

FINANCE AND AUDIT COMMITTEE

TIPS AND RECOMMENDATIONS

WHAT IS A FINANCE AND AUDIT COMMITTEE (FAC)?

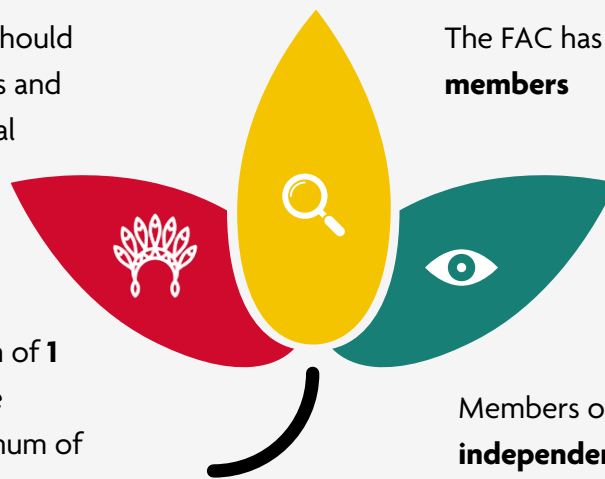
The FAC is a team of people that Council appoints to give them financial advice. The FAC provides forward-thinking oversight of financial administration matters of a First Nation and supports Council in making good financial decisions for the long-term.

The FAC strengthens Council's accountability and transparency to its members. It is important to understand that it is a **recommending committee only** and has **no decision-making authority**.

What is the structure of the FAC?

Majority of members of the FAC should have **financial competency** (skills and knowledge to make sound financial decisions)

The FAC must include a minimum of **1 Councillor** (if there are 4 or more members, it must include a minimum of 2 Councillors)



The FAC has a minimum of **3 members**

Members of the FAC must be **independent** (no financial connection to the First Nation)

Who is responsible for what?

The FAC is responsible to Council. The FAC **reviews and recommends** certain items to Council but Council is still responsible for making the decisions. These items include the draft annual budget, multi-year financial plan, the financial performance of the First Nation, as well as quarterly and annual financial statements (for the full list see the [FAC Calendar](#)).

What models have we seen?

Through the years, FMB has seen a variety of different models for the FAC in First Nations across Canada. Each of these models are based on the following considerations.

How can the FMB help?

The FMB's Capacity Development Managers have a number of tools, resources and training options available to help with getting your FAC established and operational.

HONORARIUM

Will your First Nation compensate its FAC members or will the members serve voluntarily?

Both options are possible, and the decision will be based on a number of considerations unique to each First Nation (eg. level of knowledge/expertise required by FAC members, financial resources of the First Nation, etc). Each First Nation decides what works best for them.

INTERNAL/EXTERNAL MEMBERS

Will your First Nation appoint internal members from your community or will you also look externally? Internal members are interested in the community's well-being but an outside perspective can also be valuable. What matters most is that you appoint FAC members who will support your Council with the best possible financial advice.

RECRUITING MEMBERS

How will your First Nation recruit FAC members? A First Nation might start by exploring its network, including any community members with business, legal, or finance experience. Retired executives, finance professionals, or lawyers can make great FAC members. Your First Nation may even have business advisors, accountants, or other professionals who know of good candidates.