



First Nations  
**FINANCIAL  
MANAGEMENT  
BOARD**

**CONSEIL  
DE GESTION  
FINANCIÈRE** des  
Premières Nations

# Proposed Amendments to FMB's Standards

FNFMB

West Vancouver, BC

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February 9, 2026



# Land Acknowledgement

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FMB acknowledges that we are presenting from the unceded traditional territory of the Coast Salish Peoples, including the territories of the x<sup>w</sup>məθkwəyəm (Musqueam), Skwxwú7mesh (Squamish) and səlilwətał/Selilwitulh (Tsleil-Waututh) Nations.



# Why the Standards Need Updating

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- The First Nations Financial Management Board (FMB) is updating standards for certifications to better serve First Nations.
- Financial Management System (FMS), Financial Administration Law (FAL), and Financial Performance (FP) Certification Standards were last updated in 2019.
- Since then, the FMB has collected feedback related to implementation, limitations, changes in the economic and regulatory environment, and the needs expressed by our clients for enhanced flexibility, clarity, or further guidance.



## What's Changing?

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- FP Standards
- FMS Standards
- FAL Standards



# FP Standards

# 7.1 Definitions

Current Standard	New Standard [Red-Line Changes]
N/A – Purchased intangible assets are not currently defined in the FP standards.	7.1 “purchased intangible assets” means the purchased intangible assets presented on the statement of financial position of a First Nation and represent an identifiable non-monetary asset without physical substance;
N/A – Inventory is not currently defined in the FP Standards.	7.1 “inventory” means the inventory assets presented on the statement of financial position of a First Nation representing assets held for sale in the ordinary course of business, assets in the process of being made ready for sale, and assets in the form of materials or supplies consumed in production or rendering of services;
N/A – only “financial assets” are currently defined in the FP standards.	7.1 “non-financial assets” means assets on the statement of financial position of a First Nation that are for use in the provision of services and do not normally provide resources to discharge existing liabilities. Non-financial assets are assets that were purchased, constructed, contributed, or developed by a First Nation and generally includes: <ul style="list-style-type: none"><li>a. purchased intangible assets,</li><li>b. inventory,</li><li>c. prepaid expenses, and</li><li>d. tangible capital assets,</li></ul>

# 7.1 Definitions continued

Current Standard	New Standard [Red-Line Changes]
<p>7.1 “liabilities” means present obligations of a First Nation arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits;</p>	<p>7.1 <b>“financial liabilities”</b> means present obligations of a First Nation arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits;</p> <p><b>7.1 “non-financial liabilities” means present obligations of a First Nation arising from past transactions or events, expected to be settled using non-financial assets or unrecognized economic resources</b></p>
<p>7.1 “expenses” including losses, means decreases, in economic resources, either by way of decreases in assets or increases in liabilities, resulting from the operations, transactions and events of the accounting period;</p>	<p>7.1 “expenses” including losses, means <del>decreases, in economic resources, either by way of decreases in assets or increases in liabilities, resulting from the operations, transactions and events of the accounting period;</del> <b>the expenses accounted for on the statement of operations of a First Nation representing decreases in economic resources, either by way of outflows or reductions of assets or incurrences of liabilities, resulting from the First Nation’s ordinary revenue generating or service delivery activities;</b></p>

# 7.1 Definitions continued

Current Standard	New Standard [Red-Line Changes]
7.1 “interest” means interest expense;	7.1 "interest" means <b>the interest expense accounted for on the statement of operations of a First Nation representing the cost incurred by the First Nation for borrowed funds;</b>
7.1 “revenues” including gains, means increases in economic resources, either by way of increases in assets or decreases in liabilities, resulting from the operations, transactions and events of the accounting period;	7.1 “revenues” including gains, <b>means the revenues accounted for on the statement of operations of a First Nation representing</b> increases in economic resources, either by way of <del>increases in</del> <b>inflows and enhancements of</b> assets or <del>decreases in</del> <b>reductions of</b> liabilities, resulting from the <del>operations, transactions and events of the accounting period</del> <b>ordinary activities of the First Nation;</b>

# 7.5.2 Description of Fiscal Growth Ratio

Current Standard	New Standard [Red-Line Changes]
<p>7.5.2 Description of FGR – The FGR measures the average annual revenue growth rate expressed as a percentage. A growth rate of 0 or better indicates that revenue is growing. A growth rate of less than 0 indicates that revenue is shrinking which could indicate an unsustainable trend or potential structural deficit that can put fiscal stress on a First Nation’s ability to maintain financial capacity to meet government program and service requirements, infrastructure spending, or servicing debt.</p>	<p>7.5.2 Description of FGR –The FGR measures the average annual revenue growth rate expressed as a percentage.</p> <p>A growth rate of 0 or better indicates that revenue is growing.</p> <p><del>A growth rate of less than 0 indicates that revenue is shrinking which could indicate an unsustainable trend or potential structural deficit that can put fiscal stress on a First Nation’s ability to maintain financial capacity to meet government program and service requirements, infrastructure spending, or servicing debt.</del></p> <p>A ratio of 0 would indicate no revenue growth year over year, when compared over a 5-year period.</p> <p>A growth rate of less than 0 indicates that revenue is decreasing which could indicate an unsustainable trend.</p>

# 7.6.2 Description of Operating Margin Ratio

Current Standard	New Standard [Red-Line Changes]
<p>7.6.2 Description of OMR – The OMR measures the ability of a First Nation to sustain structural fiscal balance by determining the extent to which its revenues have been sufficient to meet its expenses. The OMR measures the First Nation’s ability to generate sufficient revenues to satisfy expenses. The measure indicates whether the First Nation is spending beyond its revenue base and thus exerting fiscal stress on its financial capacity. A cumulative positive OMR indicates fiscal balance has been maintained, whereas a pattern of deficits signals fiscal imbalance and a need to fund deficits by borrowing.</p>	<p>7.6.2 Description of OMR – The OMR measures the ability of a First Nation to sustain structural fiscal balance by determining the extent to which its revenues have been sufficient to meet its expenses.</p> <p><del>The OMR measures the First Nation’s ability to generate sufficient revenues to satisfy expenses. The measure indicates whether the First Nation is spending beyond its revenue base and thus exerting fiscal stress on its financial capacity.</del></p> <p><b>A ratio of 0 or greater indicates that sufficient revenue is generated to meet expenses.</b></p> <p><b>A ratio less than 0 would indicate that a First Nation is spending beyond its revenue base and thus, exerting stress on its financial capacity.</b></p> <p>A cumulative positive OMR indicates fiscal balance has been maintained, whereas a pattern of deficits signals fiscal imbalance and a need to fund deficits by borrowing.</p>

# 8.1 Normalization adjustments for extraordinary events

## Current Standard

8.1 Normalization adjustments for extraordinary events  
– If, in the opinion of the FMB, a First Nation’s ability or inability to satisfy a threshold described in Standard 7.0 resulted from the inclusion of an extraordinary event, the FMB may, in its discretion, remove an amount attributable to that event from calculation of the First Nation’s ratios in order to better evaluate the First Nation’s financial performance. An extraordinary event must be both unusual and infrequent. Unusual events are highly abnormal and unrelated to the ordinary and typical activities of a First Nation. Infrequent events are reasonably expected not to recur going forward.

## New Standard [Red-Line Changes]

8.1 Normalization adjustments for extraordinary events - If, in the opinion of the FMB, a First Nation’s ability or inability to satisfy a threshold described in Standard 7.0 resulted from the inclusion of an extraordinary event **or from the impact of extraordinary circumstances**, the FMB may, in its discretion, ~~remove an amount attributable to that event from calculation of the First Nation’s ratios~~ in order to better evaluate the First Nation’s financial performance:

- a. **reclassify a balance or financial transaction included in the First Nation’s financial statements related to the event or circumstance, and**
- b. **adjust, add or remove an amount attributable to the event or circumstance from the calculation of a ratio contained within the FP Standards.**

An extraordinary event must be both unusual and infrequent. Unusual events are highly abnormal and unrelated to the ordinary and typical activities of a First Nation. Infrequent events are reasonably expected not to recur going forward.

**Extraordinary circumstances also include circumstances beyond a First Nation’s control that normal prudence and experience could not foresee, anticipate or provide for.**

## 8.2 Comparability adjustments

Current Standard	New Standard [Red-Line Changes]
<p>8.2 Comparability adjustments – If, in the opinion of the FMB, a First Nation’s ability or inability to satisfy a threshold described in Standard 7.0 resulted from historical differences in accounting policy, bookkeeping procedure, or financial statement presentation, the FMB may, in its discretion,</p> <p>a. reclassify a balance or financial transaction of a First Nation included in the First Nation’s financial statements, and</p> <p>b. add or remove that balance or transaction from the calculation of a ratio contained within Standard 7.0.</p>	<p>8.2 Comparability adjustments – If, in the opinion of the FMB, a First Nation’s ability or inability to satisfy a threshold described in Standard 7.0 resulted from historical differences in accounting policy, bookkeeping procedure, or financial statement presentation, the FMB may, in its discretion,</p> <p>a. reclassify a balance or financial transaction of a First Nation included in the First Nation’s financial statements, and</p> <p>b. <b>adjust</b>, add or remove that balance or transaction from the calculation of a ratio contained within Standard 7.0.</p>



# Survey Link #1

Do you agree with the proposed amendments to the FP Standards?



OR

Visit

[fnfmb.com/standards](https://fnfmb.com/standards)



# FMS and FAL Standards

# Financial Administration Law

## Current Standard

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

a. the FAL meets the Financial Administration Law Standards in effect on the date the First Nation requests the FMB to conduct a formal review of its financial management system under the Financial Management System Certification Procedures;

b. the FMB has issued a compliance approval for the FAL under section 9 of the Act; and

## New Standard [Red-Line Changes]

7.1 Approved FAL in force – The First Nation has a FAL, **not repealed**, which meets the following requirements:

a. the FAL meets the Financial Administration Law Standards in effect on the date the First Nation requests the FMB to conduct a formal review of its financial management system under the Financial Management System Certification Procedures;

b. the FMB has issued a compliance approval for the FAL under section 9 of the Act; and

# Financial Administration Law Continued

Current Standard	New Standard [Red-Line Changes]
<p>29.3.5 First Nation membership information or involvement policy/procedures – The council demonstrates that it has established and implemented a documented policy and procedures respecting the involvement in or informing First Nation members about the approval of any proposed amendments to the FAL.</p>	<p>29.3.5 First Nation membership information or involvement policy/procedures – The council demonstrates that it has established and implemented a documented policy and procedures respecting the involvement in or informing First Nation members about the approval of <b>the repeal of the FAL or</b> any proposed amendments to the FAL.</p>
<p>29.3.6 Compliance with FAL, etc. - The council demonstrates that it has complied with the requirements of the FAL and any applicable First Nation policies or procedures respecting the involvement in or informing First Nation members about the approval of any proposed amendments to the FAL.</p>	<p>29.3.6 Compliance with FAL, etc. - The council demonstrates that it has complied with the requirements of the FAL and any applicable First Nation policies or procedures respecting the involvement in or informing First Nation members about the approval of <b>the repeal of the FAL or</b> any proposed amendments to the FAL.</p>

# Finance and audit committee

## Current Standard

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

b. appointed members of the committee who meet the requirements of the FAL including the following:

i. at least one (1) councillor must be a member of a committee consisting of three (3) members and at least two (2) councillors must be members of a committee consisting of four (4) or more members,

ii. a majority of the members must have financial competency,

iii. all members must be independent,

iv. all members are eligible to be members of the committee;

c. appointed a chairperson and a vice-chairperson of the committee, one (1) of whom must be a councillor;

f. on request of a chairperson of the committee who is not a councillor, has provided the chairperson with any materials or information provided to the council respecting the matters before it.

## New Standard [Red-Line Changes]

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

b. appointed members of the committee who meet the requirements of the FAL including the following:

i. ~~at least one (1) councillor must be a member of a committee consisting of three (3) members and at least two (2) councillors must be members of a committee consisting of four (4) or more members,~~ **voting or non-voting member from council,**

i. a majority of the members must have financial competency,

ii. all members must be independent,

iii. all members are eligible to be members of the committee;

c. appointed a chairperson and a vice-chairperson of the committee, ~~one (1) of whom must be a councillor;~~

f. ~~on request of a chairperson of the committee who is not a councillor,~~ has provided the chairperson **of the committee** with any materials or information **available** provided to the council respecting the matters before it, **upon request of the chairperson.**

# Finance and audit committee continued

## Current Standard

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

b. are staggered to ensure the continuing effectiveness of the committee and to provide for succession planning, and

11.2.9 Record of additional roles, etc. – The council demonstrates that it has documented in the finance and audit committee’s terms of reference the committee’s roles and responsibilities under the FAL and any additional roles and responsibilities that the council assigns to the committee.

## New Standard [Red-Line Changes]

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

~~b. are staggered to ensure the continuing effectiveness of the committee and to provide for succession planning, and~~

11.2.9 Record of additional roles, etc. – The council demonstrates that it has documented in the finance and audit committee’s terms of reference the committee’s roles and responsibilities under the FAL and any additional roles and responsibilities that the council assigns to the committee **including the following:**

**a. evaluates and report on the effectiveness of internal controls with respect to the prevention and detection of fraud at least annually,**

**b. oversees and directs investigations into actual or alleged fraud where appropriate.**

# Finance and audit committee continued

Current Standard	New Standard [Red-Line Changes]
<p>11.2.12 Meeting records – The finance and audit committee demonstrates that it</p> <p>c. reported to the council on the substance of those meetings within a reasonable time after each meeting.</p>	<p>11.2.12 Meeting records – The finance and audit committee demonstrates that it</p> <p>c. reported to the council on the substance of those meetings, <b>including deliberations and recommendations</b>, within a reasonable time after each meeting.</p>
<p>N/A – Currently, there is no FMS Standard pertaining to the monitoring of FAC.</p>	<p><b>11.2.13 Monitoring - The council demonstrates it has established and implemented a documented policy and procedure to evaluate, at least annually, the effectiveness of the finance and audit committee and to provide for succession planning.</b></p>

# Compliance declarations

## Current Standard

13.5a Compliance declaration – The council establishes and implements a documented policy and procedures for the following purposes:

- a. to ensure that every officer, employee, committee member, contractor and agent when engaged in a duty or responsibility relating to the First Nation’s financial management system signs a declaration indicating they understand and agree to comply with the applicable conduct expectations as set out in the FAL or in First Nation policies and procedures;
- b. to ensure that the declarations referred to in paragraph a. are signed
  - i. when the officer, employee, committee member, contractor or agent is first hired, appointed or retained, as the case may be, and
  - ii. annually after that;

## New Standard [Red-Line Changes]

13.5a Compliance declaration – The council establishes and implements a documented policy and procedures for the following purposes:

- a. to ensure that every **councillor**, officer, employee, committee member, contractor and agent when engaged in a duty or responsibility relating to the First Nation’s financial management system signs a declaration indicating they understand and agree to comply with the applicable conduct expectations as set out in the FAL or in First Nation policies and procedures;
- b. to ensure that the declarations referred to in paragraph a. are signed
  - i. when the **councillor**, officer, employee, committee member, contractor or agent is first hired, appointed or retained, as the case may be, and
  - ii. annually after that;

# For-profit business activity

Current Standard	New Standard [Red-Line Changes]
<p>20.1.1 Risk management policy/procedures – The council establishes and implements a documented policy and procedures that ensure that the risks associated with the First Nation carrying on for-profit activities are limited or managed.</p>	<p>20.1.1 Risk management policy/procedures – The council establishes and implements a documented policy and procedures that ensure that the risks associated with the First Nation carrying on for-profit activities <b>(for both segments and separate legal entities)</b> are limited or managed.</p>
<p>20.1.2 Policy/procedures content – The policy and procedures referred to in standard 20.1.1 require the following:</p> <p>d. the monitoring of any approved for-profit activity</p>	<p>20.1.2 Policy/procedures content – The policy and procedures referred to in standard 20.1.1 require the following:</p> <p>d. the monitoring of any approved for-profit activity</p> <p><b>e. the financial reporting by any approved for-profit activity</b></p>
<p>20.1.3 Compliance with FAL, etc. – The council demonstrates that any for-profit activities of the First Nation (other than those being carried out by separate legal entities in which the First Nation has an interest) are being conducted in accordance with the requirements of the FAL and any applicable First Nation policies or procedures</p>	<p><del>20.1.3 Compliance with FAL, etc. – The council demonstrates that any for-profit activities of the First Nation (other than those being carried out by separate legal entities in which the First Nation has an interest) are being conducted in accordance with the requirements of the FAL and any applicable First Nation policies or procedures</del></p>

# Investments

Current Standard	New Standard [Red-Line Changes]
<p>20.4.3 Investment policy/procedures – The council establishes and implements a documented policy and procedures for investments that requires the following:</p> <ul style="list-style-type: none"> <li>a. risk assessments to be performed and criteria to be met with respect to risk before investing;</li> <li>b. approvals to be given before investing;</li> <li>c. reviews to be conducted to determine if the investments meet the requirements of the FAL and are consistent with the investment management strategy of the First Nation; and</li> <li>d. records to be kept and retained of all investment decisions.</li> </ul>	<p>20.4.3 Investment policy/procedures – The council establishes and implements a documented policy and procedures for investments that requires the following:</p> <ul style="list-style-type: none"> <li>a. risk assessments to be performed and criteria to be met with respect to risk before investing;</li> <li><b>b. preservation of capital and liquidity requirements;</b></li> <li><del>b. c.</del> c. approvals to be given before investing;</li> <li><del>c.</del> d. reviews to be conducted to determine if the investments meet the requirements of the FAL and are consistent with the investment management strategy of the First Nation;</li> <li><del>d.</del> e. records to be kept and retained of all investment decisions <b>and;</b></li> <li><b>f. compliance with applicable legislation or agreements.</b></li> </ul>
<p>20.4.4 Restrictions on investments – The council demonstrates that it has established and implemented a documented policy and procedures to ensure that government transfer funds and local revenue funds may only be invested in</p> <ul style="list-style-type: none"> <li>e. investments specified in paragraph 82(3)(a), (b), (c) or (d) of the Act, and</li> <li>f. investments in securities issued by the First Nations Finance Authority or a municipal finance authority established by a province.</li> </ul>	<p>20.4.4 Restrictions on investments – The council demonstrates that it has established and implemented a documented policy and procedures to ensure that <del>government transfer funds and</del> local revenue funds may only be invested in</p> <ul style="list-style-type: none"> <li><del>e.</del> a. investments specified in paragraph 82(3)(a), (b), (c) or (d) of the Act, and</li> <li><del>f.</del> b. investments in securities issued by the First Nations Finance Authority or a municipal finance authority established by a province.</li> </ul>

# Investments continued

Current Standard	New Standard [Red-Line Changes]
N/A – Currently, the FMS Standards do not include provisions for the establishment of trusts or other long-term investment instruments.	NEW Trusts and long-term investment required policies/procedures – the Council establishes and implements a documented policy and procedures respecting the establishment of trusts or other long-term investment instruments restricted for a specific use.
N/A – Currently, the FMS Standards do not require compliance with the FAL with respect to informing or involving citizens about long-term investment decisions.	NEW Compliance - the council demonstrates that it has complied with the requirements of the FAL or First Nation policies and procedures respecting the involvement in or informing of First Nation citizens about the establishment of a trust or other long-term investment instrument and the permitted uses of funds contained therein.

# Emergencies

Current Standard	New Standard [Red-Line Changes]
<p>20.6.1 Emergency plans – The council establishes and implements documented emergency and contingency plans to address potential emergency situations that may affect the finances of the First Nation.</p>	<p><del>20.6.1 Emergency plans – The council establishes and implements documented emergency and contingency plans to address potential emergency situations that may affect the finances of the First Nation.</del></p> <p>Emergency plans – The Council established and implements documented policies and procedures for the preparation and maintenance of emergency and contingency plans including a business continuity plan, and disaster recovery plan.</p>
<p>20.6.2 Plan content – The plans referred to in standard 20.6.1</p> <ul style="list-style-type: none"> <li>a. include provision for fires, natural disasters, and environmental risks,</li> <li>b. are appropriate to the size, risk and impact of potential emergencies,</li> <li>c. require periodic emergency drills, and contact lists,</li> <li>d. require communication of the plans to all affected persons, and</li> <li>e. require annual review of the plans.</li> </ul>	<p><del>20.6.2 Plan-Required content – The plans</del> The policies and procedures referred to in standard 20.6.1 <b>require</b></p> <ul style="list-style-type: none"> <li>a. <del>include provision for fires, natural disasters, and environmental risks,</del> contingency plans for core services that include the recovery of systems, data, and operations;</li> <li>b. <del>are appropriate to the size, risk and impact of potential</del> hazard risk assessment of events that may interrupt the normal operation of the financial management system.</li> <li>c. the frequency of testing the recovery plan;</li> <li>d. require communication and availability of the plans to all affected persons both during and in advance of an emergency;</li> <li>e. <del>require periodic emergency drills, and contact lists,</del> assignment of roles and responsibilities of personnel within a continuity plan and the delivery of adequate training to fulfill those roles;</li> <li>f. require annual review of the plans.</li> </ul>

# Risks of fraud

Current Standard	New Standard [Red-Line Changes]
<p>20.8.1 Risk of fraud policy/procedures - The council demonstrates that it has established a documented policy and procedures for the identification and assessment of the risks of fraud to the First Nation.</p>	<p>20.8.1 Risk of fraud policy/procedures - The council demonstrates that it has established a documented policy and procedures <b>that support a fraud risk management program which demonstrates the expectations of council and the commitment to integrity and ethical values regarding fraud risk</b> <del>for the identification and assessment of the risks of fraud to the First Nation.</del></p>
<p>20.8.2 Compliance with FAL, etc. – The council demonstrates compliance with the requirements of the FAL or applicable First Nation policies and procedures respecting the identification and assessment of the risks of fraud to the First Nation referred to in standard 20.8.1.</p>	<p>20.8.2 Compliance with FAL, etc. – The council demonstrates compliance with the requirements of the FAL or applicable First Nation policies and procedures respecting the <b>fraud risk management program</b> <del>identification and assessment of the risks of fraud to the First Nation</del> referred to in standard 20.8.1.</p>
<p>N/A – Currently, the FMS Standards do not include required content for a fraud risk management program.</p>	<p><b>20.8.3 Fraud risk management program policy/procedures content – the policy and procedures referred to in standard 20.8.2 required the following:</b></p> <ul style="list-style-type: none"> <li>a. the identification and assessment of fraud risks including their likelihood and impact;</li> <li>b. A detailed risk mitigation plan;</li> <li>c. the training of all personnel on values, ethics, conflicts of interest, and targeted fraud risks including those related to cyber-fraud; and</li> <li>d. annual evaluation of the fraud risk management program and its effectiveness.</li> </ul>

# Information technology

Current Standard	New Standard [Red-Line Changes]
<p>N/A – Standard structure has been amended, see below.</p>	<p><b>NEW - Information technology policy/procedures</b>– The council demonstrates that it has established and implemented a documented policy and procedures respecting each of the roles and responsibilities respecting the administration of information technology including the management, oversight and operations of the information technology environment.</p>
<p>20.10.3 Information technology policy/procedures – The council establishes and implements a documented policy and procedures for information technology used by the First Nation in its operations that ensure the following objectives are met:</p> <p>a. resource strategy and planning - information systems are developed that support the First Nation’s strategic plan and operations;</p>	<p>20.10.3 Information technology policy/procedures – The council establishes and implements a documented policy and procedures for information technology used by the First Nation in its operations that ensure the following objectives are met:</p> <p>a. resource strategy and planning - information systems are developed <b>and budgeted for</b> that support the First Nation’s strategic plan and operations;</p>

# Information technology continued

Current Standard	New Standard [Red-Line Changes]
<p>b. information systems operations –</p> <ul style="list-style-type: none"><li>i. information systems are actively monitored for effectiveness;</li><li>ii. transactions are processed in a timely manner;</li><li>iii. only approved programs are used and these programs are accessible only by trained and authorized personnel; and</li><li>iv. data is retained in accordance with legal requirements in applicable laws or in agreements to which the First Nation is a party and is retrievable when needed;</li></ul>	<p>b. information systems operations –</p> <ul style="list-style-type: none"><li><del>i. information systems are actively monitored for effectiveness;</del></li><li><del>ii. transactions are processed in a timely manner;</del></li><li><del>iii. only approved programs are used and these programs are accessible only by trained and authorized personnel; and</del></li><li><del>iv. data is retained in accordance with legal requirements in applicable laws or in agreements to which the First Nation is a party and is retrievable when needed;</del></li><li><b>i. information systems are secure</b></li><li><b>ii. appropriate controls are implemented for each application used in the First Nation's operations</b></li><li><b>iii. documentation of changes to the information systems or application is maintained (i.e. addition or removal of software, hardware, operators, or users therein)</b></li></ul>
<p>c. outsourcing - selection of contractors providing information technology services, the definition of services in their contracts and the administration of their contracts is consistent with the needs of the First Nation as set out above;</p>	<p><del>c. outsourcing – selection of contractors providing information technology services, the definition of services in their contracts and the administration of their contracts is consistent with the needs of the First Nation as set out above;</del></p>

# Information technology continued

Current Standard	New Standard [Red-Line Changes]
<p>d. information security –</p> <p>i. security tools and techniques are implemented to enable restrictions on access to programs and data; and</p> <p>ii. security tools and techniques are administered to restrict access to programs and data;</p>	<p>d.c. information security –</p> <p>i. security tools and techniques are implemented to enable restrictions on access to programs and data <b>commensurate with roles and responsibilities</b>; and</p> <p>ii. security tools and techniques are administered to restrict access to programs and data;</p> <p><b>iii. safeguards are implemented respecting confidential or sensitive data</b></p> <p><b>iv. monitoring of the vulnerabilities of the information system is conducted on a regular basis</b></p>
<p>e. change management –</p> <p>i. the data structure is consistent with the needs of the First Nation as set out above;</p> <p>ii. new data structure and modifications to data structure are tested before implementation;</p> <p>iii. new network, communication and systems software are consistent with the needs of the First Nation as set out above; and</p> <p>iv. new computer hardware is consistent with the needs of the First Nation as set out above.</p>	<p><del>e.</del>d. change management –</p> <p><del>i. the data structure is consistent with the needs of the First Nation as set out above;</del> <b>changes to the information technology environment have been recommended by a designated individual with appropriate authority on the basis that they are consistent with the needs of the First Nation as set out above and approved by Council;</b></p> <p>ii. new <del>data structure</del> information systems and modifications to <del>data structure</del> information systems are tested before implementation;</p> <p><b>iii. segregation of duties is maintained throughout the change management process as set out above.</b></p> <p><del>iii. new network, communication and systems software are consistent with the needs of the First Nation as set out above; and</del></p> <p><del>iv. new computer hardware is consistent with the needs of the First Nation as set out above.</del></p>

# Information technology continued

Current Standard	New Standard [Red-Line Changes]
<p>N/A – Components are not currently reflected in the standards.</p>	<p>e. segregation of duties –</p> <ul style="list-style-type: none"> <li>i. parties responsible for installation, removal and maintenance of information systems are separate from operators/users of those same information systems</li> <li>ii. parties responsible for initiating and authorizing data are separate from operators/users who enter data</li> <li>iii. parties responsible for entering data into information systems are separate from those reviewing data</li> </ul> <p>f. monitoring - the adequacy of information technology assets and services are monitored on an annual basis. Monitoring includes review of the budget and performance of information technology assets and services.</p> <p>g. physical and environmental security – security tools and techniques are implemented to protect physical information technology equipment</p>
<p>N/A – Outsourcing is not a standalone standard and was included as a sub-standard, see above.</p>	<p>NEW - Information technology policy/procedures – The council establishes and implements a documented policy and procedures for outsourcing information technology management.</p>

# Quarterly financial statements

Current Standard	New Standard [Red-Line Changes]
21.6.3 Provision to finance and audit committee/council – The statements referred to in standard 21.6.1 are provided to the finance and audit committee and the council not later than forty-five (45) days after the quarter for which the statements were prepared.	21.6.3 Provision to finance and audit committee/council – The statements referred to in standard 21.6.1 are provided to the finance and audit committee and the council not later than <del>forty-five (45)</del> <b>sixty (60)</b> days after the quarter for which the statements were prepared.

# Audited annual financial statements

Current Standard	New Standard [Red-Line Changes]
22.2.1 Statements review and approval – The council demonstrates that a. it has reviewed and approved the audited annual financial statements of the First Nation within one hundred twenty (120) days after the fiscal year-end or such earlier time specified in the FAL, and b. the audited annual financial statements have been signed by the persons required in the FAL.	22.2.1 Statements review and approval – The council demonstrates that a. it has reviewed and approved the audited annual financial statements of the First Nation <del>within one hundred twenty (120) days after</del> <b>by July 29 following</b> the fiscal year-end or such earlier time specified in the FAL, and b. <b>the statement of financial position of</b> the audited annual financial statements <b>and/or the attached “Management’s Responsibility for Financial Reporting” letter attached to the audited annual financial statements</b> have been signed by the persons required in the FAL.

# Annual report publication

Current Standard	New Standard [Red-Line Changes]
<p>23.2 Annual report publication – The council demonstrates that it has published the annual report of the First Nation by the earlier of</p> <ul style="list-style-type: none"><li>a. the time specified in the FAL, or</li><li>b. one hundred eighty (180) days after the fiscal year-end</li></ul>	<p>23.2 Annual report publication – The council demonstrates that it has published the annual report of the First Nation by the earlier of</p> <ul style="list-style-type: none"><li>a. the time specified in the FAL, or</li><li>b. <del>one hundred eighty (180) days after</del> <b>September 30 following</b> the fiscal year-end</li></ul>

# Life-cycle planning

Current Standard	New Standard [Red-Line Changes]
<p>25.4 Life-cycle planning – The council demonstrates that it has implemented a documented life-cycle management program for First Nation tangible capital assets as required in the FAL and in applicable First Nation policies and procedures.</p>	<p>25.4 Life-cycle planning – The council demonstrates that it has implemented a documented life-cycle management program for First Nation tangible capital assets as required in the FAL and in applicable First Nation policies and procedures—<b>including the following:</b></p> <ul style="list-style-type: none"><li data-bbox="733 628 3065 684">a. the development and maintenance of a current register for First Nation tangible capital assets;</li><li data-bbox="733 778 3065 834">b. the regular, periodic inspection of First Nation tangible capital assets;</li><li data-bbox="733 928 3065 1172">c. the routine maintenance of First Nation tangible capital assets, including the preparation of the following:<ul style="list-style-type: none"><li data-bbox="733 994 3065 1050">i. a plan for annual scheduling of required maintenance for the next fiscal year;</li><li data-bbox="733 1059 3065 1116">ii. short- and long-term forecasting of estimated costs; and</li><li data-bbox="733 1125 3065 1172">iii. a budget for required maintenance for the next fiscal year;</li></ul></li><li data-bbox="733 1266 3065 1510">d. for tangible capital asset projects, preparation of the following:<ul style="list-style-type: none"><li data-bbox="733 1331 3065 1388">i. a plan for annual scheduling of projects for the next fiscal year;</li><li data-bbox="733 1397 3065 1453">ii. short- and long-term forecasting of estimated costs of projects; and</li><li data-bbox="733 1463 3065 1510">iii. a budget for projects for the next fiscal year; and</li></ul></li><li data-bbox="733 1603 3065 1716">e. the annual review by the finance and audit committee of the proposed scheduling and budgets for routine maintenance and tangible capital asset projects.</li></ul>

# NEW – Free, Prior and Informed Consent

Current Standard	New Standard [Red-Line Changes]
N/A – currently there are no FMS Standards pertaining to FPIC.	NEW - Free, prior, and informed consent policy/procedures – The council establishes and implements a documented policy and procedure with respect to free, prior, and informed consent considered and given to major projects, or other projects that may impact the land, territory, and resources of the First Nation.
N/A – currently there are no FMS Standards pertaining to FPIC.	NEW - Policy/procedure content – The policy and procedures referred to in Standard “NEW” require the following: a. The council, in fulfilling their fiduciary duty to their members, shall consider all information relevant to ensuring Free, Prior and Informed Consent in decision-making; and b. The council demonstrates that on behalf of rights holders, a decision is given to external parties freely, without coercion, intimidation or manipulation.
N/A – currently there are no FMS Standards pertaining to FPIC.	NEW - Citizen involvement/information – The council establishes and implements a community engagement framework for major projects or other projects that may impact the land, territory, and resources of the First Nation.



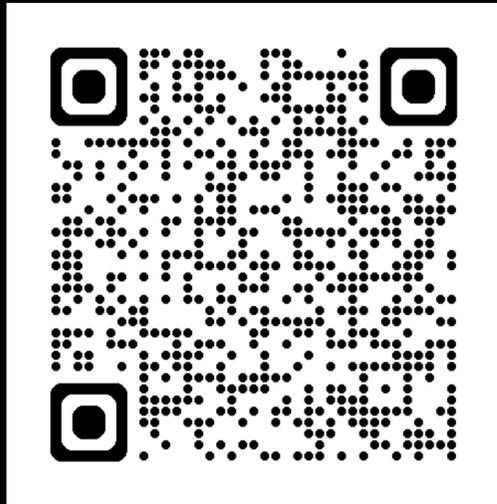
# Survey Link #2

Do you agree with the proposed amendments to the FMS and FAL Standards?



OR  
Visit  
[fnfmb.com/standards](https://fnfmb.com/standards)

# Let's talk!



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Website: [fnfmb.com/standards](https://fnfmb.com/standards)

Standard Setting Process



**FMB**  
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**FINANCIAL  
MANAGEMENT  
BOARD**

# Appendix A – FAL Standards



# Finance and audit committee

Related FMS Standard	Current Standard	New Standard [Red-Line Changes]
11.2.4	<p>10.1.3 Membership – A FAL requires a finance and audit committee</p> <p>a. consisting of three (3) members, to have at least one (1) member who is a councillor, and</p> <p>b. consisting of four (4) or more members, to have at least two (2) members who are councillors.</p>	<p>10.1.3 Membership – A FAL requires a finance and audit committee</p> <p>a. <del>consisting of three (3) members,</del> to have at least one (1) member who is a <del>councillor,</del> and <b>either a voting or non-voting member from council.</b></p> <p>b. <del>consisting of four (4) or more members, to have at least two (2) members who are councillors.</del></p>
11.2.4	<p>10.4.1 Appointment of officers – A FAL requires the council to appoint a chairperson and a vice-chairperson of the finance and audit committee, one (1) of whom must be a councillor.</p>	<p>10.4.1 Appointment of officers – A FAL requires the council to appoint a chairperson and a vice-chairperson of the finance and audit committee, <del>one (1) of whom must be a councillor.</del></p>
N/A	<p>10.5.1 Quorum – A FAL requires the quorum of the finance and audit committee to be at least fifty (50) percent of the total number of committee members including at least one councillor.</p>	<p>10.5.1 Quorum – A FAL requires the quorum of the finance and audit committee to be at least fifty (50) percent of the total number of committee members <del>including at least one councillor.</del></p>

# Finance and audit committee continued

Related FMS Standard	Current Standard	New Standard [Red-Line Changes]
11.2.6	10.2.1 Terms of office – A FAL requires the finance and audit committee members to be appointed for terms that b. are staggered to ensure the continuing effectiveness of the committee and to provide for succession planning.	10.2.1 Terms of office – A FAL requires the finance and audit committee members to be appointed for terms that <del>b. are staggered to ensure the continuing effectiveness of the committee and to provide for succession planning.</del>
11.2.12	10.5.6 Committee minutes and report – A FAL requires the finance and audit committee b. to report to council on the substance of the meeting within a reasonable time after the meeting.	10.5.6 Committee minutes and report – A FAL requires the finance and audit committee b. to report to council on the substance of the meeting, <b>including deliberations and recommendations</b> , within a reasonable time after the meeting.

# Finance and audit committee continued

Related FMS Standard	Current Standard	New Standard [Red-Line Changes]
11.2.9	<p>10.6.2 Audit and oversight functions – A FAL assigns responsibility for the following matters to the finance and audit committee:</p> <p>e. to monitor financial reporting risks and risk of fraud and the effectiveness of mitigating controls for those risks taking into consideration the cost of implementing those controls;</p> <p>f. to review the FAL and recommend draft amendments to the council; and</p> <p>g. to review and make recommendations to the council on the terms of reference of the committee.</p>	<p>10.6.2 Audit and oversight functions – A FAL assigns responsibility for the following matters to the finance and audit committee:</p> <p>e. to monitor financial reporting risks and risk of fraud and the effectiveness of mitigating controls for those risks taking into consideration the cost of implementing those controls <b>at least annually;</b></p> <p><b>f. to oversee and direct investigations into actual or alleged fraud where appropriate;</b></p> <p>gf. to review the FAL and recommend draft amendments to the council; and</p> <p><b>hg. to review and make recommendations to the council on the terms of reference of the committee.</b></p> <p><b>i. to review the management letter/audit findings report and make recommendations to council respecting any internal control weaknesses or accounting issues identified.</b></p>
11.2.13	<p>N/A – Currently, the FAL Standards do not have any requirements pertaining to the monitoring of the FAC.</p>	<p><b>10.6.5 Monitoring - A FAL requires the Council to conduct an assessment of the committee’s effectiveness and to provide for succession planning in accordance with its terms of reference and make a report or recommendations to the council at least annually.</b></p>

# Council compliance declaration

Related FMS Standard	Current Standard	New Standard [Red-Line Changes]
13.5	N/A – Currently, there is no FAL Standard pertaining to conduct declarations with respect to Councillors.	<p><b>NEW - Conduct declarations – a FAL requires</b></p> <ul style="list-style-type: none"> <li>a. every councillor, officer, employee, committee member, contractor and agent when engaged in a duty or responsibility relating to the First Nation’s financial management system signs a declaration indicating they understand and agree to comply with the applicable conduct expectations as set out in the FAL or in First Nation policies and procedures;</li> <li>b. councillors, officers, employees, committee members, contractors and agents when engaged in a duty or responsibility relating to the First Nation’s financial management system to sign the declaration referred to in paragraph (a) both upon hiring, appointment or retention as the case may, be and annually after that.</li> </ul>

# Risk management

Related FMS Standard	Current Standard	New Standard [Red-Line Changes]
20.4	N/A – Currently, there is no FAL Standard pertaining to the involvement of or information provided to citizens respecting long-term investment decisions.	<b>NEW - Required policies and procedures - A FAL includes provisions respecting or requires the council to establish policies and procedures respecting, the involving or informing of First Nation members in the establishment of a trust or other long-term investment instrument and the permitted uses of funds contained therein.</b>
20.4.4	19.3.2 Restricted investments – A FAL specifies that First Nation government transfer funds and local revenues may only be invested in investments specified in paragraph 82(3)(a), (b), (c) or (d) of the Act and in investments in securities issued by the First Nations Finance Authority or a municipal finance authority established by a province.	<b>19.3.23</b> Restricted investments – A FAL specifies that <del>First Nation government transfer funds and local</del> revenues may only be invested in investments specified in paragraph 82(3)(a), (b), (c) or (d) of the Act and in investments in securities issued by the First Nations Finance Authority or a municipal finance authority established by a province.
20.8.3	19.7 Risk of fraud - A FAL contains provisions respecting or requires the council to establish policies and procedures respecting, the identification and assessment of the risk of fraud to the First Nation.	19.7 Risk of fraud - A FAL contains provisions respecting or requires the council to establish policies and procedures respecting, <b>a fraud risk management program which demonstrates the expectations of council and the commitment to integrity and ethical values regarding fraud risk</b> <del>the identification and assessment of the risk of fraud to the First Nation.</del>
20.6.1	N/A – Currently, there is no FAL Standard pertaining to emergencies.	<b>NEW - Emergencies – A FAL contains provisions respecting or requires the council to establish policies and procedures respecting the development and maintenance of emergency, contingency, and recovery plans to ensure the operational continuity of the financial management system.</b>

# Audits

Related FMS Standard	Current Standard	New Standard [Red-Line Changes]
22.2.1	22.2 Signatories – A FAL requires the First Nation’s audited annual financial statements to be signed by a. the chief of the First Nation or the council chairperson, b. the chairperson of the finance and audit committee, and c. the director of finance.	22.2 Signatories – A FAL requires the First Nation’s <b>statement of financial position of</b> the audited annual financial statements <b>and/or the attached “Management’s Responsibility for Financial Reporting” letter attached to the audited annual financial statements</b> have been signed by the persons required in the FAL to be signed by a. the chief of the First Nation or the council chairperson, b. the chairperson of the finance and audit committee, and c. the director of finance.

# Annual report

Related FMS Standard	Current Standard	New Standard [Red-Line Changes]
23.2	23.2 Publication date – A FAL requires the annual report of the First Nation to be published not later than one hundred eighty (180) days after the end of the fiscal year.	23.2 Publication date – A FAL requires the annual report of the First Nation to be published not later than <del>one hundred eighty (180) days</del> after <b>September 30<sup>th</sup> following</b> the end of the fiscal year.

# NEW – Free, prior and informed consent

Related FMS Standard	Current Standard	New Standard [Red-Line Changes]
NEW	N/A – Currently, there is no FAL Standard pertaining to FPIC.	NEW - Free, prior, and informed consent – A FAL includes provisions respecting, or requires the council to make policies and procedures respecting, the means by which members of the First Nation will be involved in or informed about all relevant information about major projects, or other projects that may impact the land, territory, and resources of the First Nation, before any decision is made.

# Appendix B – Acronyms Defined



# Acronyms defined

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- ❖ “COSO” – Committee of Sponsoring Organizations of the Treadway Commission
- ❖ “FAC” – Finance and Audit Committee
- ❖ “FAL” – Financial Administration Law
- ❖ “FGR” – Fiscal Growth Ratio
- ❖ “FMS” – Financial Management System
- ❖ “FP” – Financial Performance
- ❖ “FPIC” – Free, Prior, and Informed Consent
- ❖ “IT” – Information Technology
- ❖ “NPO” – Not-for-profit
- ❖ “OMR” – Operating Margin Ratio
- ❖ “PSAS” – Public Sector Accounting Standards

# Appendix C – Editorial Amendments



# Editorial amendments

FAL Standard	Current Standard	New Standard [Red-Line Changes]
34.1	A FAL may set out the day on which the FAL comes into force.	A FAL <b>must</b> set out the day <b>or days</b> on which <b>provisions of</b> the FAL comes into force.

# Other editorial amendments

Description	Explanation of Change
Audited Financial Statements	Amend the FMS and FAL Standards to expressly state that the deadline for Council approval of the audited annual financial statements is <b>July 29</b> , rather than 120-days after the fiscal year end and that the management responsibility letter for financial reporting can be signed in addition to the statement of financial position by the persons outlined in the FAL.
Annual Report	Amend the FMS and FAL Standards to expressly state that the deadline for publication of the annual report is <b>September 30</b> , rather than 180-days after the fiscal year end.
Citizen to Replace Member	Amend all Core Documents and Reference Materials to use the term “citizen” of a First Nation government rather than “member”. Using “citizen” rather than “member” reflects a shift toward Indigenous self-determination and moves away from colonial definitions imposed by the Indian Act.
Added Definition – Financial Statements	Amend the FMS and FAL Standards to include a definition of “financial statements”. <b>“financial statements” means consolidated annual financial statements of the First Nation along with supporting note disclosure prepared in accordance with Canadian Public Sector Accounting Standards and signed by management.</b>