



Introduction to the FAL / FAB Implementation Review

April 2019 10-Year Grant Recipients

Presented by:

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Who should watch this webinar?



- **First Nations who entered into a 10-Year Grant Funding Agreement in April 2019**
 - Enacted Financial Administration Law or Financial Administration By-Law
 - Met the Financial Performance grant eligibility criteria
- First Nations who have an FMS Certificate from the FMB are exempt from the full implementation review and the requirements are different. There is a separate webinar available for 10-year grant recipients with FMS Certificates.

10-year grant eligibility refresher

- The Government of Canada, through ISC, is providing 10-year grants to First Nations.
- The grant is available to First Nations who demonstrate the ability to meet eligibility criteria co-developed by ISC, the AFN and the FMB.

Grant eligibility requirements to be met by a First Nation:

1. Enact either a FAL under section 9 of the *FMA* or a FAB under section 83 of the *Indian Act* and obtain a Compliance Opinion from the FMB that the Law meets the FMB's FAL Standards and the 10-year grant eligibility requirements;
2. Demonstrate that a selected number of financial performance ratios have been met as at March 31st of the financial year preceding the effective date of the grant; and
3. Demonstrate the implementation of the minimum FAL or FAB provisions referenced in the eligibility criteria within 24 months of the effective date of the grant.

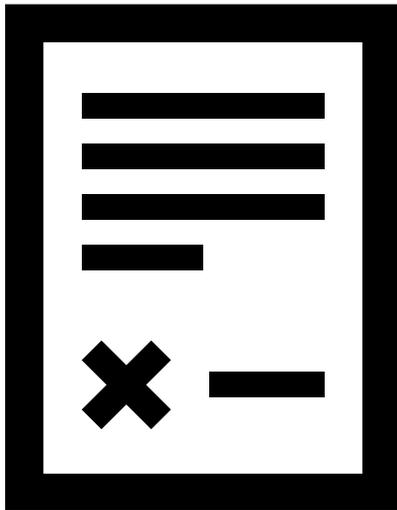
What are the grant eligibility FAL / FAB provisions?

- The minimum FAL & FAB provisions for grant eligibility were selected by ISC and cover key financial administration activities.
- FALs & FABs come into effect gradually and not all sections are “in force” right away.
- For grant eligibility certain provisions are required to be “brought into force” and implemented.
 - **Yellow highlighted provisions** come into effect on the day after FMB issues its compliance opinion on the FAL or FAB.
 - **Green highlighted provisions** come into effect 9 months after the First Nation enters into the grant agreement (January 1 of the following year)
- **For April 1, 2019 grant recipients all the minimum provisions have been in effect since January 1, 2020.**

What's covered in the grant eligibility FAL / FAB provisions?

- Appointment of First Nation officers
- Organization chart
- Management of conflicts of interest
- Multi-year financial plan
- Annual budget
- Policy for informing members
- Annual financial statements & external audit
- Annual report
- Interim financial reporting (monthly & quarterly)
- Whistleblower policy & reporting
- Strategic plan (only for FALs & FABs based on FMB's 2019 FAL Standards)

What is FMB's role?



- **MOU between the FMB, the Minister of Indigenous Services, and the Minister of Crown-Indigenous Relations**
- FMB accepted the role of evaluating whether a First Nation government that expressed interest in a 10-year grant has met the eligibility criteria
- FMB will complete a set of 73 standardized review procedures agreed to with ISC (the “agreed-upon procedures”) to assist ISC in reaching a determination of whether the First Nation has implemented the minimum FAL or FAB provisions that make up the grant eligibility requirements.
- FMB will report to ISC and the First Nation on the results of those procedures
- **FMB will conduct the reviews at the request of ISC, at the timing of their choosing**

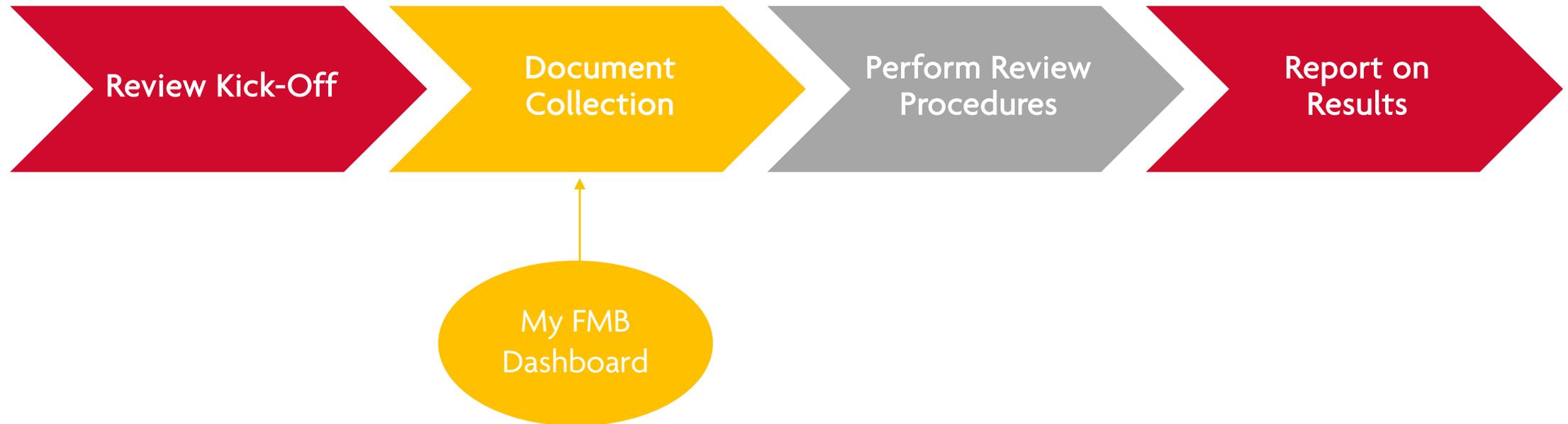
How will FMB support First Nations?

- **Dedicated Capacity Development support**
- Sample Policies and Procedures
- Tools and templates
- FMB Client Dashboard
- Collect supporting documentation
- Support throughout the completion of the agreed-upon procedures review
- Services provided at no cost

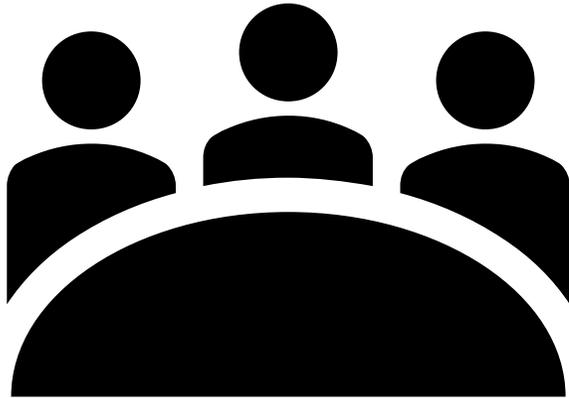
10-Year Grant FAL / FAB implementation activities are a step towards FMS Certification!

What to expect during the review

We expect the review to take place over several weeks while the FMB Team collects the documents, performs the review procedures and communicates the results back to the First Nation. All the steps will be conducted remotely.



Review Kick-Off



- Leading up to the review, First Nations will continue to work with their dedicated FMB Capacity Development (CD) Manager to prepare for the review.
- The review procedures will be performed remotely by a member of FMB's Standards and Certification (SAC) team.
- The review process will kick-off with an introductory conference call between the First Nation, the CD Manager & the SAC Manager.
- The FMB Team will provide additional details about the review, a proposed schedule and answer any questions.
- The FMB Team will complete a short preliminary questionnaire about recent activities that will help to refine the scope of the review.

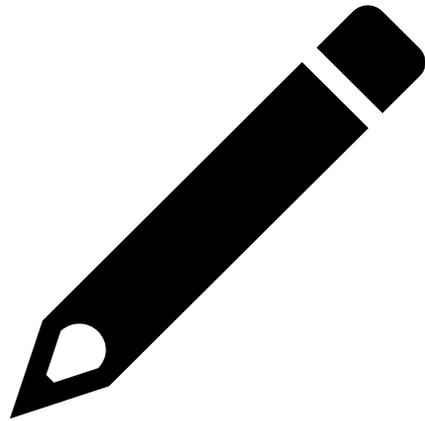
Document collection

The screenshot displays a dashboard interface for document collection. At the top left, there are two circular indicators: a yellow one for '4/4 Docs due Apr. 01, 2019' and a green one for '6/6 Docs due Jan. 01, 2020'. Below this, there are sections for 'Related Tools' (listing 'Standards for First Nation Governments' and 'Tools and Templates') and 'Related Discussions' (stating 'There are no related discussions at this time.'). The main section is titled 'Documents Required' and contains a table with the following data:

Document	Status
Most Recent Audited Financial Statements And Schedule Of Council Remuneration And Proof Of Approval By Council No Later Than July 29 10/05/2020 - 16:10	Submitted
Most Recent Budget And Proof Of Approval By Council No Later Than March 31 10/16/2020 - 12:49	Submitted
Most Recent Quarterly Report And Proof Of Approval 10/16/2020 - 12:51	Submitted
Most Recent Monthly Report 03/06/2020 - 09:13	Submitted
Council Approved Governance Policy And Proof Of Approval 10/05/2020 - 15:06	Submitted

- Following the meeting the FMB Team will provide a **document request list** to the First Nation.
- Clients are requested to upload documents to the **My FMB Dashboard**.
 - The documents listed on the Dashboard are universally required for all grant recipients and can be uploaded at any time.
- Additional documents will be requested depending on the type of FAL or FAB and the responses to the preliminary questionnaire.

Perform review procedures



- The Standards and Certification team can begin the review procedures as the documents are collected.
- The 73 review procedures are the same for each grant recipient.
- The procedures cover the provisions of the First Nation's FAL or FAB that are required to be in effect and implemented for grant eligibility.
 - Examples provided on the following slides.
- FMB's review is to gather facts. We will not conclude or offer an opinion on whether a provision of the FAL or FAB has been implemented or met.

Sample review procedures

Example 1

Standardized FAL / FAB provision

No later than March 31 of each year, the Council must approve a multi-year financial plan.

Agreed-upon procedure

Request a copy of the multi-year financial plan and the Council meeting minutes which demonstrate the approval of the multi-year financial plan.

Example 2

Standardized FAL / FAB provision

When conducting the audit, the auditor must provide an audit opinion of the annual financial statements.

Agreed-upon procedure

Request the audited annual financial statements and observe whether the independent auditor's report is attached, and whether the auditor's report includes an opinion on the financial statements.

Report on results

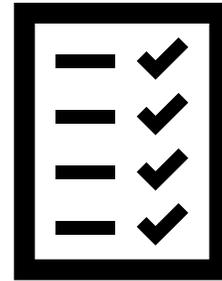


- Once the review procedures are complete, a conference call will be scheduled by the FMB Team to review the preliminary findings with the First Nation.
- FMB's report will show the review procedures performed and the factual findings from each procedure.
- The First Nation's representative (Senior Manager or equivalent) will be asked to review and sign off on the report.
- FMB will provide the final report to ISC and the First Nation.
- ISC can use the report to reach a determination of whether the First Nation has implemented the minimum FAL or FAB provisions that make up the grant eligibility requirements.
- The report can be used for further discussion between the First Nation and ISC.

What does a remote review look like?



Telephone, Zoom, Skype,
Microsoft Teams for
video calls & meetings



MyFMB Client
Dashboard &
Microsoft OneDrive
(set up by FMB) to
collect documents



Email for communications



**We have already
been approved for
a 10-year grant.
What is this review
about?**

The grant eligibility criteria and grant agreement require the First Nation to demonstrate the implementation of certain provisions of the FAL or FAB that the First Nation adopted as part of the initial 10-year grant eligibility requirements.

This review is to evaluate the implementation of those FAL or FAB provisions and generally takes place within 24 months following the grant agreement.

What happens if we haven't implemented all the FAL / FAB requirements?

The review can still go ahead even if certain areas have not been implemented. We will simply document that fact in our findings. Think of the review as a “snap-shot” of the status of the First Nation’s financial management system.

The FMB will not be concluding or offering an opinion to ISC on the whether certain provisions are “met” or “not met”. The findings from the FMB’s review can be used for discussion between the First Nation and ISC.

What happens if we haven't met the required dates and deadlines in the FAL or FAB? For example, we didn't approve our budget by March 31st because of COVID-19.

As noted on the previous slide, the objective of these reviews is only to collect facts about the implementation of the First Nation's FAL or FAB. The FMB will not be concluding whether the requirement is met / not met.

Using the budget example, we will still collect the budget and proof of approval, regardless of the date approved, and document any relevant facts regarding the approval date.

The findings can be used for discussion between the First Nation and ISC.

Are there alternative documents that are acceptable? For example, we don't prepare an annual report, but we have a presentation at our member AGM.

This will depend on the procedure and what alternative documents are available. If your First Nation's process is different from what has been specified in your FAL or FAB, the FMB Team will gain an understanding of whether an alternative approach exists and may request additional supporting documents as evidence.

Using the annual report example, the FMB will inquire about what information is shared with First Nation members at the AGM and the evidence available, such as a copy of the presentation slide deck.

COVID-19 has caused significant disruptions for our First Nation. How is the FMB taking COVID-19 impacts into consideration?

The FMB understands the challenges facing many First Nations in these unprecedented times.

We will work with your First Nation to understand these impacts and reflecting that where needed in our findings.

Due to travel restrictions in place the reviews will be conducted remotely using email, telephone, Zoom and other available technology.

How long do we have to complete the review? Is there a cut-off date or deadline?

The timing of the reviews and any deadlines will be determined by ISC and will be communicated to the First Nation and the FMB.

We expect the review process will take several weeks between the initial review meeting with the FMB Team and the final report.

At the time of recording, we expect these reviews may start as early as January 2021.

**Will this process
need to be
repeated annually?
Is there any
monitoring?**

Questions regarding annual monitoring should be directed to ISC. Grant recipients can expect communication from ISC about what information will be required in 2021.

It is the FMB's understanding that the FAL / FAB implementation review will be a one-time requirement for grant recipients and will not need to be repeated in future years.

What information does the FMB report to ISC?

ISC will receive the same findings report that is shared with the First Nation. We will be asking the First Nation representative (Senior Manager or equivalent) to sign off on FMB's findings before we communicate the results to ISC.

Any First Nation documents that are provided to the FMB during the review are not shared with ISC.

Are grant recipients with FMS Certification exempt from the review process?

ISC has indicated that they will offer an exemption from the implementation review process to grant recipients with FMS Certificates from the FMB. First Nations who have an FMS Certificate have demonstrated implementation of their FAL and compliance with FMB's Financial Management System Standards.

FMS Certified grant recipients will follow a different process and a separate webinar is available explaining the exemption process.

If your First Nation is scheduled for an FMS Certification review before the end of the fiscal year, please discuss this with your FMB Capacity Development contact.

Questions? Let's talk.

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