurance coverage; and
- d. the actions required to avoid lapses in coverage.

**19.420.5.2 Compliance with FAL, etc.** – The council demonstrates that the first nation/First Nation has procured and is maintaining any insurance coverage required by the FAL or a council/First Nation policy or procedure. *[FAL Standards 17.5]*

### 19.520.6 Emergencies

**19.520.6.1 Emergency plans** – The council establishes and implements documented emergency and contingency plans to address potential emergency situations that may affect the finances of the first nation/First Nation.

**19.520.6.2 Plan content** – The plans referred to in standard 19.520.6.1

- a. include provision for fires, natural disasters, and environmental risks,
- b. are appropriate to the size, risk and impact of potential emergencies,

- c. require periodic emergency drills, and contact lists,
- d. require communication of the plans to all affected persons, and
- e. require annual review of the plans.

### **19.6.20.7 Financial reporting risks**

**19.6.20.7.1 Risk identification ~~procedure~~policy/procedures** – The council ~~demonstrates~~establishes and implements a documented policy and procedures to identify and document any activities that could result in risk of the following:

- a. a material misstatement in information in the ~~first nation's~~First Nation's quarterly and annual financial statements ~~including misstatements respecting the following:~~
  - i. ~~financial reporting framework and timelines;~~
  - ii. ~~the capturing of information from various routine and non-routine sources of information and the evaluation and analysis of this information;~~
  - iii. ~~the financial closing process at the end of each reporting period;~~
- b. failure to achieve planned levels of financial performance for the ~~first nation~~First Nation; and
- c. failure to perform the ~~first nation's~~First Nation's obligations. ~~[FAL Standards 17.6.1, 18.1]~~

#### **19.6.2**

### **20.8 Risks of fraud**

**20.8.1 Risk of fraud ~~policy/procedures~~** - The council demonstrates that it has ~~established a documented policy and procedures for the identification and assessment of the risks of fraud to the First Nation.~~

**20.8.2 Compliance with FAL, etc.** – The council demonstrates compliance with the ~~requirements of the FAL or applicable First Nation policies and procedures respecting the identification and assessment of the risks of fraud to the First Nation referred to in standard 20.8.1.~~

### **20.9 Risk management controls –**

**20.9.1 Control requirements** - The council establishes and ~~documents~~implements documented controls that ~~mitigate or manage the risks referred to in standard 19.6.1 including requiring the senior manager~~require the chief administrative officer to ensure ~~that~~the following:



- a. the persons engaged ~~or hired to perform services~~ in the ~~first nation's~~First Nation's financial management system
  - i. are qualified ~~and competent~~ to perform the services for which they have been engaged ~~or hired~~, and
  - ii. ~~confirm in writing periodically that they understand their responsibilities;~~  
~~and~~
- ~~b. a positive workplace environment that which supports integrity, honesty, accountability and transparency is established and maintained. [FAL Standards 11.4.4, 11.4.5, 17.6.1, 18.1]~~

## 19.7 Fraud risks

~~19.7.1 Defined terms – In standard 19.7:~~

~~a-b. \_\_\_\_\_ “fraudulent financial reporting” means an intentional act in financial reporting that is designed to deceive users of financial reports; and that may result in a material omission from or misstatement of financial reports;~~

~~“fraudulent non-financial reporting” means an intentional act in non-financial reporting that is designed to deceive users of non-financial reports; and~~

~~“misappropriation of assets” means the theft of first nation assets in circumstances where the theft may result in a material omission or misstatement in financial reports. [FAL Standards 17.7.1]~~

~~19.7.2 Procedures for fraud risks – The council demonstrates documented procedures for the identification and assessment of the following types of fraud in the first nation:~~

- ~~b. fraudulent financial reporting;~~
- ~~c. fraudulent non-financial reporting;~~
- ~~d. misappropriation of assets; and~~
- ~~e. corruption and illegal acts. [FAL Standards 17.7.2]~~

~~19.7.3 Risks arising from incentives and pressures – The council establishes and implements documented procedures to identify and document the risk of fraud resulting from the following:~~

- ~~f. incentives and rewards associated with achievement of objectives; and~~
- ~~g. pressures associated with achievement of objectives.~~

~~19.7.4 Risks arising from opportunities~~—The council establishes and implements documented procedures to identify and document the opportunities for fraud created by the following:

- ~~h. ineffective design and monitoring control activities as it relates to the following:
 
  - ~~i. unauthorized acquisition, use or disposal of first nation assets;~~
  - ~~ii. poor management oversight;~~
  - ~~iii. management override of internal control; and~~
  - ~~iv. ineffective technology systems;~~~~
- ~~i. wilful violation of laws that could have a material direct or indirect impact on financial reporting.~~

~~19.7.5 Risks arising from attitudes and rationalizations~~—The council establishes and implements documented procedures to identify and document the risk of fraud resulting from attitudes of and rationalizations by individuals justifying inappropriate actions.

~~19.7.6 Other risk considerations~~—The council establishes and implements documented procedures to identify and document various ways that fraudulent reporting can occur taking into account the following:

- ~~j. management bias;~~
- ~~k. the degree of estimates and judgments used in financial reporting;~~
- ~~l. fraud schemes and scenarios common to first nation communities;~~
- ~~m. the geographic region where first nation lands are located;~~
- ~~n. the nature of technology and management's ability to manipulate information using that technology;~~
- ~~o. any unusual or complex transactions which are subject to significant management influence; and~~
- ~~p. the vulnerability of internal controls to management override and potential schemes to circumvent existing control activities.~~

~~19.7.7 Fraud risk controls~~—The council establishes and implements documented controls that require the senior manager to ensure that

- ~~q. the individuals engaged in control activities in the first nation's financial management system
 
  - ~~i. are qualified to perform those activities, and~~~~

ii. ~~confirm in writing periodically that they understand their responsibilities,~~  
and

~~f.c. the first nation's~~ the First Nation's control environment and control activities are monitored and reported on periodically to the finance and audit committee ~~of the first nation~~ and the council.

### 19.820.10 Information technology controls

**19.820.10.1 Information technology controls** – The council demonstrates that it has a documented ~~policies~~ policy and procedures respecting internal controls for information technology used by the ~~first nation~~ First Nation in its operations in order to ensure the integrity of ~~theits~~ financial management system, records and ~~its data base.~~ *[FAL Standards 17.6.2]*

**19.820.10.2 Compliance with FAL, etc.** – The council demonstrates compliance with the requirements of the FAL or ~~council~~ applicable First Nation policies and procedures ~~or directions~~ respecting the internal controls for information technology referred to in standard 19.820.10.1. *[FAL Standards 17.6.2]*

**19.820.10.3 Information technology policy/procedures** – The council establishes and implements a documented policy and procedures for information technology used by the ~~first nation~~ First Nation in its operations that ensure the following objectives are met:

- a. ~~Resource Strategy~~ resource strategy and ~~Planning~~ planning - information systems are developed that support the ~~first nation's~~ First Nation's strategic plan and operations;
- b. ~~Information Systems Operations~~ information systems operations –
  - i. information systems are actively monitored for effectiveness;
  - ii. transactions are processed in a timely manner;
  - iii. only approved programs are used and these programs are accessible only by trained and authorized personnel; and
  - iv. data is retained in accordance with legal requirements in applicable laws or in agreements to which the ~~first nation~~ First Nation is a party and is retrievable when needed;
- c. ~~Outsourcing~~ outsourcing - selection of contractors providing information technology services, the definition of services in their contracts and the administration of their contracts is consistent with the needs of the ~~first nation~~ First Nation as set out above;
- d. ~~Information Security~~ information security –

- i. security tools and techniques are implemented to enable restrictions on access to programs and data; and
  - ii. security tools and techniques are administered to restrict access to programs and data;
- e. ~~Change Management~~ change management –
  - i. the data structure is consistent with the needs of the ~~first nation~~ First Nation as set out above;
  - ii. new data structure and modifications to data structure are tested before implementation;
  - iii. new network, communication and systems software are consistent with the needs of the ~~first nation~~ First Nation as set out above; and
  - iv. new computer hardware is consistent with the needs of the ~~first nation~~ First Nation as set out above. *[FAL Standards 17.6.2]*

## 20.0 — FINANCIAL REPORTING

### 21.0 FINANCIAL REPORTING

**21.1 Financial reporting generally** – The council demonstrates that it has established and implemented a documented policy and procedures for an effective system of internal controls that ensures the reliable reporting of the First Nation's financial results.

**21.2 Compliance with FAL, etc.** – The council demonstrates that the financial reporting of the First Nation is operating in compliance with the internal controls referred to in standard 21.1.

#### 20.21.3 Identification of financial reports

**20.21.3.1 List of financial reports** – The council establishes and implements a documented ~~procedure~~ policy and procedures to maintain a current list of financial reports that are required to be prepared on a regular basis, including monthly information and quarterly and annual financial statements. ~~[FAL Standards 18.1]~~

**20.21.3.2 Content of list** – The list referred to in standard ~~20.21.3.1~~ includes

- a. the name of the report,
- b. the person responsible to prepare it,
- c. when it is to be made available, and
- d. who is to receive it. ~~[FAL Standards 18.1]~~

**20.21.3.3 Report maintenance** – All financial reports in the list referred to in standard ~~20.21.3.1~~ are maintained in a safe, secure and accessible manner for at least ~~seven~~ (7) years unless otherwise specified by ~~council~~ First Nation policy or an applicable law. ~~[FAL Standards 18.1, 21.0]~~

**20.21.4 Separate accounting** - If the ~~first nation~~ First Nation has borrowed money from the First Nations Finance Authority secured by other revenues, the council demonstrates that

- a. the other revenues of the ~~first nation~~ First Nation are being accounted for separately from the ~~first nation's~~ First Nation's other moneys, and
- b. the ~~first nation~~ First Nation has provided accounting information respecting other revenues to the First Nations Finance Authority and the ~~Board~~ FMB as soon as practicable after receiving a request to do so. ~~[FAL Standards 18.2]~~

**20.321.5 Monthly financial information** – The council demonstrates that ~~the finance and audit committee and the council receive and consider~~ financial information that summarizes the financial activity of the ~~first nation~~ First Nation for each month. ~~[has been prepared and provided as required in the FAL Standards 18.3].~~

### 20.421.6 Quarterly financial statements

**20.421.6.1 Quarterly reporting** – The council demonstrates that quarterly financial statements that summarize all financial activities of the ~~first nation~~ First Nation are being

- a. prepared by the ~~senior financial officer~~ director of finance,
- b. considered and recommended by the finance and audit committee, and
- c. considered and approved by the council. *[FAL Standards 10.5.1, 11.2.3, 18.4]*

**20.421.6.2 Statement content** – The statements referred to in standard 20.421.6.1 include the following:

- a. a statement of revenue and expenditures containing a comparison to the annual budget;
- b. a statement of financial position; and
- ~~c. a reconciliation for each financial institution account;~~
- ~~d. c.~~ any other information requested by the finance and audit committee or the council.

**20.421.6.3 Provision to finance and audit committee/council** – The statements referred to in standard 20.421.6.1 are provided to the finance and audit committee and the council not later than forty-five (45) days after the quarter for which the statements were prepared. *[FAL Standards 18.4]*

### 20.521.7 Annual financial statements

**20.521.7.1 Preparation and review** – The council demonstrates that the annual financial statements of the ~~first nation~~ First Nation have been

- a. prepared by the ~~senior financial officer~~ director of finance, and
- b. provided to the finance and audit committee and the council within any time periods specified in the FAL. *[FAL Standards 11.2.3, 18.5.1]*

**20.521.7.2 Statement contents GAAP compliance** – The council demonstrates that the annual financial statements of the ~~first nation~~

First Nation have been prepared in accordance with GAAP, ~~and~~

- ~~e. if the first nation has a land code in force, include the same revenue categories respecting revenues from first nation lands as are required by standard 15.3.2 of the Financial Administration Law Standards to be included in the first nation's budgets. [FAL Standards 18.5.2]~~

~~20.621.8~~ **Special purpose reports** – The council demonstrates that the ~~senior financial officer~~director of finance has prepared the special purpose reports ~~that are~~ required by the FAL ~~to be prepared annually. [FAL Standards 18.6].~~

## ~~21.0~~ **AUDITS**

## 22.0 **AUDITS**

### ~~21.1~~22.1 **Auditor**

~~21.22.1.1~~ **Appointment/dismissal procedure policy/procedures** – The council establishes and implements a documented procedure policy and procedures for the appointment and dismissal of the ~~first nation's~~ auditor including the following:

- a. determining that a proposed auditor meets the requirements of the FAL;
- b. confirming that the auditor has carried out the audit as required by the FAL and the terms of the auditor's engagement letter;
- c. specifying the basis for dismissing an auditor; and
- d. replacing an auditor who has been dismissed or who has resigned. ~~[FAL Standards 10.5.2, 19.2]~~

~~21.22.1.2~~ **Auditor appointment** – The council demonstrates that it has taken the following actions:

- a. appointed an auditor ~~for the first nation~~ who meets the eligibility requirements of the FAL;
- b. documented the appointment of the auditor, ~~and~~;
- c. delivered an engagement letter to the auditor that contains the contents required by the FAL ~~[FAL Standards 10.5.2, 19.2]~~ including the following:
  - i. the auditor must complete the audit in accordance with Canadian generally accepted auditing standards;
  - ii. the objective and scope of the audit;
  - iii. the auditor's responsibilities;
  - iv. the First Nation's management responsibilities;
  - v. the expected form and content of any reports issued by the auditor including that there may be circumstances in which a report may differ from those requirements;
  - vi. the auditor must communicate in writing to the council any matters that come to the auditor's attention during the audit involving identified or

suspected non-compliance with the laws applicable to the First Nation – other than inconsequential non-compliance matters; and

vii. the auditor must communicate in writing to the council any significant deficiencies in internal controls identified during the audit; and

d. provided the auditor with a copy of

i. the First Nation's FAL, and

ii. the FMB's *Local Revenue Financial Reporting Standards* (if the auditor is auditing the local revenues financial report of the First Nation).

**22.1.3 Auditor compliance** – The council demonstrates that the auditor ~~of the first nation~~ has

a. carried out the audit of the annual financial statements of the ~~first nation~~First Nation and provided a copy of the audited annual financial statements and the corresponding signed independent auditor's report to council within one hundred twenty (120) days after the fiscal year-end, and

b. completed the audit as required by

i. the FAL including providing an audit opinion on the annual financial statements and ~~an audit opinion or review comments~~a report on the special purpose reports referred to in the FAL,

ii. the terms of the auditor's engagement letter, and

iii. ~~the Canadian~~ generally accepted auditing standards ~~established by the Chartered Professional Accountants of Canada. [FAL Standards 18.5.2, 19.2.3, 19.2.4, 19.3].~~

## 21.222.2 Audited annual financial statements

**2122.2.1 Statements review and approval** – The council demonstrates that

a. it has reviewed and approved the audited annual financial statements of the ~~first nation~~First Nation within one hundred twenty (120) days after the fiscal year-end or such earlier time specified in the FAL, and

b. the audited annual financial statements have been signed by the persons required in the FAL. ~~[FAL Standards 19.4, 19.5]~~

**2122.2.2 Member~~First Nation member~~ access to statements** – The council demonstrates that First Nation members ~~of the first nation~~ have access to the audited annual financial statements and the special purpose reports referenced in the FAL after the statements have been approved and signed. ~~[FAL Standards 19.6]~~



**22.0 — ANNUAL REPORT****23.0 — ANNUAL REPORTS**

**23.1 Annual report contents** – The council demonstrates that the content of the annual report of the First Nation

- a. includes a description of the services and operations of the First Nation,
- b. includes a progress report on any established objectives and performance measures of the First Nation, and
- c. includes or incorporates by reference
  - i. all audited annual financial statements of the First Nation for the previous fiscal year, and
  - ii. the special purpose reports referred to in standard 21.8.
- d. includes any other content required in the FAL.

**22.23.2 Annual report publication** – The council demonstrates that it has published the required annual report of the operations and financial performance of the first nation First Nation by the earlier of

- a. the time specified in the FAL, or
- b. one hundred eighty (180) days after the fiscal year--end. *[FAL Standards 27.1, 27.2, 27.3]*

**22.23.3 Report availability** – The council demonstrates that it has provided the annual report to members of the first nation, the Board First Nation and the First Nations Finance Authority as required in the FAL. *[FAL Standards 27.4]*

**23.4 Remedy for non-compliance** – The council demonstrates a documented policy and procedure procedures providing an accessible process and remedy available to first nation First Nation members who have requested but have not been provided with

- a. the annual report of the first nation. *[First Nation, or*
- a-b. access to the audited annual financial statements or special purpose reports of the First Nation that were incorporated by reference into the annual report as required in the FAL *Standards 27.5].*

**23.0 — RECORDS AND INFORMATION**

**23.5 23.1 Compliance with remedy policy** – The council demonstrates that the First Nation has complied with the process and remedy referenced in standard 23.4.

## 24.0 RECORDS AND INFORMATION

**24.1 Ownership of records policy/procedures** – The council establishes and implements a documented policy and procedures to ensure that the records of the First Nation - however produced, used, or received - remain the property of the First Nation.

**23.124.2 Record keeping policy/procedureprocedures** – The council establishes and implements a documented ~~policies or policy and~~ procedures to establish and maintain proper records to demonstrate

- a. compliance by the ~~first nation~~First Nation with its legal requirements and obligations, and
- b. the effective operation and control of the ~~first nation's~~First Nation's financial management system. *[FAL Standards 21.3]*

**23.224.3 Maintenance procedure** – The council establishes and implements a documented ~~policy and~~ procedures to ensure that all records maintained for the financial management system of the ~~first nation~~First Nation are legible, readily identifiable and readily retrievable. *[FAL Standards 21.3]*

**23.324.4 Risk controls** – The council establishes and implements a documented ~~procedurepolicy and procedures~~ for all records maintained for the ~~first nation's~~First Nation's financial management system that

- a. ~~defines~~define the controls needed for the identification, security, retrieval, retention time and disposition of records, and
- b. ~~complies~~comply with the ~~first nation's~~First Nation's legal requirements and obligations.

### 23.424.5 Access procedure

**23.424.5.1 Information request ~~procedurepolicy/procedures~~** – The council establishes and implements a documented ~~procedure-policy and procedures~~ to receive and manage requests made for information respecting the ~~first nation's~~First Nation's financial management system.

**23.424.5.2 Contents of ~~procedurepolicy/procedures~~** – The ~~procedure-policy and procedures~~ referred to in standard 23.424.5.1 clearly ~~states~~state what information the ~~first nation~~First Nation is permitted or required to release and what information the ~~first nation~~First Nation is required to retain as confidential. *[FAL Standards 21.4]*

### ~~23.5 Operations manual~~

**23.5.1—Operations manual and procedures—**The council demonstrates that it has

- a. ~~established an operations manual for the first nation's administrative systems and~~

a. ~~documented procedures for the maintenance of the manual. [FAL Standards 21.2.1]~~

~~23.5.2 Manual availability~~—The council demonstrates that it has documented policy for making the manual available to councillors, committee members, officers and employees and, as appropriate, to contractors or agents including any reasonable exceptions for those parts of the manual that are appropriate for only limited distribution. ~~[FAL Standards 21.2.2]~~

~~23.624.6~~ **Other revenues account record** – If the First Nation has a loan from the First Nations Finance Authority that is secured by other revenues, the council demonstrates that the ~~senior financial officer~~ **director of finance** is keeping a complete set of all records respecting other revenues of the ~~first nation~~ **First Nation**, including all records referred to in section 5 of the *Revenue Management Implementation Regulations* as amended by the *Financing Secured by Other Revenues Regulations*. ~~[FAL Standards 21.6]~~

## 24.025.0 ~~TANGIBLE~~ **TANGIBLE CAPITAL ASSETS INCLUDING CAPITAL PROJECTS ASSETS**

### **24.1 Asset Register**

~~24.225.1~~ **24.1.1 Current register** – The council demonstrates a current ~~asset~~ register for all the ~~first nation's~~ **First Nation's** tangible capital assets. ~~[FAL Standards 22.1, 22.3]~~

~~24.1.2 Register contents~~—The register referred to in standard 24.1.1 includes the ~~first nation's tangible capital asset's location, purpose, ownership restrictions, year of acquisition, last inspection date, expected life at time of acquisition, assessment of condition, remaining useful life, estimated residual value, insured value and any deferred maintenance.~~ ~~[FAL Standards 22.1, 22.3]~~

~~24.325.2~~ **Reserve Tangible capital asset reserve fund** – The council demonstrates that it has established and is investing in and managing a tangible capital asset reserve fund to be applied for purposes of ~~construction, acquisition, maintenance, rehabilitation~~ **the First Nation's life-cycle management program** and ~~replacement of~~ tangible capital assets. ~~[FAL Standards 22.2] projects.~~

**25.3 Required policy/procedures** – The council establishes and implements a documented policy and procedures as required in the FAL for a life-cycle management program for First Nation tangible capital assets and for tangible capital asset projects.

~~24.425.4~~ **Life-cycle planning** – The council demonstrates that it has implemented a documented ~~lifecycle planning~~ **life-cycle management program** for **First Nation** tangible capital assets as required in the FAL. ~~[FAL Standards 22.3]~~ **and in applicable First Nation policies and procedures.**

~~24.525.5~~ **Capital Tangible capital asset project plans**

~~24.4.25.5.1~~ **Capital project budgeting Required policy/procedures** – The council establishes and implements a documented policy and procedures respecting tangible capital asset projects.

~~25.5.2~~ **Compliance with FAL/policies, etc.** – The council demonstrates that the requirements of the FAL ~~for capital project budgeting~~ and applicable First Nation policies and procedures respecting tangible capital asset projects have been implemented. ~~[FAL Standards 22.4]~~

~~24.4.25.5.3~~ **Planning triggers** – The ~~integrated planning procedure~~ procedures referred to in standard ~~1525.5.1~~ includes the thresholds or criteria that trigger

- a. the requirement for a formal tangible capital asset project ~~planning process~~ plan as described in standard ~~24.4.425.5.5~~, and
- b. applicable capital expenditure approval limits.

~~2425.5.4.3~~ **Requirements for thresholds/criteria** – The thresholds or criteria described in standard ~~24.4.225.5.3~~ are stated in terms of monetary limits, funding sources, project types or anticipated community impacts.

~~24.4.4~~ ~~Capital~~ **25.5.5 Tangible capital asset project plan** – When the thresholds or criteria described in standard ~~24.4.225.5.3~~ are exceeded, the council ~~establishes, documents~~ demonstrates that it has established, documented and ~~retains~~ retained a tangible capital asset project plan (which may also be referred to as a business plan or financing proposal).

~~24.425.5.6~~ **Capital project plan contents** – The tangible capital asset project plan referred to in standard ~~24.4.425.5.5~~ includes all information that is necessary to assist decision-makers to reach an informed decision on the proposed tangible capital asset project including the following:

- a. financial viability;
- b. project operating requirements;
- c. risk assessment.

#### ~~24.6~~ **25.6 Contract Contracts and tendering requirements**

~~24.525.6.1~~ **Policy requirements – Required policy/procedures** – The council demonstrates that it has established and implemented a documented ~~council policies or policy and~~ procedures respecting the ~~following matters relating to the construction and rehabilitation~~ procurement, contract and risk management and administration of buildings and other improvements to land tangible capital asset projects, including capital infrastructure the following:

- a. project planning, design, engineering, safety and environmental requirements;

- b. project costing, budgeting, financing and approval;
- c. project and contractor bidding requirements;
- d. tender, contract form and contract acceptance;
- e. course of construction insurance;
- f. project performance guarantees and bonding;
- g. project control, including contract management;
- h. holdbacks, work approvals, payment and audit procedures. *[FAL Standards 22.5]*

~~24.525.6.2-~~ **Compliance on Projectsprojects** – The council demonstrates that it has implemented the ~~policies or policy and~~ procedures referred to in standard ~~24.525.6.1 in relation to projects for the construction and rehabilitation of building tangible capital asset projects.~~

## 26.0 FIRST NATION MEMBER INFORMATION OR INVOLVEMENT

**Required policy/procedures** – The council demonstrates that it has a documented ~~policy and other improvements to land, including capital infrastructure.~~ *[FAL Standards 22.5]*

~~26.1 Membership information or~~ procedures respecting the involvement ~~in or informing of~~ First Nation members about tangible capital asset projects and borrowing for tangible capital asset projects.

~~24.726.2~~ **Compliance** – The council demonstrates that it has complied with the requirements of the FAL ~~or council and applicable First Nation~~ policies ~~or and~~ procedures respecting the ~~involving involvement in~~ or informing of ~~first nation~~First Nation members ~~in tangible capital projects and borrowing for the construction of new~~about tangible capital asset projects ~~and borrowing for tangible capital asset projects.~~ *[FAL Standards 22.6]*

## 25.027.0 BOARD/FMB STANDARDS

~~25.127.1~~ **Compliance policy/procedures** – If the ~~first nation~~First Nation is a borrowing member or has a certificate issued by the ~~Board~~FMB under the Act, the council establishes and implements a documented ~~procedure~~policy and procedures for monitoring and tracking compliance by the ~~first nation~~First Nation with all ~~Board~~FMB standards and for rectifying any non-compliance.

~~25.227.2~~ **Procedure contents** – The ~~procedure~~procedures referred to in standard ~~2527.1~~ includes include

- a. all significant activities and a schedule of critical dates for completion of these activities,

- b. the responsibilities and authority for all significant activities, and
- c. a description of all records to be maintained including records of responses to any non-compliance.

**25.327.3 Rectification of non-compliance** – The council demonstrates that it has, without delay, taken any measures required for the ~~first nation~~First Nation to rectify any non-compliance with ~~Board~~FMB standards and to operate in compliance with those standards. ~~[FAL Standards 23.0]~~

## **26.0 — COMPLIANCE WITH OTHER LEGISLATION**

~~26.1 Land management~~ — If the first nation has a land code in force under the *First Nations Land Management Act*, the council demonstrates that the first nation is complying with the method set out in the FAL or in a council policy to be accountable to first nation members for the management of first nation land and money derived from first nation land as required under the first nation's land code to satisfy section 6(1)(e) of that Act. ~~[FAL Standards 24.0]~~

~~26.2 Oil and gas management~~ — If a first nation has a financial code under the *First Nations Oil and Gas and Moneys Management Act*, the council demonstrates that the first nation is complying with the *First Nations Oil and Gas and Moneys Management Act* and its financial administration code made as required or permitted under that Act. ~~[FAL Standards 25.0]~~

## **27.0 — FINANCIAL MISCONDUCT**

### **28.0 FINANCIAL MISCONDUCT**

~~27.128.1 Reporting policies~~policy/procedures – The council establishes and implements a documented ~~policies~~policy and procedures respecting the reporting of ~~breaches of the FAL or of council policies, procedures or directions including the reporting of the following:~~any alleged misappropriation or irregularity in the financial management of the First Nation.

- ~~a. questionable accounting practices;~~
- ~~b. inadequate internal accounting controls;~~
- ~~c. the misleading or coercion of auditors;~~
- ~~d. fraudulent or misleading financial information;~~
- ~~e. instances of fraud;~~
- ~~f. material misrepresentation in disclosures made by or on behalf of the first nation.~~  
~~[FAL Standards 26.1, 26.2]~~

**27.228.2 Reporting procedures** – The council establishes and implements documented procedures for the following:

- a. the confidential reporting of breaches;

- b. the recording, maintaining and safeguarding of reported breaches and any records prepared during the inquiry into or investigation of those breaches;
- c. the safeguarding of the confidentiality of the person who reported the breach;
- d. the protection of the person who reported the breach from reprisals;
- e. the inquiry into or investigation of the reported breaches;
- f. the fair and unbiased treatment of the person against whom a report has been made;
- g. appropriate actions to be taken by the council if a breach has occurred and the recording of these actions;
- h. the annual reporting to council on the effectiveness of its policies and procedures under standards 13.0 and [2728.0](#);
- i. the communication of its policies and procedures under standards 13.0 and [2728.0](#) to all personnel engaged in the activities of the ~~first-nation~~[First Nation](#);
- j. the inclusion of the policies and procedures referred to in standards 13.0 and [2728.0](#) in the contracts of contractors and in the appointments of agents and committee members. *[FAL Standards 26.4]*

~~27.328.3~~ **Enforcement policy/procedureprocedures** – The council establishes and implements a documented ~~policiespolicy~~ and procedures for the enforcement of the requirements of the FAL including

- a. the tracking of costs associated with or resulting from breach of these requirements, and
- b. the recovery of amounts expended or forfeited due to the failure of a person to comply with these requirements. *[FAL Standards 26.2, 26.6]*

## ~~28.0 — FINANCIAL MANAGEMENT SYSTEM IMPROVEMENT~~

### ~~29.0 — FINANCIAL MANAGEMENT SYSTEM IMPROVEMENT~~

~~28.129.1~~ **Tracking procedurepolicy/procedures** – The council establishes and implements a ~~procedure~~documented ~~policy and procedures~~ for collecting, recording and analyzing concerns and comments from interested or affected persons respecting the financial management system of the ~~first-nation~~[First Nation](#) and the services it provides including any confidential reporting of breaches of the FAL.

## 28.229.2 Internal system assessment

**2829.2.1 Internal assessment procedure** – The council establishes and implements a documented procedure policy and procedures for the planning, scheduling, and conducting of internal assessments of the financial management system of the ~~first nation~~ First Nation and for the resolution of any concerns identified in those internal assessments.

**2829.2.2 Procedure content** – The procedure procedures referred to in standard 2829.2.1 ~~requires~~ require the following:

- a. internal assessments must be conducted of critical or significant activities and processes at least once each fiscal year;
- b. the assessor must be independent of the operations area or activity being assessed; and
- c. records must be made and retained of both the internal assessment findings and the resolutions of any concerns identified in those findings.

## 28.329.3 Financial management system review

**2829.3.1 Review procedure policy/procedures** – The council establishes and implements a documented procedure policy and procedures that ~~requires~~ require the individuals responsible for the management and operation of the financial management system of the ~~first nation~~ First Nation to meet at least once each fiscal year at a scheduled time.

**2829.3.2 Meeting agenda** – The procedure procedures referred to in standard 2829.3.1 ~~specifies~~ specify the standing agenda items including the following:

- a. review of the system's processes and procedures;
- b. review of applicable laws for compliance;
- c. review of external and internal assessment results;
- d. review of identified process improvement opportunities including their resolutions;
- e. review of all committees' terms of reference; and
- f. review of the organization chart.

**2829.3.3 Review period** – The procedure policy and procedures referred to in standard 2829.3.1 ~~requires~~ require the meeting to review the financial management system during the period of the previous four (4) quarters and up to the date of the meeting.

**2829.3.4 Report and recommendations** – The procedure policy and procedures referred to in standard 2829.3.1 ~~requires~~ require the attendees of the meeting to prepare a



report to be made available to council, the finance and audit committee and the external and internal auditors that includes the following:

- a. a statement of whether the financial management system has, during the review period, been operated in compliance with all applicable laws, policies, procedures and directions; and
- b. recommendations for any changes to those laws, policies, procedures and directions that, in the opinion of the meeting attendees, would be beneficial to the financial management system. *[FAL Standards 28.1]*

**Membership 29.3.5 First Nation membership information or involvement policy/procedures** – The council demonstrates that it has established and implemented a documented policy and procedures respecting the involvement in or informing First Nation members about the approval of any proposed amendments to the FAL.

**29.3.6 Compliance with FAL, etc.** - The council demonstrates that it has complied with the requirements of the FAL or council and any applicable First Nation policies or procedures respecting the involvement in or informing ~~first nation~~ First Nation members about the approval of any proposed amendments to the FAL. *[FAL Standards 2682]*

## **PART TWO - LOCAL REVENUE MANAGEMENT STANDARDS**

### **29.0 FINANCIAL INSTITUTION ACCOUNTS**

**29.3.7 Implementation exemption** – Implementation of the policies and procedures referenced in standards 29.2.1 and 29.3.1 is not required until after the First Nation has been issued a Financial Management System Certificate by the FMB.

## **PART TWO - LOCAL REVENUES MANAGEMENT STANDARDS**

### **30.0 FINANCIAL INSTITUTION ACCOUNTS**

**29.130.1 Requirements for local revenue account** – The council demonstrates that the ~~first nation's~~ First Nation's financial institution accounts are operated as follows:

- a. a local revenue account is maintained and operated solely for all local revenues received by the ~~first nation~~ First Nation;
- b. a local revenue account does not contain any funds; ~~or~~ other than local revenues;
- c. a local revenue account is not used for expenditures other than those authorized for local revenues; and
- d. records of all local revenue account transactions are retained and available for review at any time. *[FAL Standards 16.1.2]*

### ~~30.031.0~~ ~~REAL~~ REAL PROPERTY ~~ASSESSMENT~~ ASSESSMENT

~~30.131.1~~ **Appointments** – The council demonstrates that it has appointed a tax administrator, an assessor and the members of an assessment review board as required in the ~~first nation's~~ First Nation's local revenue laws.

~~30.231.2~~ **Implementation** – The council demonstrates that it has implemented the ~~first nation's~~ First Nation's real property assessment law for the following activities within any time required in its law:

- a. the preparation, certification and inspection of the assessment roll; and
- b. the preparation and delivery of assessment notices to persons named on the assessment roll.

~~30.331.3~~ **Records** – The council demonstrates that all records required by the ~~first nation's~~ First Nation's real property assessment law are retained.

### ~~31.032.0~~ PROPERTY TAX RATES

~~31.132.1~~ **Law setting tax rate** – The council demonstrates that within the time required by subsection 10(1) of the Act

- a. the council made a law under subsection 10(1) of the Act setting the rate of tax to be applied to the assessed value of each class of property, and
- b. the First Nations Tax Commission approved that law.

### ~~32.033.0~~ REAL PROPERTY TAXATION

~~32.133.1~~ **Implementation** – The council demonstrates that it has implemented the ~~first nation's~~ real First Nation's property ~~taxation~~ tax law for the following activities within any time required in its law:

- a. preparation of the tax roll;
- b. preparation and delivery of tax notices to persons named in the taxation roll;
- c. imposition and collection of interest and penalties on tax arrears;
- d. payment of any tax refunds;
- e. notation of tax payments on the taxation roll and issuance of receipts for taxes paid; and
- f. collection of taxes and enforcement of the payment of unpaid taxes.

### ~~33.034.0~~ LOCAL ~~REVENUES~~REVENUE EXPENDITURES

~~33.134.1~~ **Budget law** – The council demonstrates that within the time required by subsection 10(2) of the Act

- a. the council made a law under subsection 10(2) of the Act establishing a budget for the expenditures of revenues raised under the ~~first nation's~~First Nation's property ~~taxation~~tax law or under a law made under paragraph 5(1)(a.1~~7~~) of the Act, and
- b. the First Nations Tax Commission approved that law.

~~33.234.2~~ **Expenditures** – The council demonstrates that it has made expenditures of local revenues only as authorized in a budget made in a law referred to in standard ~~3334.1~~ and approved by the First Nations Tax Commission or as permitted in section 13.1 of the Act. ~~[FAL Standards 16.2.2]~~

### ~~34.0~~ LOCAL ~~REVENUES~~ ACCOUNTING

### ~~35.0~~ LOCAL ~~REVENUES~~ ACCOUNTING

~~34.135.1~~ **Separate ~~account~~accounting** – The council demonstrates that the local revenues of the ~~first nation~~First Nation are being accounted for ~~and reported on~~ separately from the ~~first nation's~~First Nation's other moneys in accordance with the requirements of the FAL, ~~and~~ the Act ~~and the Board's financial reporting standards for local revenues.~~ ~~[FAL Standards 18.2]~~

### ~~35.036.0~~ LOCAL ~~REVENUES~~ REPORTING AND AUDIT

~~35.136.1~~ **Annual audit** – The council demonstrates that

- d. the ~~first nation~~First Nation prepares a financial report on its local revenues that is audited at least once in each calendar year,
- e. the financial report is set out as separate audited annual financial statements for local revenues or, if permitted in the ~~Board's financial reporting standards for local revenues~~FMB's *Local Revenue Financial Reporting Standards*, as a distinct segment of the activities that appear in the audited general annual financial statements of the ~~first nation~~First Nation, and
- f. the ~~first nation~~First Nation makes the audited financial report available to the persons referred to in ~~sections~~subsection 14(2) of the Act. ~~[FAL Standards 19.7]~~

~~35.236.2~~ **Required ~~policies~~policy/procedures** - The council ~~must establish~~establishes and ~~implement~~implements a documented ~~policies~~policy and procedures ~~respecting~~for the annual preparation, review, audit and approval of the financial report for local revenues including ~~who~~ ~~is~~the persons responsible for completing these activities and ~~when~~the schedule for completing these activities ~~must be completed~~.

~~35.336.3~~ **Consistent with standards-** The ~~policies~~*policy* and procedures referred to in standard ~~3536.2~~ must be consistent with ~~any requirements of the Board's standards for financial reporting of local revenues.FAL and the FMB's Local Revenue Financial Reporting Standards.~~

### 36.037.0 LOCAL REVENUE ACCOUNT RECORDS

~~36.137.1~~ **Records procedure** – The council establishes and implements a documented ~~procedure~~*policy and procedures* to ensure that the ~~senior financial officer~~*director of finance* or the tax administrator, as specified in the FAL, maintains and has available at all times a complete set of all records respecting the ~~first nation's~~*First Nation's* local revenue laws and their administration, including all records referred to in section 5 of the *Revenue Management Implementation Regulations. [FAL Standards 21.5]*

## PART THREE — MISCELLANEOUS

### ~~37.0~~ — SERVICES PAID FROM LOCAL REVENUE ACCOUNT

### 38.0 SERVICES PAID FROM LOCAL REVENUE ACCOUNT

~~37.138.1~~ **Local services list** – The council ~~establishes and~~ maintains a list of all local services paid for in whole or in part from local revenues including details of existing service agreements and agreements under negotiation.

~~37.238.2~~ **Service delivery performance targets** – The council establishes and documents the operating and service delivery performance targets for critical services referred to in standard ~~3738.1~~.

### ~~38.0~~ — FINANCIAL ADMINISTRATION LAW

~~38.1~~ **Delivery of FAL** — If the first nation intends to become a borrowing member, the council demonstrates that it has delivered a copy of the FAL to the First Nations Finance Authority as soon as practical after the FAL has been approved by the Board. *[FAL Standards 28.1]*



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