



Introduction to the FAL / FAB Implementation Review

April 2019 10-Year Grant Recipients with FMS Certification

Presented by:

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Who should watch this webinar?



- **First Nations who:**
 - **entered into a 10-Year Grant Funding Agreement on April 1, 2019; and**
 - **have an FMS Certificate from the FMB**
- There are different requirements for grant recipients who do not have an FMS Certificate from the FMB. A separate webinar is available for these grant recipients.

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.

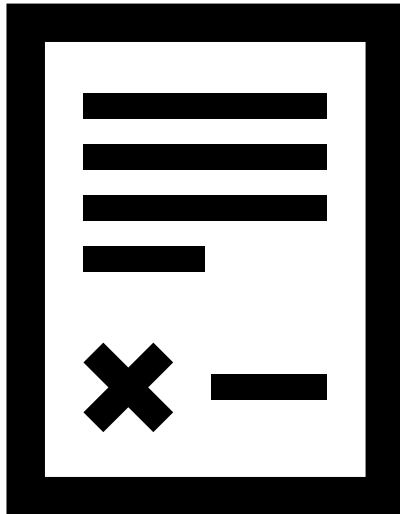
What are the grant eligibility FAL / FAB provisions?

- 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?

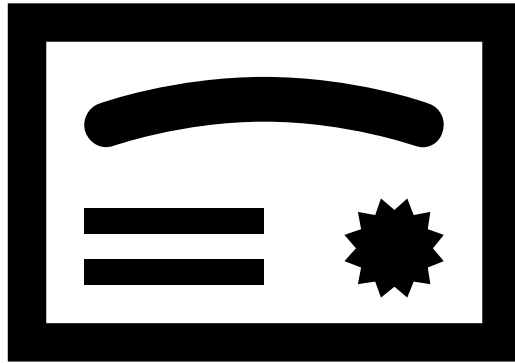
- Appointment of First Nation officers
- Organization chart
- Management of conflicts of interest
- Multi-year financial plan
- Annual budget
- Policy for informing members
- Annual financial statements & external audit
- Annual report
- Interim financial reporting (monthly & quarterly)
- Whistleblower 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
- For grant recipients who do not have FMS Certification, the FMB will complete a set of 73 standardized review procedures agreed to with ISC 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
- For grant recipients who have FMS Certification, the FMB will facilitate the collection of a Management Attestation Letter from the First Nation
- FMB will provide a report to ISC and the First Nation
- **FMB will conduct the reviews at the request of ISC, at the timing of their choosing**

Exemption for FMS Certified First Nations



- Grant recipients with an FMS Certificate will be exempt from the full review procedures.
- First Nations who have an FMS Certificate have demonstrated implementation of their FAL and compliance with FMB's *Financial Management System Standards*.
- This exemption demonstrates the value of FMS Certification and avoids duplication of testing.
- Instead, Management of the First Nation will be required to complete and sign a "Management Attestation for 10-year Grant Eligibility".
- The FMB will issue a standardized report to ISC (along with the signed attestation) containing a recommendation that an exemption be given by ISC to the First Nation.

What to expect

First Nations will be contacted by a Capacity Development (CD) Manager or a Standards and Certification Manager (SAC) from FMB who will arrange for the Management Attestation letter to be completed and signed.



Management Attestation

WHAT?

Senior First Nation management must sign an attestation confirming certain details about the state of the First Nation's financial administration system and other matters related to the 10-year grant.

WHY?

Minimize compliance reporting while providing ISC with the necessary level of assurances about the implementation of the First Nation's Financial Administration Law.

WHO?

The attestation should be completed and signed by the Chief Administrative Officer (or equivalent).

Representations regarding annual reports

1. **Review:** I have reviewed the annual financial statements and annual report, including, for greater certainty, all documents and information that are incorporated by reference in the annual report (together, the “annual reports”) of the First Nation for the most recent financial year ended March 31, 2020.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the annual reports do not contain any misleading or untrue statement of a material fact or omit to state a material fact, for the period covered by the annual reports.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the annual financial statements together with the other financial information included in the annual reports fairly present in all material respects the financial condition, financial performance and cash flows of the First Nation, as of the date of and for the periods presented in the annual reports.

Representation regarding responsibility for management of operations

- 4. Responsibility:* The First Nation's other officer(s) and I are responsible for leading the planning, organization, implementation and evaluation of the overall management of all the day-to-day operations and systems of the First Nation as set out in the First Nation's Financial Administration Law.

Representations regarding 10-year grant compliance

5. *Evaluation of compliance with 10-year grant agreement:* The First Nation's other officer(s) and I have evaluated, or caused to be evaluated under our supervision, the degree to which the First Nation was in compliance with the terms and conditions contained in its 10-year grant funding agreement with Indigenous Services Canada at the date of the most recent evaluation and have provided to the Council:
- a. our conclusions about the First Nation's compliance with the terms and conditions contained in the 10-year grant funding agreement with Indigenous Services Canada;
 - b. for any area of non-compliance existing at the financial year end
 - i. a description of the non-compliance;
 - ii. the impact of the non-compliance on the continuation of the 10-year grant funding agreement; and
 - iii. the First Nation's current plans, if any, or any actions already undertaken, for remediating the non-compliance.

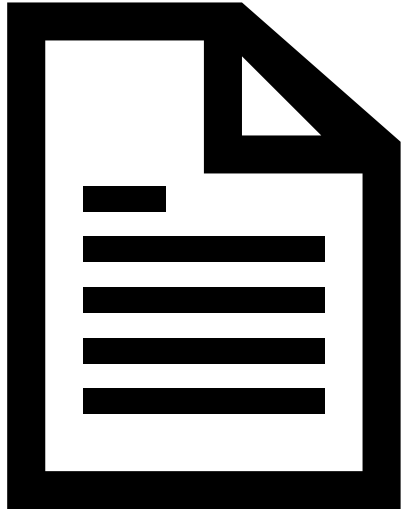
Representations regarding financial management system

6. *Evaluation of financial management system:* The First Nation's other officer(s) and I have evaluated, or caused to be evaluated under our supervision, the effectiveness of the First Nation's financial management system as set out in the First Nation's Financial Administration Law at the date of the most recent evaluation and have provided to the Council:
- a. our conclusions about the effectiveness of the financial management system at the financial year end based on that evaluation;
 - b. for each significant deficiency relating to operation existing at the financial year end
 - i. a description of the significant deficiency;
 - ii. the impact of the significant deficiency on the First Nation's financial management system; and
 - iii. the First Nation's current plans, if any, or any actions already undertaken, for remediating the significant deficiency.

Representations regarding reporting fraud to Council, the FAC and the auditor

- 7. Reporting to the First Nation's auditor, council or finance and audit committee:* The First Nation's other officer(s) and I have disclosed, based on our most recent evaluation of the financial management system, to the First Nation's auditor, and the council or the finance and audit committee of the council any fraud that involves management or other employees who have a significant role in the First Nation's financial management system.

FMB's Report



- The FMB will issue a standardized report that is the same for all FMS Certified grant recipients that includes a recommendation that an exemption be given by ISC to the First Nation.
- FMB's report will confirm the First Nation's FMS Certification date and details about the First Nation's Financial Administration Law.
- The report will include a copy of the signed Management Attestation.
- FMB will provide the report to ISC and the First Nation.



If we are scheduled for an FMS Certification review before the end of the fiscal year, are we exempt from the review?

This will depend on the timing of the FMS Certification review and should be discussed with your FMB Capacity Development contact.

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

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

At the time of recording, we expect outreach to begin as early as January 2021.

Will annual monitoring be required for FMS Certified grant recipients?

Questions regarding annual monitoring should be directed to ISC.

Grant recipients can expect communication from ISC about what information will be required in 2021.

Questions? Let's talk.

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