



# Corporate Plan

FOR FISCAL YEAR 2021/2022

FIRST NATIONS FINANCIAL MANAGEMENT BOARD  
HEAD OFFICE  
300 – 100 PARK ROYAL SOUTH  
WEST VANCOUVER, BC V7T 1A2  
PHONE: 604-925-6665

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## EXECUTIVE SUMMARY

The Board of Directors (“the Board”) of the First Nations Financial Management Board (“the FMB”) are pleased to present our 2021/2022 Corporate Plan (“the Plan”). The Plan considers the impacts of COVID-19 as the FMB responds to and supports First Nations during the pandemic and continues to build on the goals set in the 2019/2020 Five-Year Strategic Plan “Exploring & Establishing New Horizons” which were updated in November 2020. Funding proposed for the 2021/2022 fiscal year is \$23,734,023, as presented in Table 1 below.

TABLE 1 - FY 2021/2022 FUNDING BREAKDOWN

Description	Type	Term	2021/2022
Annual Base (“A-Base”)	Unrestricted	12-months [1]	\$12,425,587
Deferred Revenue – A-Base	Unrestricted	One-time funds	\$3,514,824
NEW – Governance Project – Phase II	Restricted	One-time funds	\$500,000
NEW – Project Eureka	Restricted	One-time funds	\$333,333
Deferred Revenue – DMPPP and Shared Services	Restricted	One-time funds	\$4,545,841
Deferred Revenue – 10-Year Grants	Unrestricted	One-time funds	\$2,414,438
<b>Total 2021/2022 Funding</b>			<b>\$23,734,023</b>

[1] The current 5-year funding agreement expires March 31, 2022

The FMB will also focus on implementing a new Shared Services Pilot Project<sup>1</sup> to assist our Default Management clients. As the COVID-19 pandemic continues to impact operations and service to our clients, we will look at strengthening our internal processes and systems to be ready when the pandemic ends.

To meet the FMB’s strategic and corporate goals for 2021/2022, the number of full-time equivalent staff will increase from 63 to 95.

Goals contained in the Plan are consistent with the Board’s recently updated Five-Year Strategic Plan (Appendix Five) and have been updated to reflect anticipated programs and services in the new fiscal year. The FMB has proposed several legislative changes that would expand the FMB’s existing purposes and these are outlined in Appendix Three. The proposed annual budget and five-year budget forecast included in Appendix Two includes the estimated incremental impact of these proposed legislative amendments to the FMB’s A-Base.

This Corporate Plan continues to implement the transformational change initiatives (Appendix Four) as identified by the Board in the prior year and looks to implement new Board led initiatives with a focus on Financial Management System (“FMS”) Certification, development of strategic partnerships, fulfilling an expanded legislative mandate, developing new standards and procedures in anticipation of new regulations under sections 141 and 141.1 of the *First Nations Fiscal Management Act* (“the FMA”) and aligning the organization with its strategy.

### SERVICE SUSTAINABILITY

The FMB’s five-year A-Base funding agreement expires on March 31, 2022. Current A-Base funding does not cover on-going expenses and will result in greater shortfalls in the next five years. The request in this

<sup>1</sup> This initiative may be re-named as the Financial Management System Support Services Pilot Project

Corporate Plan is to increase A-Base funding to meet operational needs. An estimate of the projected A-Base funding shortfalls over the next five years is presented in Table 2 below.

**TABLE 2 - PROJECTED A-BASE FUNDING SHORTFALLS**

	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
<b>A-Base Funds</b>	\$12,425,587	\$12,425,587	\$12,425,587	\$12,425,587	\$12,425,587
<b>A-Base, 10-Year Grant and Governance Expenses</b>	17,290,397	28,515,669	31,849,945	33,411,813	34,718,002
<b>Projected shortfall with no increase in A-Base funding and before use of deferred revenue</b>	(\$4,864,810)	(\$16,090,082)	(\$19,424,358)	(\$20,986,226)	(\$22,292,415)

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## BACKGROUND

The objective of the FMB's strategic goals in the long term is to increase the number of certified First Nations and First Nations organizations, increase public awareness, improve capacity development that will assist in self-determination and improve the quality of life of First Nations both socially and economically.

## STRATEGIC DIRECTION

In November and December 2020, the Board and senior staff undertook a Strategic Planning session to prepare for the upcoming fiscal year and the four following years. With considerable growth in the past few years, the goal of the session was to review current services and future opportunities.

Along with the FMB's structural change from the prior year, currently being implemented, the FMB's focus in the 2021/2022 fiscal year will be as follows:

1. Focus on the value of a FMS to First Nation governments; Advocate for smarter reporting
2. Be a thought-leader for Indigenous Economic and Financial Development; Be the Strategic Nexus for UNDRIP Advocacy and Networking
3. Prepare for Monumental Government and Industry Change Driven by UNDRIP
4. Develop an aligned, sustainable and values-driven talent retention, recruitment and capacity development strategy.

In addition, FMB will continue to implement the earlier Five-Year Strategic Plan "Exploring & Establishing New Horizons" that focuses on:

1. Increasing clientele
2. Improving communications
3. Improving technology
4. Optimizing on the 10-year grants program
5. Providing shared services
6. Enhancing client services
7. Developing a governance training program
8. Being intervention ready
9. Being the Default Administrator
10. Enhancing organizational strength

The budget for the 2021/2022 fiscal year is \$23,734,023. This includes the costs to meet the Board's new priorities and the current Five-Year Strategic Plan goals. This budget includes a \$0.5 million funding request for Phase II of the First Nations Governance Project that was proposed separately in 2019. This separate funding proposal remains outstanding.

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## SERVICES

### APPROVAL OF LAWS AND ISSUING CERTIFICATES

Since 2006, the FMA has been in operation to assist First Nations across Canada to help them develop, implement and build capacity in financial management. Currently there are 309 First Nations scheduled to the FMA, with 222 First Nations that have chosen to enact a Financial Administration Law for their community, 183 First Nations who have been certified by the FMB for Financial Performance, and 45 First Nations who have been certified for implementation and meeting the standards for Financial Management Systems.

## CO-DEVELOP NEW REGULATIONS FOR MODERN TREATY AND SELF-GOVERNING FIRST NATIONS

Under the FMA, First Nations are defined to be ‘bands’ as defined under the *Indian Act*. Section 141 of the FMA permits the Government of Canada to enact separate regulations that would adapt the FMA in a manner that would allow modern treaty and self-governing First Nations to also access the services of the institutions under the FMA – in particular the borrowing pool of the First Nations Finance Authority (“the FNFA”). For more than 10 years the FMA institutions have been actively participating in a working group consisting of modern treaty and self-governing First Nations, the federal government of Canada, the provincial government of British Columbia and the other FMA institutions to co-develop new section 141 regulations. A significant amount of time and money has been invested to try and overcome the many technical challenges and impediments that have arisen during that time. In this Corporate Plan, the FMB will continue to participate in the co-development of these new sets of regulations, building on some consensus that was reached by all parties in January 2021. The completion of this work is dependent upon the federal government of Canada and the provincial government of British Columbia drafting and enacting the necessary legislative changes in their respective jurisdictions.

## NEW STANDARDS AND COMPLIANCE OPINIONS FOR NOT-FOR-PROFIT ORGANISATIONS

In December 2018, the FMA was amended to include two new sections: 50.1 and 141.1. Section 50.1 provides the FMB with authority to develop new standards and conduct compliance reviews for new types of entities including:

- (a) a band that is not named in the schedule;
- (b) a tribal council;
- (c) an Aboriginal group that is a party to a treaty, land claims agreement or self-government agreement with Canada or with a province, or an entity established under, or as a result of, such a treaty or agreement;
- (d) an entity — owned or controlled by one or more First Nations or entities referred to in paragraphs (a), (b) or (c) — whose mandate is primarily to promote the well-being or advancement of Aboriginal people; or
- (e) a not-for-profit organization established to provide public services, including social welfare, housing, recreational, cultural, health or educational services, to Aboriginal groups or Aboriginal persons.

While section 50.1 does not permit the FMB to issue any type of Certificate to these new categories of clients, it does allow the FMB to review the entity’s financial management system, financial performance or laws or by-laws respecting financial administration to determine whether it is in compliance, in all material respects, with new standards tailored for this purpose. The FMB published an [Exposure Draft of new Standards for Not-for-Profit Organizations](#) in 2020. Consultation with this new stakeholder group will continue into FY 2021/2022.

## CO-DEVELOP NEW REGULATIONS TO CERTIFY NOT-FOR-PROFIT ORGANISATIONS

Section 141.1 of the FMA permits the Government of Canada to enact separate regulations that would adapt the FMA in a manner that would allow First Nations not-for-profit organizations the ability to also

benefit from the FMA but under a modified framework. These new regulations are expected to permit the FMB to Certify a not-for-profit organisation who in turn would be eligible to become a borrowing member of the FNFA. In this Corporate Plan, the FMB will continue to participate in the co-development of these new sets of regulations. At the same time, the FMB will perform further outreach and consultation with not-for-profit organizations that might benefit from these regulations in the future. The completion of this work is dependent upon the federal government of Canada drafting and enacting these new regulations.

## SUPPORTING THE NEW FISCAL RELATIONSHIP BETWEEN FIRST NATIONS AND CANADA

The FMB will continue to support the New Fiscal Relationship Initiative between Indigenous Services Canada (“ISC”) and the Assembly of First Nations (“the AFN”). The FMB will continue to respond to requests made by First Nations and conduct 10-year grant eligibility assessments and provide compliance opinions to ISC under the existing Memorandum of Understanding. The FMB will support any co-development work that ISC and the AFN undertake to expand the 10-year grant funding initiative to include Tribal Councils and other First Nations organizations.

## REFORMING DEFAULT MANAGEMENT

As at January 2019, the Default Management Prevention Pilot Project (“DMPPP”) has added another 20 First Nations to the program. The FMB’s default process is being recognized as being more effective than the current ISC default program. The FMB anticipates that some First Nations may go into some form of default management as a result of the COVID 19 virus, as the results of the responses to the pandemic may have significantly impacted their own source revenues that are relied on to provide funds for programs for their communities. The FMB continues to have a role in proactive default management prevention.

## SUPPORTING INDIGENOUS LED GOVERNANCE

Phase I of the First Nations Governance Project was completed in 2018 with critical acclaim from all levels of government and the senate. In commenting on a presentation of the Phase I report to the Senate Standing Committee on Aboriginal Peoples on October 23, 2018, Senator Coyle noted “You’re talking about crossing this very important threshold and have never been as close as you are now to this threshold, as I understand it and we are with you, as you’re aiming to transition from this dependency base, which has not worked and, in fact, has taken people in the other direction from the one that everybody wants, into a direction of independence and self-reliance.” The FMB is looking to build on the unanimous support expressed by this Senate Standing Committee and move forward with Phase II of the project which would consist of:

1. Validating the Self-Determination and Governance Framework developed in Phase I with First Nations governments and supporting institutions such as tribal councils and treaty groups as strategic planning tool to support the transition to self-determination;
2. Developing a comprehensive overview and analysis of the programs and institutions that currently support First Nations governance and related service delivery systems in the context of the Framework, and identify gaps and/or more effective approaches to supporting the transition from the *Indian Act* to self-determination, including First Nation-led shared services institutions; and
3. Developing benchmarks and standards for First Nations governance and service delivery including handbooks, program compendiums and other communications and training materials to empower Nations and supporting institutions in the transition to self-determination.

The FMB has submitted a separate proposal for \$1.7 million of additional funding for this project in the 2019/2020 fiscal year. This corporate plan has revised this funding request to \$0.5 million.

## INDIGENOUS SHARED SERVICES

Indigenous Shared Services Pilot is a project that must go forward so that all First Nations governments across Canada can benefit from the FMA if they so choose. The Pilot will give First Nations who may not be able to implement a Financial Management System due to location, size and lack of capacity the opportunity to access the FMA and develop capacity. There are several FMB clients, particularly the DMPPP clients, who have expressed interest in the Indigenous Shared Services Pilot.

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## ONGOING IMPACT OF COVID-19

First Nations will continue to be impacted by COVID-19. Many or most may experience a significant financial impact due to the decrease in own source revenues that are heavily relied upon to fund and subsidise programs and services for their communities. The FMB has estimated that First Nations' business revenue decreased by \$142.3 million in the second quarter of the 2020 calendar year and a total decrease of \$1.9 billion is forecast for the 2020/2021 fiscal year<sup>2</sup>. Some may face financial crises or intervention. The FMB along with the other FMA institutions will provide advice and research to the Government of Canada in an effort to help inform policies and decisions that are intended to mitigate this financial impact.

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<sup>2</sup> First Nations Revenue Source Research, October 16, 2020



## BUDGET

The budget for the 2021/2022 fiscal year is presented in Table 3 below.

TABLE 3 BUDGET FOR FY 2021/2022

Description	2021/2022
<b>Funding Source</b>	
Current Annual Base	\$12,425,587
Deferred Revenue - A Base	\$3,514,824
New – Governance Project – Phase II	\$500,000
New – Project Eureka	\$333,333
Deferred Revenue – DMPPP and Shared Services	\$4,545,841
Deferred Revenue – 10 Year Grants	\$2,414,438
<b>Total Funding Source</b>	<b>\$23,734,023</b>
<b>Expense</b>	
Salaries & Benefits	\$13,590,024
Direct Costs of Client Services	\$2,097,154
Policy Development	\$2,104,413
Operations & Management	\$3,617,590
Board fees & Travel	\$697,760
Program Travel	\$954,860
Project Eureka	\$333,333
Capital	\$338,889
<b>Total Expense</b>	<b>\$23,734,023</b>
<b>Description by Business Line</b>	
Executive	3,146,768
Corporate Services	5,569,647
Market Development, FAL & Stakeholder Relations	2,819,250
Standards & Certifications	2,032,458
Capacity Development & Intervention	3,064,413
Default Management Prevention and Shared Services	4,480,421
Strategic Opportunities	2,621,065
<b>Total Expense by Business Line</b>	<b>\$23,734,023</b>

See Appendix Two for a Budget Breakdown by Funding Source and five-year projection

## STAFFING

Full-time equivalent employees will increase by 32 from 63 to 95 in the 2021/2022 fiscal year. This is forecast to increase to 143 by the end of the five-year period presented in Table 4 below.

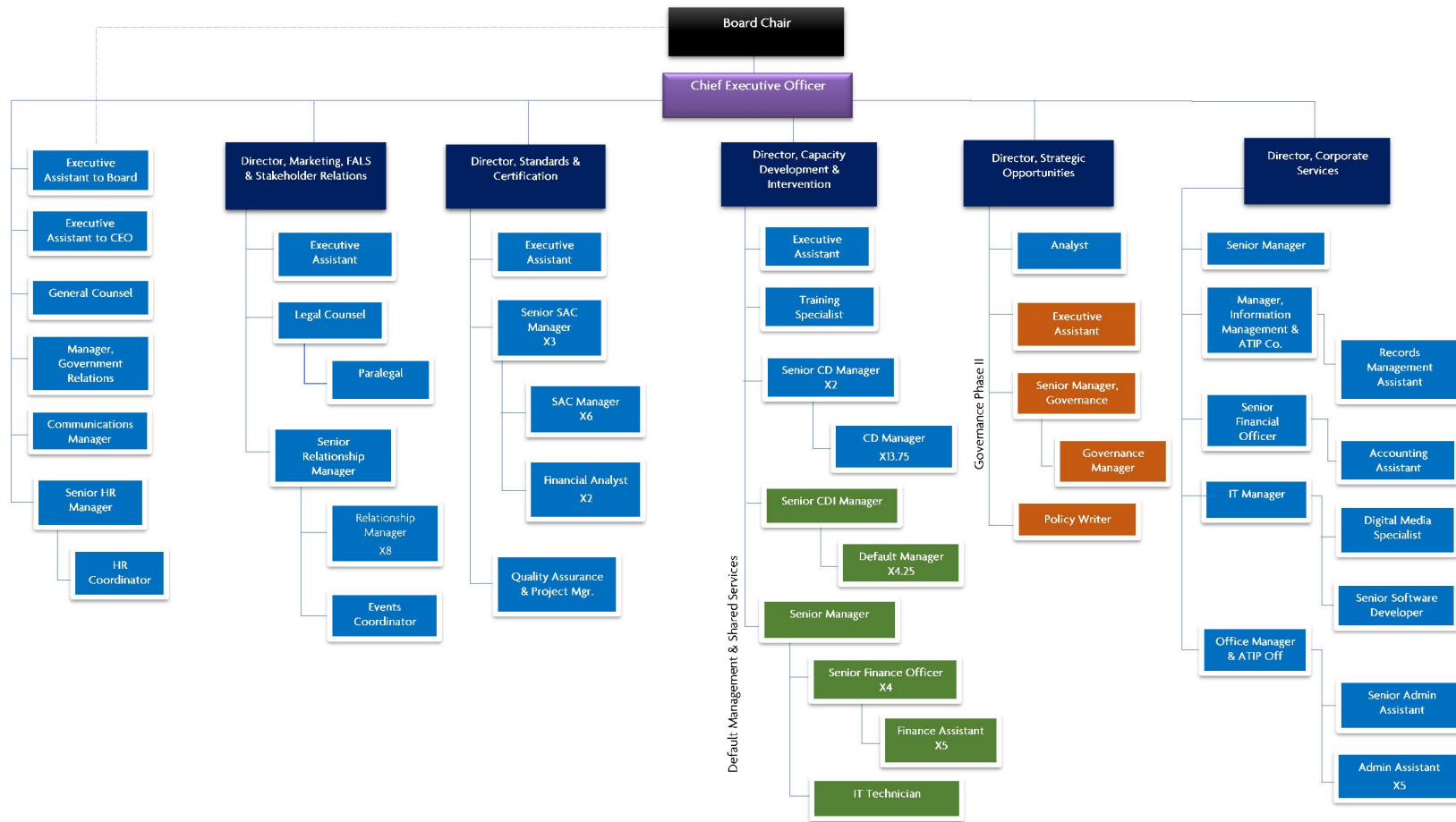
TABLE 4 FULL-TIME EQUIVALENT PROJECTIONS

	Previous Year	Forecast years				
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Executive	7	8	9	13	13	13
Corporate Services	14	16	19	21	22	23
Marketing Laws, Stakeholder Relations	9	15	18	24	24	24
Standards and Certification	12	13	14	17	19	20
Capacity Development & Intervention	16	19	29	29	29	29
Default Mgmt. & Shared Services	4	16	17	17	17	17
Strategic Opportunities	1	8	12	15	17	17
<b>Total Staffing Requirements</b>	<b>63</b>	<b>95</b>	<b>118</b>	<b>136</b>	<b>141</b>	<b>143</b>

TABLE 5 NEW FULL-TIME EQUIVALENT POSITIONS IN 2021-2022

Description	West Vancouver	Ottawa	Montreal
	Region 1	Region 3	Region 4
Executive Services	HR Generalist		
Corporate Services	Snr Mgr., Corp. Services (1) Records Mgmt. Assistant (1)		
Market Development FAL, Stakeholder Rel.	Snr Relationship Manager (1) Relationship Managers (3)	Relationship Manager (1)	Relationship Manager (1)
CD & Intervention	CDI Manager (1) EA – CDI (1) <b>Shared Services:</b> - Snr CDI Manager (1) - Snr Finance Officers (4) - Finance Assistants (5) - IT Tech (1)	CDI Manager (1)	
Default Management		Default Manager (1)	
Standards & Certification	Quality Assurance and Project Manager (1)		
Strategic Opportunities	Strategic Opp. Analyst (1) Snr. Gov. Manager (1) Governance Manager (1) Policy Writer (1)   Admin (1)	Governance Manager (1)	Governance Manager (1)

# ORGANIZATIONAL STRUCTURE



## PROJECTIONS OF COMPLIANCE REVIEWS

Cumulative results for Financial Administrative Laws/Bylaws, Financial Performance reviews, and Financial Management Systems Certifications by various client segments are presented in Tables 6 and 7 below.

TABLE 6 CUMULATIVE FORECAST OF REVIEWS

Description	Previous Years		Forecast Years (Cumulative)			
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
FAL Self/Treaty	0	0	2	5	8	15
FAL FN Org	0	0	2	10	19	29
FAL/FAB	243	265	300	335	370	405
FP Reviews All	199	219	239	259	279	299
FMS	49	59	74	89	104	119
FMA Scheduled	310	325	340	365	380	395

TABLE 7 ANNUAL FORECAST OF REVIEWS

Annual Forecast by client segments						
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
FAL Self/Treaty	0	0	2	3	3	3
FAL FN Org	0	0	2	8	9	10
FAL/FAB	26	22	35	35	35	35
FP Reviews All	20	20	20	20	20	20
FMS	10	10	15	15	20	20
FMA Scheduled	15	15	15	15	15	15

Forecasting is lowered more than 50% than normally as a result of COVID 19 and a delay in funding Shared Services.

The projections in Tables 6 and 7 do not include estimates for compliance reviews related to 10-year grants as the FMB cannot determine how many First Nations will submit an Expression of Interest and move forward through the process to a grant agreement. The FMB will respond to all First Nations who have an interest in the 10-year grant agreement by assisting them through the development of a Financial Administration Law/By-law, Financial Performance ratio analysis, and implementation of their Laws. The FMB will continue to provide monitoring services under the terms of the Memorandum of Understanding with ISC.

The FMB estimates that new client growth and demand for review and certification services will remain consistent with the prior year as a result of the ongoing COVID-19 pandemic. Travel restrictions and office closures are expected to remain in place for the first quarter or until provincial health orders are revised or rescinded. The availability and timing of vaccine delivery and roll out remains uncertain. These challenges will be mitigated by the continued use of remote meeting technology and by continuing to adapt the way our services are delivered to remain responsive to the needs of First Nations.

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## OTHER RESPONSIBILITIES

The FMB has other responsibilities as part of its initiative to enhance services to First Nations other than its Core Business, which are:

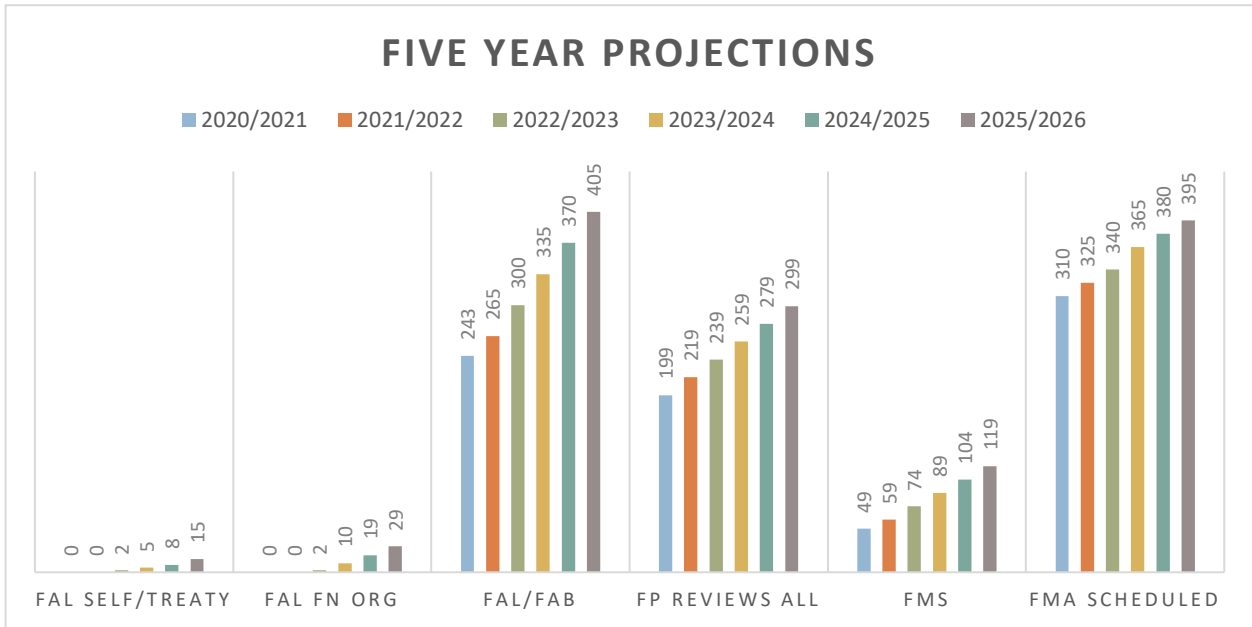
**Default Management** – Over the past 4 years, the FMB has been conducting a pilot project on Default Management prevention with 5 First Nations that were in Third-Party Management and which now in the process of being de-escalated. By the end of the 2019/2020 fiscal year, an additional 20 First Nations joined the pilot program as they have seen the benefits of implementing a Financial Management System. FMB will continue progress with these First Nations in 2021-2022.

Many First Nations that are scheduled or not scheduled to the FMA may go into Default Management as a result of the COVID 19 virus and these First Nation may request to work with the FMB under the Default Management Prevention approach. In the meantime, FMB will provide extra support to First Nations due to the COVID 19 virus to prevent any form of default management or more severe forms of default management by providing webinars, guidance and data collection.

**10-Year Grants** – A Memorandum of Understanding between ISC and the FMB was executed in 2018 wherein the FMB would develop policies for the evaluation of the 10-year grant eligibility criteria that were co-developed by ISC and the AFN. This evaluation includes reviewing a FAL or FAB and the financial performance of those First Nations who chose to participate and providing an opinion to the Minister of ISC on whether the 10-year grant eligibility criteria were met. The FMB has also accepted the request by ISC to conduct agreed upon procedures to assist ISC evaluate the degree to which each participating First Nation has implemented the minimum provisions of its FAL or FAB. On an annual basis the FMB will provide additional risk-based monitoring services to ISC over the term of the 10-year grant. The FMB's advisory role to the co-development of the 10-year grant offering is part of the New Fiscal Relationship Initiative between the Government of Canada and the AFN.

## CORPORATE PROFILE

The FMB operates as a shared governance institution under Parts 3 and 6 of the FMA, which came into effect on April 1, 2006. The FMA is an optional initiative – in order to participate a First Nation must pass a Council Resolution to request the Minister of Indigenous Services Canada to add their community’s name to the FMA Schedule. Currently there are 309 First Nations listed on the FMA Schedule. These communities are the primary client base of the FMB. As the FMB is gaining momentum each year, we expect the number of First Nations and First Nations organizations scheduled to dramatically increase over the years to come due to the 10-year agreements and changes to legislation amendments to the FMA.



The FMA sets out the purposes, functions and powers of the FMB and establishes an at-arms-length relationship between the FMB and the federal government. Accordingly, the FMB is not an agent of the Crown and has the capacity, rights, powers and privileges of a natural person.

The FMB has its headquarters in West Vancouver, with offices in Winnipeg, Ottawa, Montreal and a field office in Dartmouth.

The Board of Directors is comprised of 9 to 13 individuals from across Canada, who are appointed by the Governor in Council and AFOA Canada. The Governor in Council has the authority to appoint nine members and AFOA Canada has the authority to appoint 3 members.

The Executive Chair heads FMB’s management team along with the newly created position of the Chief Executive Officer. Senior leadership is comprised of the Director of Market Development, Laws and Stakeholder Relations, the Director of Standards and Certification, the Director of Capacity Development, Intervention, the Director of Corporate Services, and the new position of Director of Strategic Opportunities.

## CORPORATE HISTORY

The FMA was originally drafted in 2001. The BC First Nations Summit supported the draft legislation and began sponsoring the FMB in 2002. An FMB advisory panel was established in 2002 to support the legislative process and the development of the FMB.

The FMA had all party support in both the House of Commons and the Senate during the legislative process of 2004 and 2005. It received Royal Assent on March 23, 2005 and came into force on April 1, 2006.

The FMA was drafted in a way that initially only permitted 'bands' as defined by the *Indian Act* access to the services of the FMA institutions. Section 141 of the FMA was included to allow the government of Canada to develop and enact regulations at a later date that would allow modern treaty and self-governing First Nations to access the services under the FMA – principally the ability to borrow from the FNFA.

In its original form, the FMA was drafted in a way that could only accommodate the borrowing needs of those First Nations with local revenues (i.e. property taxes). In order to provide access to non-taxing First Nations and to support the expansion of the FMA regime, the Governor in Council made regulations on September 29, 2011 that enabled the securitization of various other revenue streams in addition to property tax revenues. This was in the form of the *Financing Secured by Other Revenues Regulations*.

In addition to those First Nations listed on the FMA Schedule, there have been non-scheduled and non-taxing First Nations interested in securitizing their own source revenues. Others simply wish to improve their financial management system and work with the FMB. Some First Nations have come forward to work with the FMB and are awaiting the ISC Ministerial approval process to conclude so that they can be listed on the FMA Schedule.

On December 13, 2018 the FMA was amended to include two new sections: 50.1 and 141.1. Section 50.1 provides the FMB with authority to develop new standards and conduct compliance reviews for new types of entities including:

- (a) a band that is not named in the schedule;
- (b) a tribal council;
- (c) an Aboriginal group that is a party to a treaty, land claims agreement or self-government agreement with Canada or with a province, or an entity established under, or as a result of, such a treaty or agreement;
- (d) an entity — owned or controlled by one or more First Nations or entities referred to in paragraphs (a), (b) or (c) — whose mandate is primarily to promote the well-being or advancement of Aboriginal people; or
- (e) a not-for-profit organization established to provide public services, including social welfare, housing, recreational, cultural, health or educational services, to Aboriginal groups or Aboriginal persons.

While section 50.1 does not permit the FMB to issue any type of Certificate to these new categories of clients, it does allow the FMB to review the entity's financial management system, financial performance or laws or by-laws respecting financial administration to determine whether it is in compliance, in all material respects, with standards tailored for this purpose.

Section 141.1 permits the Government of Canada to enact separate regulations that would adapt the FMA in a manner that would allow First Nations not-for-profit organizations the ability to also benefit from the FMA but under a modified framework. These yet-to-be-developed regulations are expected to permit the FMB to certify a not-for-profit organization who in turn would be eligible to become a borrowing member of the FNFA.

On July 15, 2019 the *Department of Indigenous Services Act* (“the DISA”) came into effect after being introduced as part of Bill C-97, *An Act to implement certain provisions of the budget tabled in Parliament on March 19, 2019 and other measures* (i.e. the spring 2019 federal budget implementation act). Subsection 6(2) of the DISA lists the various government services that ISC is obligated to provide to Indigenous individuals (e.g. education, health, housing, etc.) Section 7 of the DISA contains a requirement for the Minister of ISC to “...take the appropriate measures to give effect to the gradual transfer to Indigenous organizations of departmental responsibilities with respect to the development and provision of those services.” With an intent of improving services to Indigenous communities, the FMB is preparing itself to become a trusted and reliable partner in this transition.

## UPDATED STRATEGIC DIRECTION

In November and December 2020, the Board and staff undertook a strategic planning session to review current services and future opportunities. As the FMB continues to implement the transformation change from the prior year; work on the new legislative amendments; assist default management clients, it seeks to continually improve its services to First Nations in an ongoing and collaborative manner. In the November / December 2020 planning session, the Board recognized four focus areas for the 2021/2022 fiscal year as shown in Figure 1 below. These are further described in Appendix Five.

FIGURE 1 STRATEGIC THEMES FROM 2020





## BOARD DIRECTION – EXPLORING & ESTABLISHING NEW HORIZONS

In May 2019, the Board approved the 2019-2024 Five Year Strategic Plan “Exploring & Establishing New Horizons” gives direction for the FMB’s Strategic Goals. The Strategic Goals at that time are shown in Figure 2 below.

FIGURE 2 STRATEGIC THEMES FROM 2019



## BUSINESS LINE GOALS

TABLE 8

	Goal	Exec	CS	MLS	CDI	SAC	SO	Comments
<b>STRATEGIC PLAN GOAL 1: INCREASING CLIENTELE</b>								
<b>Action:</b> Conduct business development outreach and support FAL and FAB preparation								
1	Present to 70-75 prospective First Nations clients			✓				
2	Receive 20-25 Letters of Cooperation			✓				
3	Review 20-22 New FALs or FABs (Laws)			✓				
4	Participate in 2 First Nations events			✓				
5	Participate in 2 other First Nations organization events			✓				
6	Outreach to CDI clients to support FMS Certification			✓				
7	Outreach to FAL clients to support FP Certification			✓				

TABLE 9

	Goal	Exec	CS	MLS	CDI	SAC	SO	Comments
<b>STRATEGIC PLAN GOAL 2: IMPROVING COMMUNICATIONS</b>								
<b>Action:</b> Update and implement the Communications Strategy								
8	Communicate to First Nations the successes of FMB clients including certifications, and Default Management Prevention Pilot Program	✓		✓	✓			
9	Communicate new initiatives to current and potential clients including Shared Services programs	✓			✓		✓	
10	Assist First Nations in the development, implementation and improvement of financial relationships with financial institutions, business partners and other governments, to enable the economic and social development of First Nations;	✓		✓	✓	✓	✓	
11	Collaborate with other FMA institutions and the Land Advisory Board on the fourth national 'Leading the Way' conference	✓		✓				

TABLE 10

	Goal	Exec	CS	MLS	CDI	SAC	SO	Comments
<b>STRATEGIC PLAN GOAL 3: IMPROVING TECHNOLOGY</b>								
<b>Action:</b> Develop and implement an IT strategy and safeguard IT systems								
12	Conduct an IT security audit		✓					
13	Develop an IT strategic plan that includes records management, enterprise resource planning, ATIP readiness		✓					
14	Begin implementation of the IT strategic plan		✓					

TABLE 11

	Goal	Exec	CS	MLS	CDI	SAC	SO	Comments
<b>STRATEGIC PLAN GOAL 4: OPTIMIZING ON THE 10 YEAR GRANTS PROGRAM</b>								
15	Provide capacity development to 10-Year Grant recipients				✓			
16	Respond to Expression of Interests from 10 Year Grant clients			✓		✓		
17	Conduct Agreed-Upon-Procedures engagements for all 10-Year Grant recipients					✓		

TABLE 12

	Goal	Exec	CS	MLS	CDI	SAC	SO	Comments
<b>STRATEGIC PLAN GOAL 5: PROVIDING SHARED SERVICES</b>								
18	Embark on the Shared Services Pilot Project				✓			Pursue additional funding for 2021/2022

TABLE 13

	Goal	Exec	CS	MLS	CDI	SAC	SO	Comments
<b>STRATEGIC PLAN GOAL 6: ENHANCING CLIENT SERVICES</b>								
<b>Action:</b> Participate, collaborate and contribute to the development of new regulations and standards Work with Canada and the FMA Institutions and stakeholders to amend the FMA regime								
19	For Modern Day Treaty and Self-Governing First Nations (Section 141), present FAL standards and procedures to Board for review	✓		✓	✓	✓		Subject to publication of Section 141 regulations in Part II of the Canada Gazette
20	For First Nations Not-for-Profit Organizations (Section 141.1), present NPO standards and procedures to Board for review	✓		✓	✓	✓		Subject to publication of Section 141.1 regulations in Part

									II of the Canada Gazette
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TABLE 14

	Goal	Exec	CS	MLS	CDI	SAC	SO	Comments
<b>STRATEGIC PLAN GOAL 6: ENHANCING CLIENT SERVICES</b>								
<b>Action:</b> Conduct review in accordance with FMB's procedures and guidelines								
21	Conduct financial performance reviews					✓		
22	Conduct FMS reviews					✓		
23	Conduct annual monitoring in accordance with MOU and monitoring guidelines for FNFA debenture participants					✓		
24	Conduct annual monitoring in accordance with MOU and monitoring guidelines for 10-Year Grant recipients					✓		

TABLE 15

	Goal	Exec	CS	MLS	CDI	SAC	SO	Comments
<b>STRATEGIC PLAN GOAL 6: ENHANCING CLIENT SERVICES</b>								
<b>Action:</b> Prepare clients for Financial Management Certification								
25	Transition 10 - 13 FMS clients			✓	✓			
26	Respond to FAL updates			✓				

TABLE 16

	Goal	Exec	CS	MLS	CDI	SAC	SO	Comments
<b>STRATEGIC PLAN GOAL 6: ENHANCING CLIENT SERVICES</b>								
<b>Action:</b> Plan and roll-out a stakeholder engagement strategy								
27	Develop and execute a stakeholder engagement plan in accordance with Board Strategic Plan	✓		✓			✓	
28	Advocate for inclusion of Indigenous interests (including TRC recommendations and UNDRIP principles) in legislation, government, industry, education, and professional organizations	✓		✓			✓	

TABLE 17

	Goal	Exec	CS	MLS	CDI	SAC	SO	Comments
<b>STRATEGIC PLAN GOAL 6: ENHANCING CLIENT SERVICES</b>								
<b>Action:</b> Support clients following FMS certification								
29	Develop post-certification services			✓	✓	✓		Subject to funding

TABLE 18

	Goal	Exec	CS	MLS	CDI	SAC	SO	Comments
<b>STRATEGIC PLAN GOAL 7: BEING INTERVENTION READY</b>								
30	Conduct mock intervention and lead actual intervention	✓			✓			

TABLE 19

	Goal	Exec	CS	MLS	CDI	SAC	SO	Comments
<b>STRATEGIC PLAN GOAL 8: BEING THE DEFAULT ADMINISTRATOR</b>								
31	Continue working with DMPPP clients			✓	✓			Pursue additional funding for 2021/2022

TABLE 20

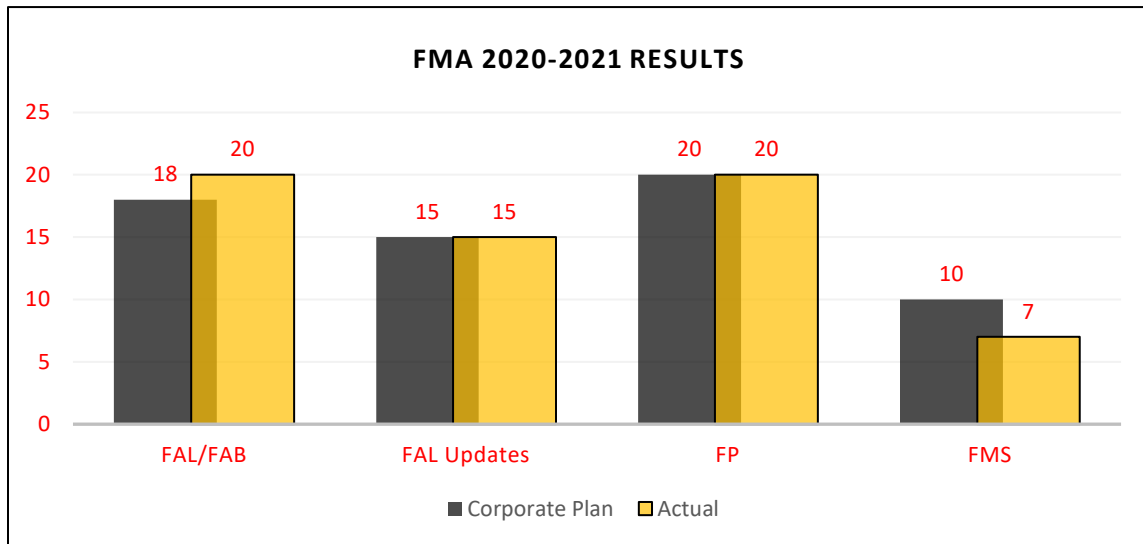
	Goal	Exec	CS	MLS	CDI	SAC	SO	Comments
<b>STRATEGIC PLAN GOAL 9: ENHANCING ORGANIZATIONAL STRENGTH</b>								
<b>Action:</b> Stabilize staffing and improve corporate culture								
32	Develop and implement a comprehensive HR Strategy focused on retention and recruitment, particularly for Indigenous staff	✓						

TABLE 21

	Goal	Exec	CS	MLS	CDI	SAC	SO	Comments
<b>STRATEGIC PLAN GOAL 10: PROACTIVELY SUPPORT OTHER INSTITUTIONS</b>								
33	Support other First Nations institutions to further First Nations economic development	✓		✓	✓	✓	✓	

## APPENDIX ONE: 2020-2021 EXPECTED PERFORMANCE OUTCOMES

The objective of the FMB is to assist our First Nations clients with development of good governance and financial practices. The services offered by the FMB in 2020-2021 achieved the following goals in the 2020-2021 Corporate Plan.



TRANSFORMATION		
Description	Anticipated Level of Completion	
Hire staff across all business lines including CEO; General Counsel; Manager, Government Relations; and Director, Strategic Opportunities	Complete	✓
Update Accountability Framework	Complete	✓
Grow and maintain an effective workforce	Ongoing and up-to-date	✓

IMPROVE COMMUNICATIONS		
Description	Level of Completion	
Transition communications to a corporate wide function	Complete	✓
Develop a communications plan for the 'Vision Quest' documentary	Complete	✓
Maintain the website as an effective communications tool and client resource	Ongoing and up-to-date	✓
Collaborate with other FMA Institutions and the Lands Advisory Board on the third national 'Leading the Way' conference	Complete	✓

<b>INCREASE CLIENTELE</b>		
<b>Description</b>	<b>Level of Completion</b>	
Communicate successes and new initiatives with current and potential clients	Complete	✓
Present to 40-50 First Nations clients	54	✓
Participate at one First Nations event	6	✓
Participate in one other organizational event	4	✓
Receive 15-20 Letters of Cooperation	20	✓
Review 15-18 FALs and FABs	20	✓
Review 10-15 FAL Updates	15	✓
Conduct agreed upon procedures under MOU with ISC to test 10-year grant eligibility for those First Nations that entered grants effective April 1, 2019	Awaiting formal communication by ISC. Commence in Q4.	✓
Continue to provide Financial Performance monitoring services to the FNFA under the signed MOU	Complete	✓

<b>ENHANCE CLIENT SERVICES</b>		
<b>Description</b>	<b>Level of Completion</b>	
Start working on new standards and procedures (FAL, Delegation, Manner and Form) under section 141 regulations for Modern Day Treaty and Self-Governing First Nations with legal representatives	Complete	✓
Revise / improve four existing workshops	Complete	✓
Develop nine new workshops/presentations/materials	Complete	✓
Research and develop a report with other FMA institutions on the economic impacts that the COVID 19 virus caused on First Nations communities which will be submitted for information to the Government of Canada	Complete	✓
Develop workshop on how FMB Standards and FMS relate to circumstances that evolved from emergency situations such as the COVID 19 virus; conduct webinar	Complete	✓
Provide support and guidance to First Nations on Government assistance that is available as a result of the COVID 19 virus	Complete	✓
Develop and publish new standards for non-for-profit organizations following the FMB's Standard Settings Guidelines	Complete	✓
Develop and publish new standards for Modern Day Treaty and self governing First Nations following the FMB's Standard Setting Guidelines	Complete	✓
Develop a comprehensive database of financial information that can be readily made available due to situations such as the COVID 19 virus	Complete	✓

<b>ENHANCE CLIENT SERVICES</b>		
Description	Level of Completion	

<b>ORGANIZATIONAL STRENGTH</b>		
Description	Level of Completion	
Support technology needs (e.g. new financial software, staff and Board needs)	Ongoing and up-to-date	✓
Address resourcing risk	Complete – to date	✓
Update policies and procedures as required	Complete	✓
Promote efficient administration and management of records	Ongoing and up-to-date	✓
Maintain financial operations and meet deadlines	Complete and up-to-date	✓

<b>DEFAULT MANAGEMENT AND SHARED SERVICES</b>		
Description	Level of Completion	
Communicate with ISC regions on possible clients for Shared Services Pilot Project particularly as they relate to the Default Management Prevention Pilot Project	Complete	✓
Have FMB clients commit through a Letter of Cooperation	Complete	✓
Introduce proposal to expand the Pilot Program on Default Management Prevention Pilot Project to provide services to those who are currently working with FMB or under the 10-year Grant program	Complete	✓
Continue to implement services to twenty additional participating First Nations	Complete	✓
Reintroduce work on a new federal policy on default management prevention	Complete	✓



<b>BE INTERVENTION READY</b>		
<b>Description</b>	<b>Level of Completion</b>	
Provide current Intervention Policy to other institutions and update as required	Complete	✓
Conduct a mock intervention with the FNFA	Prepared – 80% complete	80%

## APPENDIX TWO: BUDGET BREAKDOWN BY FUNDING SOURCE

### 2021/2022 Budget Breakdown by Funding Source

Expense	A-Base & 10-Year-		DMPPP & Support Services		Governance	Project Eureka	TOTAL
	Grants						
Salaries & Benefits	\$ 11,329,799	\$	2,035,904	\$	224,321	\$ -	\$ 13,590,024
Client Services	380,000		1,717,154		-	-	2,097,154
Policy Development	1,631,690		472,722		-	333,334	2,437,746
Operations & Management	3,351,306		48,000		218,284	-	3,617,590
Board fees & Travel	668,600		-		29,160	-	697,760
Program Travel	771,150		155,475		28,235	-	954,860
Capital	338,889		-		-	-	338,889
<b>Total</b>	<b>\$ 18,471,433</b>	<b>\$</b>	<b>4,429,255</b>	<b>\$</b>	<b>500,000</b>	<b>\$ 333,334</b>	<b>\$ 23,734,023</b>

### Five Year Budget Forecast

Description	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
<b>Funding Source</b>					
A-Base before legislative amendments	\$12,425,587	\$20,039,930	\$21,743,695	\$22,888,216	\$23,910,265
Additional A-Base arising from legislative amendments	\$0	\$3,634,747	\$5,135,029	\$5,418,240	\$5,564,219
Deferred Revenue - A-Base	\$3,514,824				
Deferred Revenue - DMPPP	\$2,744,571				
Deferred Revenue - Infrastructure and Housing Research Project	\$0				
NEW - DMPPP & Support Services	\$1,801,270	\$4,340,991	\$4,471,221	\$4,605,357	\$4,743,518
NEW - 10 Year Grants	\$2,414,438	-	-	-	-
NEW - Governance Phase II	\$500,000	\$1,734,000	\$1,768,680	\$1,804,054	\$1,840,135
NEW - Project Eureka	\$333,333	\$333,333	\$333,333	-	-
<b>Total Funding Source</b>	<b>\$23,734,023</b>	<b>\$30,083,002</b>	<b>\$33,451,958</b>	<b>\$34,715,867</b>	<b>\$36,058,137</b>
<b>Expense</b>					
Salaries & Benefits	\$13,590,024	\$16,476,455	\$19,101,241	\$20,135,776	\$20,916,084
Client Services	\$2,097,154	\$2,181,969	\$2,247,428	\$2,314,851	\$2,384,296
Policy Development	\$2,104,413	\$2,743,870	\$2,812,596	\$2,883,112	\$2,955,466
Operations & Management	\$3,617,590	\$4,344,993	\$4,708,426	\$5,007,969	\$5,299,438
Board fees & Travel	\$697,760	\$1,262,656	\$1,298,513	\$1,335,405	\$1,373,363
Program Travel	\$954,860	\$2,390,670	\$2,590,893	\$2,668,441	\$2,748,067
Project Eureka	\$333,333	\$333,333	\$333,333	-	-
Capital	\$338,889	\$349,056	\$359,528	\$370,313	\$381,423
<b>Total</b>	<b>\$23,734,023</b>	<b>\$30,083,002</b>	<b>\$33,451,958</b>	<b>\$34,715,867</b>	<b>\$36,058,137</b>

## APPENDIX THREE: EXISTING AND PROPOSED LEGISLATIVE PURPOSES

The FMB's current mandate includes the existing purposes outlined in sections 49 of the FMA as follows:

- a) Assist First Nations in developing the capacity to meet their financial management requirements;
- b) Assist First Nations in their dealings with other governments respecting financial management, including matters of accountability and shared fiscal responsibility;
- c) Assist First Nations in the development, implementation and improvement of financial relationships with financial institutions, business partners and other governments, to enable the economic and social development of First Nations;
- d) Develop and support the application of general credit rating criteria to First Nations;
- e) Provide review and audit services respecting First Nation financial management;
- f) Provide assessment and certification services respecting First Nation financial management and financial performance;
- g) Provide financial monitoring services respecting First Nation financial management and financial performance;
- h) Provide co-management and third-party management services; and
- i) Provide advice, policy research, and review and evaluative services on the development of fiscal arrangements between First Nations' governments and other governments.

The FMB is seeking legislative amendments that would expand our purposes as outlined below<sup>3</sup>.

<b>1. Expansion of Purposes Beyond Scheduled First Nations</b>	The proposal requests amendments to the FMB's purposes to give it the ability to take into account and respond to the needs of a broader scope of Aboriginal or Indigenous governments, communities and organizations in Canada- not just those which are First Nations under the <i>Indian Act</i> named in the schedule to the FMA
<b>2. Research, test and evaluate innovative proposals and pilot projects</b>	This proposal is intended to enable the FMB to support First Nations going forward in their efforts to develop innovative and unique solutions for their communities to be able to participate more fully in the Canadian economy

<sup>3</sup> Additional legislative amendments have also been proposed that do not impact FMB's purposes. These additional proposed amendments are either not expected to have any incremental budget impact or cannot be reasonably estimated at this time

<p><b>3. To assist governments to develop and implement practical and meaningful proposals in furtherance of the Truth and Reconciliation Commission recommendations and the principles of UNDRIP</b></p>	<p>This proposal will allow the FMB to assist First Nation governments, other levels of government and organisations to develop and implement fiscal and economic proposals in furtherance of recommendations of the Truth and Reconciliation Commission (in particular Recommendation #92) and under the principles of United Nations Declaration on the Rights of Indigenous Peoples</p>
<p><b>4. Data Collection and Evaluation Services</b></p>	<p>This proposal would expand the purposes and role of the FMB to enable it to provide data collection, evaluation and reporting services in relation to matters within the scope of its purposes or within the context of an agreement between the FMB and other parties. There is no First Nation institution with the specific statutory function of collecting and evaluating First Nation data (financial or otherwise). The absence of this objective data impairs and inhibits the efforts of First Nations to have the needs of their communities properly assessed and addressed.</p>
<p><b>5. Monitoring and Reporting Law Implementation</b></p>	<p>This proposal would add to the purposes of the FMB the giving of assistance to First Nations to develop and implement their laws (or by-laws) respecting financial administration and to provide authority to the FMB, on request, to monitor and report on the implementation of those laws and on the compliance of those laws with FMB standards</p>
<p><b>6. Monitoring and Reporting Services for Standards Compliance</b></p>	<p>This proposal would replace paragraph 49 (g) and provide authority to the FMB, on request, to provide monitoring and reporting services related to financial performance and financial management systems of its clients</p>
<p><b>7. Financial Management Support Services</b></p>	<p>This proposal would give authority to the FMB, on request, to provide or facilitate the provision of financial management shared services to First Nations and entities</p>

The FMB has included the incremental resources that would be needed to fulfill these new purposes in the projected A-Base funding proposal outlined in Appendix Two above.

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## APPENDIX FOUR: SEPTEMBER 2019 STRATEGIC PLANNING

### 2019/2020 TRANSFORMATIONAL CHANGE

The Board of Directors initiated a Strategic Planning session in September 2019, to help form FMB's future vision and direction. The outcome of the session included a transformational change to the organizational structure in preparation of implementing the vision and preparing for transition of certain roles and senior leaders.

The goals from the session were as follows:

#### Transformational Strategic Goal

**Action:** Conduct transformational restructure

- Develop, modify and approve new job descriptions and hire
  - Chief Executive Officer
  - Corporate Legal Secretary (Corporate Legal Counsel)
  - Government Relations Manager
  - Director of Strategic Opportunities
  - Legal Counsel for MLS
- Update the Accountability Framework
  - Review and revise committee structure
  - Develop Executive business line to reflect changes from transformational restructure
- Transition the Executive Chair to a conventional Chair
  - Chair will engage with government(s) and stakeholders to support evolving fiscal, economic, governance, recognition and reconciliation initiatives
  - Chair will also represent the Board of Directors in an oversight role in support of the Board's legislative management responsibilities
- Grow and maintain an effective workforce within a structured high-performance environment
- Hire staff across all business lines

These transformational goals are now substantially complete.

## APPENDIX FIVE: NOVEMBER / DECEMBER 2020 STRATEGIC PLANNING

Strategic Priority	Actions
<p><b>Make FMS Certification More Desirable</b></p>	<p><b>Create incentives to increase the value of FMS certification</b></p> <ul style="list-style-type: none"> <li>• Advocate for FMS to be accepted as proxy for federal government reporting</li> <li>• Advocate for First Nations evolving interests to be reflected in Public Sector Auditing Standards</li> </ul> <p><b>Enhance support to reach FMS Certification</b></p> <ul style="list-style-type: none"> <li>• Develop meaningful, sustained relationships with Chief and Council</li> <li>• Recognize and reward senior administrators at the Nation</li> </ul>
<p><b>Be the Centre of Excellence for First Nations financial governance</b></p>	<p><b>Potential roles for FMB</b></p> <ul style="list-style-type: none"> <li>• Promote First Nations governments as 11<sup>th</sup> province</li> <li>• Collect statistics &amp; data for research; be a think tank</li> <li>• Create forum for discussion; be facilitator</li> <li>• Lead the UNDRIP advocacy; build broad network of allies</li> </ul>
<p><b>Prepare for Monumental Government &amp; Industry Change Driven by Reconciliation &amp; UNDRIP</b></p>	<p><b>Prepare for quantum growth in economic opportunities</b></p> <ul style="list-style-type: none"> <li>• Develop capacity including front office and back office (investment and wealth management; shared services; DMPPP)</li> <li>• Develop borrowing frameworks for venture capital, working capital and asset borrowing, and frameworks for stacking of revenue in “borrowing arrangements”</li> <li>• Consider different risk mechanisms for different kinds of lending</li> </ul> <p><b>Support sunset of Indigenous Services Canada</b></p> <ul style="list-style-type: none"> <li>• Formalize coalition of the willing and social licence</li> <li>• Listen to First Nations and consider what functions FMB could develop to support First Nation objectives</li> </ul>

Strategic Priority	Actions
<b>Build FMB to Respond to the Opportunities</b>	<b>Enhance FMB operations</b> <ul style="list-style-type: none"><li>• Expand regional support for First Nations</li><li>• Ensure FMB continues to be First Nations-led &amp; aligns with traditional culture and values</li><li>• Recruit Indigenous language or French-speaking individuals</li><li>• Become the employer of choice for First Nations professionals</li></ul>