

**ATLANTIC FIRST NATIONS WATER
AUTHORITY INC. and
FIRST NATIONS FINANCIAL
MANAGEMENT BOARD**

PRACTICE DIRECTIVES



**2023/04/01
First Edition**

Effective Date: 2023/04/01

Number: PD – #1

Title: Practice Directives for the Atlantic First Nations Water Authority Inc. and the First Nations Financial Management Board

Summary: These Practice Directives are intended to further define the proposed area of regulation described in the business proposal from the First Nations Financial Management Board to Indigenous Services Canada and to develop a corresponding deliverable and reporting timeline. These Practice Directives are to be read in conjunction with the *Board Regulatory Rules*.

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1. Definitions

- 1.1 “AFNWA” – the Atlantic First Nations Water Authority Inc. as represented by its Board of Directors;
- 1.2 “AFNWA Management” – the Atlantic First Nations Water Authority Inc. as represented by its management;
- 1.3 “*Board Regulatory Rules*” – rules made to facilitate proceedings before the FMB;
- 1.4 “Fiscal Year” – the twelve (12) month period used for financial reporting purposes, which begins on April 1st of year-one and ends on March 31st of year-two;
- 1.5 “FMB” – the First Nations Financial Management Board, established under the *First Nations Fiscal Management Act*, SC 2005, c 9, as represented by its Board of Directors;
- 1.6 “Information Request” – are formal requests for information made by either the FMB and/or the public;
- 1.7 “IRP” – The Integrated Resource Plan (IRP) is a comprehensive infrastructure plan to optimize investments for three strategic drivers: asset renewal, regulatory compliance and growth. The IRP defines the required resources and programs to support AFNWA’s objective of providing reliable and efficient water and wastewater service to all customers/ participating communities over a twenty-five (25) to thirty (30) year period.
- 1.8 “ISC” – Department of Indigenous Services Canada;
- 1.9 “Large Capital Applications” – applications for capital projects exceeding \$250,000;
- 1.10 “Participating Communities” – the First Nations that have signed an agreement with the AFNWA to become Participating Members as defined in the AFNWA’s Governance Manual, where the Service Delivery Transfer Agreement has been authorized by a Band Council Resolution and the Participating First Nations have been listed in the Service Delivery Transfer Agreement Schedule 1 – List of Participating First Nations;
- 1.11 “Practice Directives” – pursuant to the *Board Regulatory Rules*, the FMB may issue Practice Directives which the FMB considers necessary to administer

its process and to effectively and completely adjudicate on the matter before it;

- 1.12 “Prudence” – the standard of care in which a reasonable person would be expected to exercise under the same circumstances at the time the decisions had to be made. Hindsight is not applied in assessing prudence. A decision is prudent if it was within the range of decisions a reasonable person might have made. The prudence standard recognizes that a reasonable person can have honest differences of opinion without one or the other necessarily being imprudent;
- 1.13 “Substantial Alteration” – is triggered as a result of a capital project’s expenses increasing by 25% or more as compared to the approved capital application, and/or a capital project’s expenses increasing by \$250,000 or more as compared to the approved capital application; and
- 1.14 “Substantial Completion” – refers to when the asset becomes operational for its intended purpose, which may differ from when depreciation begins as described per the Generally Accepted Accounting Principles (GAAP), and also may differ from the contractual definition of completion for any project.

2. General

- 2.1 Any filings by the AFNWA shall have the necessary AFNWA approvals.
- 2.2 The FMB reserves the right to revise any reporting letter to the AFNWA and ISC, as a result of AFNWA failing to disclose a material fact to the FMB that ought to have reasonably been disclosed prior to the FMB issuing its reporting letter, which resulted in a material change to the FMB’s opinion in their reporting letter.
- 2.3 Enclosed within these Practice Directives is Appendix “A” containing a flowchart reflecting the deliverables as prescribed within this document.
- 2.4 Any reporting deadline contained in these Practice Directives that is set to take place on a weekend or statutory holiday shall be extended to the next business day.
- 2.5 The FMB reserves the right to consult with the AFNWA on matters relevant to the corresponding Practice Directives under review to facilitate the review process as is necessary for the regulatory regime.

3. Annual Capital Budgets

- 3.1 The Annual Capital Budget shall correspond with the Five-Year Business Plan and the IRP. The first Five-Year Business Plan shall be available on March 31, 2025. The FMB shall review the Annual Capital Budget and the Large Capital Applications based on the concept of prudence.
- 3.2 The Annual Capital Budget shall include an estimate of the date in which the AFNWA anticipates providing the FMB with each of the Large Capital Applications. The Annual Capital Budget shall include the consolidated total of all capital expenditures with explanatory disclosures and shall be reviewed in principle based on the following timeline;
 - 3.2.1 The AFNWA shall provide the FMB with the Annual Capital Budget by November 15th, immediately prior to the upcoming fiscal year under review;
 - 3.2.2 The FMB shall review the Annual Capital Budget and provide any Information Requests and/or comments and a letter with initial funding recommendations to the AFNWA and ISC by January 31st, immediately prior to the upcoming fiscal year under review;
 - 3.2.3 The AFNWA shall respond to any Information Requests, and if necessary, revise the Annual Capital Budget and provide it to the FMB by February 28th, immediately prior to the upcoming fiscal year under review; and
 - 3.2.4 The FMB shall review any responses by the AFNWA to any Information Requests, and if necessary, the revised Annual Capital Budget, and provide a reporting letter, based on its observations with comments and recommendations to the AFNWA and ISC by March 31st, immediately prior to the upcoming fiscal year under review.
- 3.3 The AFNWA may submit Large Capital Applications to the FMB continuously throughout the fiscal year. The Large Capital Applications shall be reviewed based on the following timeline;
 - 3.3.1 Upon receipt of the AFNWA's Large Capital Application, the FMB shall review the Large Capital Application and provide any Information Requests and/or comments and recommendations to the AFNWA and ISC within eight (8) weeks;
 - 3.3.2 Upon receipt of any Information Requests and/or the FMB's comments and recommendations, the AFNWA shall respond to any

Information Requests, and if necessary, revise the Large Capital Application and provide it to the FMB within four (4) weeks; and

3.3.3 Upon receipt of any responses by the AFNWA to any Information Requests, and if necessary, the AFNWA's revised Large Capital Application, the FMB shall review any responses by the AFNWA to any Information Requests, and if necessary, the revised Large Capital Application and provide a reporting letter, based on its observations and those of its external engineers, with comments and recommendations to the AFNWA and ISC within four (4) weeks.

3.4 The AFNWA shall provide the FMB with a budget-to-actual variance report (the "Variance Analysis Report") containing a detailed analysis of any budget surpluses or deficits for each project exceeding \$250,000 that has been Substantially Completed by March 31st of the fiscal year under review. The report should include details of any projects greater than \$250,00 that were previously identified in the annual capital budget that have not been proceeded with or have been Substantially Altered. The Variance Analysis Report shall be reviewed based on the following timeline;

3.4.1 The AFNWA shall provide the FMB with the Variance Analysis Report by July 29th, immediately following the fiscal year under review;

3.4.2 The FMB shall review the Variance Analysis Report and provide any Information Requests and/or comments and recommendations to the AFNWA and ISC by August 31st, immediately following the fiscal year under review;

3.4.3 The AFNWA shall respond to any Information Requests, and if necessary, revise the Variance Analysis Report and provide it to the FMB by September 30th, immediately following the fiscal year under review; and

3.4.4 The FMB shall review any responses by the AFNWA to any Information Requests, and if necessary, the revised Variance Analysis Report, and provide a reporting letter, based on its observations with comments and recommendations to the AFNWA and ISC by November 30th, immediately following the fiscal year under review.

4. Annual Operational Budgets

4.1 The AFNWA shall produce an Annual Operational Budget (applying earnings before interest, taxes, depreciation, and amortization; EBITDA) which shall

make best efforts to target breakeven levels. Any projected deficits shall be documented in a Management Action Plan to the FMB detailing actions to remediate any projected deficit during the following two fiscal years. The implementation of the Management Action Plan will form part of the overall financial KPI analysis which shall be reviewed based on the following timeline;

- 4.1.1 The AFNWA shall provide the FMB with the Management Action Plan by November 15th of the fiscal year under review;
 - 4.1.2 The FMB shall review the Management Action Plan and provide any Information Requests and/or comments and a letter with initial funding recommendations to the AFNWA and ISC by January 31st of the fiscal year under review;
 - 4.1.3 The AFNWA shall respond to any Information Requests, and if necessary, revise the Management Action Plan and provide it to the FMB by February 28th of the fiscal year under review; and
 - 4.1.4 The FMB shall review any responses by the AFNWA to any Information Requests, and if necessary, the revised Management Action Plan and provide a reporting letter, based on its observations with comments and recommendations to the AFNWA and ISC by March 31st of the fiscal year under review.
- 4.2 The AFNWA shall present the Annual Operational Budget with the same line items as noted in the annual audited financial statement for comparative purposes. If not, AFNWA Management shall contemporaneously provide a reconciliation report assessing the Annual Operational Budget amount versus the specific line items noted in the annual audited financial statement (the “Operational Budget Reconciliation Report”) based on the following timeline;
- 4.2.1 The AFNWA shall provide the FMB with the Operational Budget Reconciliation Report by November 15th of the fiscal year under review;
 - 4.2.2 The FMB shall review the Operational Budget Reconciliation Report and provide any Information Requests and/or comments and a letter with initial funding recommendations to the AFNWA and ISC by January 31st of the fiscal year under review;
 - 4.2.3 The AFNWA shall respond to any Information Requests, and if necessary, revise the Operational Budget Reconciliation Report and

provide it to the FMB by February 28th of the fiscal year under review;
and

4.2.4 The FMB shall review any responses by the AFNWA to any Information Requests, and if necessary, the revised Operational Budget Reconciliation Report and provide a reporting letter, based on its observations with comments and recommendations to the AFNWA and ISC by March 31st of the fiscal year under review.

4.3 The AFNWA shall provide the FMB with an in-depth analysis, including supporting documents where applicable, to substantiate all changes noted between the proposed Annual Operational Budget under review and the prior year's approved Annual Operational Budget (the "Operational Budget Variance Report") and shall be reviewed based on the following timeline;

4.3.1 The AFNWA shall provide the FMB with the Operational Budget Variance Report by November 15th of the fiscal year under review;

4.3.2 The FMB shall review the Operational Budget Variance Report and provide any Information Requests and/or comments and a letter with initial funding recommendations to the AFNWA and ISC by January 31st of the fiscal year under review;

4.3.3 The AFNWA shall respond to any Information Requests, and if necessary, revise the Operational Budget Variance Report and provide it to the FMB by February 28th of the fiscal year under review;
and

4.3.4 The FMB shall review any responses by the AFNWA to any Information Requests, and if necessary, the revised Operational Budget Variance Report and provide a reporting letter, based on its observations with comments and recommendations to the AFNWA and ISC by March 31st of the fiscal year under review.

4.4 The Annual Operational Budget shall be reviewed based on the following timeline;

4.4.1 The AFNWA shall provide the FMB with the Annual Operational Budget by November 15th, immediately prior to the upcoming fiscal year under review;

4.4.2 The FMB shall review the Annual Operational Budget and provide any Information Requests and/or comments and a letter with initial funding recommendations to the AFNWA and ISC by January 31st, immediately prior to the upcoming fiscal year under review;

- 4.4.3 The AFNWA shall respond to any Information Requests, and if necessary, revise the Annual Operational Budget and provide it to the FMB by February 28th, immediately prior to the upcoming fiscal year under review; and
- 4.4.4 The FMB shall review any responses by the AFNWA to any Information Requests, and if necessary, the revised Annual Operational Budget and provide a reporting letter, based on its observations with comments and recommendations to the AFNWA and ISC by March 31st, immediately prior to the upcoming fiscal year under review.

5. Funding from Indigenous Services Canada

- 5.1 Pursuant to the Funding Agreement between ISC and AFNWA, by November 30th of the current fiscal year under review, once ISC has received all reporting letters to date from the FMB as prescribed in these Practice Directives, ISC shall decide whether to release in whole, or in part, the remaining funding to the AFNWA.
- 5.2 The AFNWA shall produce a reconciliation report in each fiscal year, reconciling the Annual Capital Budget, Annual Operational Budget, Five-Year Business Plan, IRP (when available) and Secured Debentures with one another (the “Comprehensive Reconciliation Report”) and shall be reviewed based on the following timeline;
 - 5.2.1 The AFNWA shall provide the FMB with the Comprehensive Reconciliation Report by April 30th, immediately following the fiscal year under review;
 - 5.2.2 The FMB shall review the Comprehensive Reconciliation Report and provide any Information Requests and/or comments and recommendations to the AFNWA and ISC by May 15th, immediately following the fiscal year under review;
 - 5.2.3 The AFNWA shall respond to any Information Requests, and if necessary, revise the Comprehensive Reconciliation Report and provide it to the FMB by June 15th, immediately following the fiscal year under review; and
 - 5.2.4 The FMB shall review any responses by the AFNWA to any Information Requests, and if necessary, the revised Comprehensive

Reconciliation Report and provide a reporting letter, based on its observations with comments and recommendations to the AFNWA and ISC by June 30th, immediately following the fiscal year under review.

6. Accounting Framework, Financial Standards and Fiscal Policies

- 6.1 The FMB shall conduct an annual review of the AFNWA's compliance with the FMB's NPO Standards and provide the AFNWA with a compliance opinion (the "Compliance Analysis") based on the following timeline;
 - 6.1.1 The FMB shall begin the Compliance Analysis by August 1st, immediately following the fiscal year under review. However, recognising that AFNWA may not be in a position to comply with all NPO Standards. The NPO Standards permit normalization as more specifically defined within the NPO Standards;
 - 6.1.2 The FMB shall provide the AFNWA and ISC with any Information Requests and/or the Compliance Analysis by September 30th, immediately following the fiscal year under review;
 - 6.1.3 The AFNWA shall respond to any Information Requests, and if necessary, the AFNWA shall provide any comments addressing any deficiencies or identifying any NPO Standards that they are unable to comply with to the FMB by October 31st, immediately following the fiscal year under review; and
 - 6.1.4 The FMB shall review any responses by the AFNWA to any Information Requests, and if necessary, any comments addressing any deficiencies, and provide the Compliance Analysis, enclosed in a reporting letter, based on its observations with comments and recommendations to the AFNWA and ISC by November 30th, immediately following the fiscal year under review.
- 6.2 The AFNWA shall provide the FMB with summary reports based on its annual reporting requirements with The First Nations and Inuit Health Branch ("FNIHB") and Environment and Climate Change Canada for the calendar year (the "Summary Reports"). The Summary Reports shall be certified as accurate by the AFNWA's CEO and a member of the AFNWA's Board of Directors, and shall be reviewed based on the following timeline;
 - 6.2.1 The AFNWA shall provide the FMB with the Summary Reports by March 31st, immediately following the calendar year under review;

- 6.2.2 The FMB shall review the Summary Reports and provide any comments and recommendations to the AFNWA and ISC by April 30th, immediately following the calendar year under review;
 - 6.2.3 The AFNWA shall, if necessary, provide its action plan to address any comments and recommendations to the FMB by May 31st, immediately following the calendar year under review; and
 - 6.2.4 The FMB shall review the Summary Reports, and if necessary, the AFNWA action plan, and provide a reporting letter, based on its observations with comments and recommendations to the AFNWA and ISC by June 30th, immediately following the calendar year under review.
- 6.3 For items of non-compliance described in Practice Directives 6.1 and 6.2 above, the FMB shall obtain an understanding of whether the non-compliance is significant and provide a reporting letter with comments and recommendations to the AFNWA and ISC upon the same timelines set out above.
- 6.4 The AFNWA shall include the approved Annual Operational Budget within the annual audited financial statement.
- 6.5 The AFNWA shall produce an Annual Vacancies Report, reporting on any AFNWA managerial and Board of Director vacancies and how any vacancies are to be filled, which shall be reviewed based on the following timeline;
- 6.5.1 The AFNWA shall provide the FMB with the Annual Vacancies Report by June 29th of the fiscal year under review;
 - 6.5.2 The FMB shall review the Annual Vacancies Report and provide any Information Requests and/or comments and recommendations to the AFNWA and ISC by August 31st of the fiscal year under review;
 - 6.5.3 The AFNWA shall respond to any Information Requests, and if necessary, revise the Annual Vacancies Report and provide it to the FMB by September 30th of the fiscal year under review; and
 - 6.5.4 The FMB shall review any responses by the AFNWA to any Information Requests, and if necessary, the revised Annual Vacancies Report and provide a reporting letter, based on its observations with comments and recommendations to the AFNWA and ISC by November 30th of the fiscal year under review.

7. Five-Year Business Plans

- 7.1 The AFNWA shall develop a Five-Year Business Plan (the first Five-Year Business Plan will be made available March 31, 2025) which is made public to all participating communities¹ and include items such as, but not limited to the following:
- 7.1.1 Mission;
 - 7.1.2 Vision;
 - 7.1.3 Short-term goals (1-3 Years) and corresponding action plan;
 - 7.1.4 Long-term goals (3-5 Years) and corresponding action plan;
 - 7.1.5 Five-year financial plan; and
 - 7.1.6 A disclosure note regarding there being no established reserve fund and ISC's corresponding commitment to fund the AFNWA for future water and wastewater replacement, in accordance with the Funding Agreement.
- 7.2 The Five-Year Business Plan shall be updated every twenty-four (24) months and reviewed based on the following timeline;
- 7.2.1 The AFNWA shall provide the FMB with its Five-Year Business Plan by March 31st, immediately prior to the upcoming period under review;
 - 7.2.2 The FMB shall review the Five-Year Business Plan and provide any Information Requests and/or comments and recommendations to the AFNWA and ISC by April 30th of the first fiscal year of the five-year-period under review;
 - 7.2.3 The AFNWA shall respond to any Information Requests, and if necessary, revise the Five-Year Business Plan and provide it to the FMB by May 31st of the first fiscal year of the five-year-period under review; and
 - 7.2.4 The FMB shall review any responses by the AFNWA to any Information Requests, and if necessary, the revised Five-Year Business Plan, and provide a reporting letter based on its observations with comments and recommendations to the AFNWA

¹ All Participating Communities will be given access to all prior Five-Year Business Plans.

and ISC by June 30th of the first fiscal year of the five-year-period under review.

8. Performance Outcomes Including Levels of Service

- 8.1 The AFNWA shall provide the FMB with a report outlining the Key Performance Indicators (“KPI”)² along with AFNWA Management commentary and an explanation of the results by the following dates:
 - 8.1.1 The AFNWA shall provide the FMB with the Operational KPI’s by June 29th of the current fiscal year under review;
 - 8.1.2 The FMB shall review the Operational KPI’s and provide any Information Requests and/or comments and recommendations to the AFNWA and ISC by August 31st of the current fiscal year under review;
 - 8.1.3 The AFNWA shall respond to any Information Requests, and if necessary, revise the Operational KPI’s and provide it to the FMB by September 30th of the current fiscal year under review;
 - 8.1.4 The FMB shall review any responses by the AFNWA to any Information Requests, and if necessary, the revised Operational KPI’s, and provide a reporting letter based on its observations with comments and recommendations to the AFNWA and ISC by November 30th of the current fiscal year under review;
 - 8.1.5 The AFNWA shall provide the FMB with the Financial KPI’s by July 29th of the current fiscal year under review;
 - 8.1.6 The FMB shall review the Financial KPI’s and provide any Information Requests and/or comments and recommendations to the AFNWA and ISC by August 31st of the current fiscal year under review;
 - 8.1.7 The AFNWA shall respond to any Information Requests, and if necessary, revise the Financial KPI’s and provide it to the FMB by September 30th of the current fiscal year under review; and
 - 8.1.8 The FMB shall review any responses by the AFNWA to any Information Requests, and if necessary, the revised Financial KPI’s, and provide a reporting letter based on its observations with

² Enclosed within these Practice Directives is Appendix “B” containing the Operational and Financial KPIs.

comments and recommendations to the AFNWA and ISC by November 30th of the current fiscal year under review.

9. Integrated Resource Plans

- 9.1 The AFNWA shall develop an IRP every 5 years.
- 9.2 The AFNWA will develop the IRP based on a 25 year time horizon.
- 9.3 Upon receipt of the IRP by the AFNWA, the FMB shall set a timetable for review having consulted with the AFNWA. Following the review;
 - 9.3.1 The FMB shall provide a reporting letter based on its observations with comments and recommendations to the AFNWA and ISC by the agreed upon timeline.

10. Development Charges

- 10.1 The rates charged to recover costs associated with economic development by the AFNWA shall at minimum cover the operating and capital costs for each fiscal year. Charges should be equitably assigned to those who receive the benefits.
- 10.2 The AFNWA shall inform the FMB of any development charges assessed by the AFNWA within five (5) business days of AFNWA Board approval.
- 10.3 The AFNWA shall provide the FMB with a reconciliation report comparing the operating and capital costs versus revenues from the rates charged (the "Development Charges Reconciliation Report") and shall be reviewed based on the following timeline;
 - 10.3.1 The AFNWA shall provide the FMB with the Development Charges Reconciliation Report for the preceding fiscal year by July 29th, immediately following the fiscal year under review;
 - 10.3.2 The FMB shall review the Development Charges Reconciliation Report and provide any Information Requests and/or comments and recommendations to the AFNWA and ISC by September 30th, immediately following the fiscal year under review;
 - 10.3.3 The AFNWA shall respond to any Information Requests, and if necessary, revise the Development Charges Reconciliation Report

and provide it to the FMB by October 31st; immediately following the fiscal year under review; and

10.3.4 The FMB shall review any responses by the AFNWA to any Information Requests, and if necessary, the revised Development Charges Reconciliation Report and provide a reporting letter, based on its observations with comments and recommendations to the AFNWA and ISC by November 30th. immediately following the fiscal year under review.

10.4 The AFNWA shall perform an assessment of any overdue balances and include an allowance for doubtful accounts (the “Assessment of Overdue Balances Report”) and shall be reviewed based on the following timeline;

10.4.1 The AFNWA shall provide the FMB with the Assessment of Overdue Balances Report by July 29th, immediately following the fiscal year under review;

10.4.2 The FMB shall review the Assessment of Overdue Balances Report and provide any Information Requests and/or comments and recommendations to the AFNWA and ISC by August 31st, immediately following the fiscal year under review;

10.4.3 The AFNWA shall respond to any Information Requests, and if necessary, revise the Assessment of Overdue Balances Report and provide it to the FMB by September 30th, immediately following the fiscal year under review; and

10.4.4 The FMB shall review any responses by the AFNWA to any Information Requests, and if necessary, the revised Assessment of Overdue Balances Report and provide a reporting letter, based on its observations with comments and recommendations to the AFNWA and ISC by November 30th, immediately following the fiscal year under review.

11. Secure Debentures

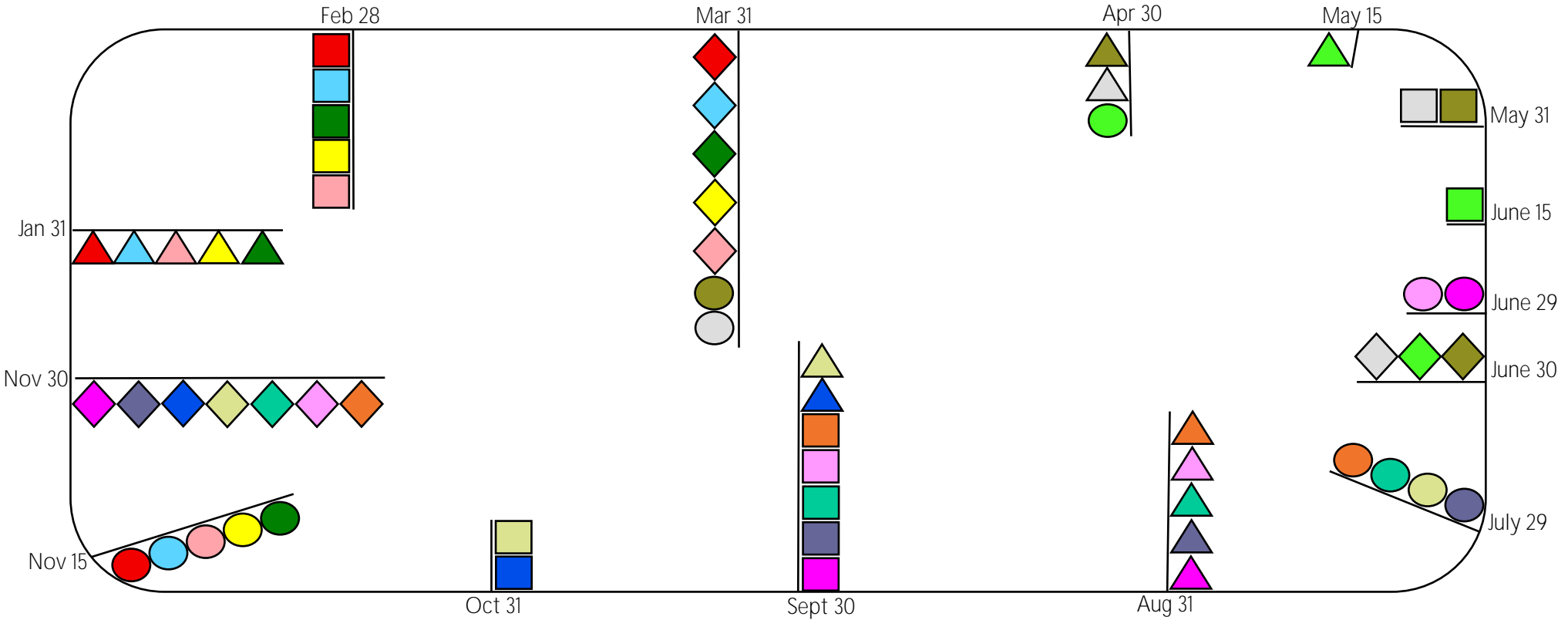
11.1 The AFNWA shall provide the FMB with a financial viability analysis, an operational feasibility study and a finance alternative analysis (the “Pre-borrowing Reports”) prior to any borrowings and shall be reviewed based on the following timeline;

- 11.1.1 The AFNWA shall provide the FMB with the Pre-borrowing Reports by March 31st, immediately following the fiscal year under review;
- 11.1.2 The FMB shall review the Pre-borrowing Reports and provide any Information Requests and/or comments and recommendations to the AFNWA and ISC by April 30th, immediately following the fiscal year under review;
- 11.1.3 The AFNWA shall respond to any Information Requests, and if necessary, revise the Pre-borrowing Reports and provide it to the FMB by May 31st, immediately following the fiscal year under review; and
- 11.1.4 The FMB shall review any responses by the AFNWA to any Information Requests, and if necessary, the revised Pre-borrowing Reports and provide a reporting letter, based on its observations with comments and recommendations to the AFNWA and ISC by June 30th, immediately following the fiscal year under review.

Appendix "A"

YEARLY REVIEW/REPORTING TIMELINES

AFNWA Initial Report/Response =	●	FMB Initial Report/Response =	▲	AFNWA Final Report/Response =	■	FMB Final Report/Response =	◆
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Annual Capital Budget	Comprehensive Reconciliation Report	Operational Budget Variance Report
Annual Operational Budget	Development Charges Reconciliation Report	Operational KPI's
Annual Vacancies Report	Financial KPI's	Pre-Borrowing Reports
Assessment of Overdue Balances Report	Management Action Plan	Summary Reports
Compliance Analysis	Operational Budget Reconciliation Report	Variance Analysis Report

AFNWA Initial Report/Response =	●	FMB Initial Report/Response =	▲	AFNWA Final Report/Response =	■	FMB Final Report/Response =	◆
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CONTINUOUS REVIEW/REPORTING TIMELINES

Large Capital Applications	●	8 weeks later	▲	4 weeks later	■	4 weeks later	◆
Development Charge Reconciliation Report	●	4 weeks later	▲	4 weeks later	■	4 weeks later	◆

5-YEAR REVIEW/REPORTING TIMELINES

Five-Year Business Plan	●	▲	■	◆
	= March 31 (FY0)	= April 30 (FY1)	= May 31 (FY1)	= June 30 (FY1)

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Five-Year Business Plan #1 [Apr 1, 2025 – March 31, 2030]										
	Five-Year Business Plan #2 [Apr 1, 2027 – March 31, 2032]									
		Five-Year Business Plan #3 [Apr 1, 2029 – March 31, 2034]								
			Five-Year Business Plan #4 [Apr 1, 2031 – March 31, 2036]							

TIMELINE SHALL BE SET UPON AGREEMENT BETWEEN AFNWA/FMB

Deliverable	Timeline
IRP	TBD
IRP Reconciliation Report	TBD

Appendix “B”

OPERATIONAL KPI

Name	Purpose	Evaluation Method	Benchmark
Treated Water	Attain prescribed standards for water related health and safety in Participating Communities	Percentage of water systems with treated water in Participating Communities meeting prescribed standards as set out in the Health Canada Guidelines for Canadian Drinking Water Quality	100% by 03.31.28
Treated Effluent	Attain prescribed standards for wastewater related health and safety in Participating Communities	Percentage of wastewater systems producing treated effluent in Participating Communities meeting prescribed requirements as set out in the Government of Canada’s Wastewater System Effluent Regulations	100% by 03.31.28
Certified Operators	Obtain required provincial operator certification levels	Percentage of total operators certified to the level of systems they operate	100% by 03.31.32
Operator Compensation	Attract skilled operators	Percentage of total operators receiving market-rate compensation	100% by 03.31.25
Water Risk Ratings	Achieve low risk assessment for public water systems	Percentage of public water systems that have low risk ratings ¹ in Participating Communities	100% by 03.31.32
Wastewater Risk Ratings	Achieve low risk assessment for public wastewater systems	Percentage of public wastewater systems that have low risk ratings in Participating Communities	100% by 03.31.32
Operator Training Plan	Under-trained operators to develop a training plan to reach certification	Percentage of under-trained operators who have a training plan in place to reach certification to the level of systems they operate	100% by 03.31.25
Technical Support Response	Provide technical support response in operation and maintenance	Average first response time to reply to operation and maintenance queries related to water and wastewater systems in Participating Communities	*
Service Disruption Resolution	Provide technical support resolution in operation and maintenance	Average length of service disruption for operation and maintenance queries related to water and wastewater systems in Participating Communities	*
Connection Time	Provide timely service connection	Average length of time to approve a new connection to water and wastewater services	*
Water Loss	Limit water loss	Litres of water loss per connection per day	**
Unplanned Effluent Discharge	Attain health and safety standards in Participating Communities	Unplanned effluent discharge (expressed in number of unplanned incidents and total volume discharged)	**
Staff Retention	Retain staff to build capacity	Total number of staff turnover	**

¹ Risk rating refers to the Annual Performance Inspections assessing five main components of a system. The five main components are based on a weighted average of: water source and the wastewater effluent receiver (10%); system design (30%); operation and maintenance (30%); level of training and certification of operators (20%); and reporting and record keeping (10%). This assessment does not test the water itself as that work is completed by other environmental regulators.

FINANCIAL KPI

Name	Purpose	Evaluation Method	Benchmark
Timely Financial Reporting of the Annual Audited Financial Statements	Ensure the audited financial statements are approved and issued in a timely manner	Approval: Date of audit report Issuance: Date of receipt of audit financial statements	Approval: On or before July 29 th immediately following the fiscal year under review Issuance: On or before September 27 th immediately following the fiscal year under review
Accuracy of Annual Audited Financial Statements	Ensure the annual audited financial statements are reasonably stated	Unqualified audit opinion	Unqualified audit report
Accuracy of Operational and Capital Budgets	Ensure operational and capital budgets are accurate	Variance analysis (expressed in +/- percentage) between the approved operational and capital budget amount versus actual	Budget-to-actuals to be within +/- 10%
Implementation of Management Action Plan	Ensure that the Management Action Plan (if applicable) has been executed	Actionable items contained within the Management Action Plan have been successfully executed to remediate any projected deficits	Projected deficits have been mitigated
Financial Solvency	Ensure AFNWA remains solvent between initial ISC payment and holdback period	Future 12-month cashflow projection	Positive cash flow position for the 12 month period under review
Cost Per Service Connection	Ensure financial viability of new service connections for water and wastewater systems	Cost per service connection for water and wastewater systems	**

* No historical data available / established process for monitoring. AFNWA to develop and implement a monitoring process for F23/24, track data for F24/25 and established a benchmark for F25/26.

** No historical data available. Data to be tracked during F23/24. A revised benchmark will be implemented for F24/25.

General Note: It is anticipated that with experience these KPIs will be revised and the corresponding benchmarks will improve over time.