B2

FINANCIAL MANAGEMENT SYSTEM

STANDARDS

First Nations FINANCIAL MANAGEMENT BOARD

www.fnfmb.com

APRIL 1, 2028

TABLE 1 - LIST OF CORE DOCUMENTS

The following table lists the core documents made available by the First Nations Financial Management Board ("the FMB") for First Nations to utilize in developing, implementing and improving their financial management.

	FINANCIAL ADMINISTRATION LAW		
	A1	FINANCIAL ADMINISTRATION LAW – **REVIEW PROCEDURES**	Procedures to apply when requesting a compliance approval of the First Nation's Financial Administration Law.
	A2	FINANCIAL ADMINISTRATION LAW – **STANDARDS**	Standards that support sound financial administration practices for a First Nation government in Canada.
	A3	**SAMPLE** FINANCIAL ADMINISTRATION LAW	Example of a law which meets the requirements of the A2 Financial Administration Law – Standards.
	A4	FINANCIAL ADMINISTRATION LAW – **EXPLANATORY NOTES**	Provides assistance on the development of a Financial Administration Law by discussing the structure and substantive content of the A3 Sample Financial Administration Law.
	A5	FINANCIAL ADMINISTRATION LAW – **ASSESSMENT**	Tool that can be utilized to compare existing or proposed Financial Administration Law(s) of the First Nation to the A2 Financial Administration Law – Standards.
	FINANCIAL MANAGEMENT SYSTEM		
	B1	FINANCIAL MANAGEMENT SYSTEM – **CERTIFICATION PROCEDURES**	Procedures to apply when requesting a review of the First Nation's financial management system.
☑	**B2**	FINANCIAL MANAGEMENT SYSTEM – **STANDARDS**	Standards that support sound financial practices for the operation, management, reporting and control of the financial management system of a First Nation.
	FINANCIAL PERFORMANCE		
	C1	FINANCIAL PERFORMANCE – **CERTIFICATION PROCEDURES**	Procedures to apply when requesting a review of the First Nation's financial performance.
	C2	FINANCIAL PERFORMANCE – **STANDARDS**	Standards that assess the historical financial performance of a First Nation over a five year period using up to six financial ratios.
	LOCAL REVENUE FINANCIAL REPORTING		
	D1	LOCAL REVENUE FINANCIAL REPORTING – **STANDARDS**	Standards that establish requirements for the financial reporting of a First Nation's local revenues and expenditures.
	D2	LOCAL REVENUE FINANCIAL REPORTING – **ILLUSTRATIVE FINANCIAL STATEMENTS**	Illustrative annual financial statements for a First Nation's local revenues and expenditures designed to comply with the D1 Local Revenue Financial Reporting – Standards.
	D3	LOCAL REVENUE FINANCIAL REPORTING – **ILLUSTRATIVE SEGMENT NOTE DISCLOSURE**	Illustrative segment note disclosure for inclusion in the annual financial statements of a First Nation designed to comply with the D1 Local Revenue Financial Reporting – Standards.
	D4	LOCAL REVENUE FINANCIAL REPORTING – EXPLANATORY NOTES	Explanatory notes to accompany D1 Local Revenue Financial Reporting – Standards.

Background Context

The *First Nations Fiscal Management Act* ("the Act") establishes several First Nation institutions – the First Nations Tax Commission ("the FNTC"), the First Nations Financial Management Board and the First Nations Finance Authority ("the FNFA") - with mandates designed to permit First Nations access to financial markets on a similar basis as municipalities and local governments in Canada.

Working in a collaborative framework these three institutions facilitate the voluntary development of First Nation capacity to access these markets – by assisting them to use their available revenue streams to secure funding and by assisting them to implement a sound financial management system in which investors and other stakeholders would have confidence - by negotiating on their collective behalf the borrowing of funds from these financial markets.

In order for a First Nation to access these markets through this legislative program, the First Nation must become a "borrowing member" of the FNFA. Before a First Nation is eligible to be considered for membership in the FNFA, the FMB must issue a Financial Performance Certificate to the First Nation indicating that the First Nation was in compliance with the *Financial Performance Standards.* This Certificate supports a First Nation's application to become a borrowing member of the FNFA and its first financing from the FNFA.

The First Nation must obtain a Financial Management System Certificate from FMB within 36 months after the First Nation receives proceeds for the first time from a debenture (or equivalent instrument) issued by the FNFA or before it may obtain a second loan from the FNFA. The FMB has issued the *Financial Management System Standards* for purposes of issuing a First Nation a Financial Management System Certificate.

The FMB has also issued the *Financial Management System Certification Procedures* and the *Financial Performance Certification Procedures* to guide First Nations who are applying for a certificate from the FMB.

A First Nation will not be issued a Financial Management System Certificate or a Financial Performance Certificate by FMB unless the First Nation's law or laws respecting financial administration have first been reviewed and issued a compliance approval by the FMB. The First Nation's law or laws must meet the requirements of the *Financial Administration Law Standards* before they will be issued a compliance approval. The FMB has issued the *Financial Administration Law Review Procedures* to guide First Nations who are applying for compliance approval of their law or laws respecting financial administration. It may be necessary for a First Nation to bring its already approved law or laws respecting financial administration up to date to meet the current *Financial Administration Law Standards* before it will be issued a Financial Management System Certificate. This may be necessary if there has been some significant period of time between the FMB's approval of the First Nation's financial administration law and its request for a Financial Management System Certificate.

To assist First Nations the FMB has prepared and made available to First Nations a Sample Financial Administration Law (Sample Law) which meets the requirements of the *Financial Administration Law*

Standards and which reflects sound financial administration practices of local, provincial and federal government in Canada. There are two versions of this Sample Law available – one meets the standards required to be met by First Nations already raising or intending to raise local revenues under the Act and one meets the standards required to be met by First Nations that are not raising and intending to raise local revenues under the Act.

FMB Standards were established (and will continue to be updated as necessary) through an ongoing process of FMB internal review and revision that has involved members of the former First Nations Financial Management Board Advisory Panel (which directed the original legislative development), members of the board of directors of FMB and industry technical advisors, including lawyers and accountants experienced in First Nation advisory services. Advice on financial market expectations applicable to local government bond financings has also been obtained.

FMB has carried out case studies of the potential requirements of the standards and procedures with several representative First Nations, to test document and system content and application. The FNTC and FNFA have reviewed and provided comment on the FMB standards, procedures and sample laws to ensure they do not conflict with FNTC and FNFA authorities applicable to scheduled First Nations including FNFA borrowing members.

In addition to the materials reviewed in the development of the *Financial Administration Law Standards* and the Sample Law, the following standards and materials were reviewed:

- Committee of Sponsoring Organizations of the Treadway Commission ("COSO") Internal Control – Integrated Framework
- COSO Internal Control Over External Financial Reporting
- Various ISO (International Organization for Standardization) Standards, including ISO 9001:2008 Quality Management Systems and IWA 4 Quality Management Systems – Guidelines for the Application of ISO 9001:2008 in local government
- CPA (Chartered Professional Accountants) Canada Public Sector Accounting Handbook and Study Group documents

TABLE OF CONTENTS

TABLE 1 - LIST OF CORE DOCUMENTS I

BACKGROUND CONTEXT II

FINANCIAL MANAGEMENT SYSTEM STANDARDS 1

INTRODUCTION 1

1.0 PURPOSE OF STANDARDS 1

2.0 CERTIFICATION PROCEDURES 1

3.0 FORMAL REVIEW OF SYSTEM 1

4.0 FMB CERTIFICATION 1

5.0 INTERPRETATION OF STANDARDS 2

6.0 CONFLICTS 5

PART ONE – CORE STANDARDS 6

DIVISION ONE – FINANCIAL ADMINISTRATION LAW 6

7.0 FINANCIAL ADMINISTRATION LAW(S) 6

DIVISION TWO – ADMINISTRATION 6

8.0 DELEGATED/ASSIGNED RESPONSIBILITIES 6

9.0 POLICIES AND PROCEDURES 7

10.0 REPORTING OF REMUNERATION AND EXPENSES 8

11.0 FIRST NATION COMMITTEES 9

12.0 FIRST NATIONS OFFICERS AND EMPLOYEES 12

13.0 CONDUCT EXPECTATIONS 16

DIVISION THREE – FINANCIAL MANAGEMENT 18

14.0 FISCAL YEAR 18

15.0 INTEGRATED PROCESS 18

16.0 STRATEGIC PLAN 18

17.0 FINANCIAL PLAN 19

18.0 BUDGETS 19

19.0 FINANCIAL MANAGEMENT AND CONTROLS 20

20.0 RISK MANAGEMENT 25
21.0 FINANCIAL REPORTING 32
22.0 AUDITS 33
23.0 ANNUAL REPORTS 35
24.0 RECORDS AND INFORMATION 36
25.0 TANGIBLE CAPITAL ASSETS 37
26.0 FIRST NATION CITIZEN INFORMATION OR INVOLVEMENT 39
27.0 FMB STANDARDS 39
28.0 FINANCIAL MISCONDUCT 40
29.0 FINANCIAL MANAGEMENT SYSTEM IMPROVEMENT 41
PART TWO - LOCAL REVENUES MANAGEMENT STANDARDS 44
30.0 FINANCIAL INSTITUTION ACCOUNTS 44
31.0 REAL PROPERTY ASSESSMENT 44
32.0 PROPERTY TAX RATES 44
33.0 REAL PROPERTY TAXATION 45
34.0 LOCAL REVENUE EXPENDITURES 45
35.0 LOCAL REVENUES ACCOUNTING 45
36.0 LOCAL REVENUES REPORTING AND AUDIT 45
37.0 LOCAL REVENUE ACCOUNT RECORDS 46
38.0 SERVICES PAID FROM LOCAL REVENUE ACCOUNT 46
39.0 FREE, PRIOR, AND INFORMED CONSENT 43

FIRST NATIONS FINANCIAL MANAGEMENT BOARD

FINANCIAL MANAGEMENT SYSTEM STANDARDS

INTRODUCTION

1.0 PURPOSE OF STANDARDS

1.1 Core Standards – The Core Standards in these *Financial Management System Standards* establish basic requirements for sound financial practices for the operation, management, reporting and control of the financial management system of a First Nation and include the testing of the First Nation's implementation of the requirements of its law or laws respecting financial administration.

1.2 Local Revenue Standards – The Local Revenue Standards in these *Financial Management System Standards* are in addition to the Core Standards and include the testing of the First Nation's implementation of the requirements of its local revenue laws. The Local Revenue Standards apply to a First Nation that has enacted local revenue laws under section 5 of the *First Nations Fiscal Management Act*.

1.3 Objective measurements – These *Financial Management System Standards* also include the means to objectively measure compliance with their requirements.

1.4 Caution – These *Financial Management System Standards* are not intended to provide a means to assess every requirement of the financial management system of a First Nation and should not be relied upon for that purpose.

2.0 CERTIFICATION PROCEDURES

2.1 Application of Procedures – The *Financial Management System Certification Procedures* apply to these *Financial Management System Standards.*

3.0 FORMAL REVIEW OF SYSTEM

3.1 Review required – The *Financial Management System Certification Procedures* include a requirement that a formal review of the financial management system of the First Nation be carried out by the FMB.

3.2 Compliance with these standards – The purpose of the formal review is to provide the FMB with information to enable it to form an opinion as to whether the First Nation was, at the time of the review, in compliance with these *Financial Management System Standards*.

4.0 FMB CERTIFICATION

4.1 Certification for borrowing purposes – Before the FMB will certify a First Nation for purposes of borrowing from the First Nations Finance Authority, other than for purposes of the First Nation's first borrowing of money, the First Nation has a Financial Management System

Certificate issued by the FMB under the *Financial Management System Certification Procedures.*

5.0 INTERPRETATION OF STANDARDS

5.1 Definitions – Unless the context indicates otherwise, in these standards:

"**Act**" means the *First Nations Fiscal Management Act*;

"**auditor**" means the independent auditor of the First Nation appointed by the council;

"**borrowing member"** means a First Nation that is a borrowing member under the Act;

"**chief administrative officer"** means the senior administrative officer, band manager or general manager responsible for the day-to-day management or administration of the First Nation's administrative system;

"code" means a code adopted by the First Nation under the *First Nations Oil and Gas and Moneys Management Act* or a land code adopted by the First Nation under the *First Nations Land Management Act*;

"council" means the council of the First Nation and includes the chief of the First Nation;

"**councillor**" means a member of the council of the First Nation and includes the chief of the First Nation;

"**director of finance**" means the senior financial manager or controller responsible for the day-to-day management or administration of the First Nation's financial administration system;

"**FAL**" means the law or laws respecting financial administration of the First Nation;

"**financial competency**" means the ability to read and understand financial statements that present accounting issues reasonably expected to be raised by the First Nation's financial statements;

"financial institution" means the First Nations Finance Authority, a bank, credit union or caisse populaire;

"**financial management**" includes financial administration, financial performance and accountability;

"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;

"First Nation lands" mean all reserves of the First Nation within the meaning of the *Indian Act*;

"**First Nation law**" means any law, including any bylaw or code, of the First Nation made by the council or the citizen of the First Nation;

"**First Nation tangible capital assets**" mean all non-financial assets of the First Nation having physical substance that

a. are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets,

b. have useful economic lives extending beyond an accounting period,

c. are to be used on a continuing basis, and

d. are not for sale in the ordinary course of operations;

"First Nations Finance Authority" means the First Nations Finance Authority established under the Act;

"First Nations Tax Commission" means the First Nations Tax Commission established under the Act'

"**fiscal year**" means the twelve (12) month period beginning on April 1st of one year and ending on March 31st in the next year;

"**FMB**" means the First Nations Financial Management Board established under the Act;

"**FMB standards**" mean the standards made by the FMB under the Act;

"GAAP" means generally accepted accounting principles of the Chartered Professional Accountants of Canada, as amended or replaced from time to time;

"**including**" means 'including, but not limited to';

"life-cycle management program" means a program of inspection, planning, maintenance, replacement and oversight of First Nation tangible capital assets;

"**local revenue account"** means an account with a financial institution into which local revenues are deposited separately from other moneys of the First Nation;

"**local revenue law**" means a local revenue law made by the First Nation under the Act;

"**local revenues**" mean money raised under a local revenue law;

"officer" means the chief administrative officer, director of finance, tax administrator and any other employee of the First Nation designated by the council as an officer;

"other revenues" means other revenues as defined in section 3 of the *Financing Secured by Other Revenues Regulations* made under the Act*;*

"policy" means the overall intentions and directions of the council respecting specified subject matter;

"procedure" means the specified method by which an activity or a process is to be carried out;

"**property tax law**" means a law made under paragraph 5(1)(a) of the Act;

"**record"** means anything on which information is recorded or stored by any means whether graphic, electronic, mechanical or otherwise;

"tangible capital asset project" means the acquisition, construction, rehabilitation, repair or replacement of a First Nation tangible capital asset but does not include routine maintenance; and

"tax administrator" means the tax administrator responsible for the day-to-day management of local revenues and the local revenue account.

5.2 Application of Act definitions – Unless the context indicates otherwise, the words and expressions used in these standards and not otherwise defined have the same meanings as in the Act.

5.3 Rules of interpretation – In these standards, the following rules of interpretation apply:

a. words in the singular include the plural, and words in the plural include the singular;

b. if a word or expression is defined, other parts of speech and grammatical forms of the same word or expression have corresponding meanings;

c. a reference to a law, including a FAL, means the law as amended or replaced from time to time;

d. a reference to a standard means the standard as amended or replaced from time to time;

e. headings, subheadings and notes are inserted for convenience of reference only, do not form part of these standards and in no way define, limit, alter or enlarge the scope or meaning of any provision of these standards.

5.4 Mandatory provisions – These standards establish requirements which must be complied with by a First Nation unless the standard is expressed as permissive.

5.5 Sound practices required – If a provision in these standards is mandatory, the standard must be met so as to enable the First Nation to carry out its financial management in a manner that substantially accords with sound financial management practices of governments in Canada.

5.6 Applicable considerations – When determining how a mandatory provision is to be met in its financial management system, the First Nation may take into consideration the unique characteristics of the First Nation, including its social, economic, legal and geographic environments. The FMB must take these considerations into account when determining if these standards have been met.

5.7 Compliance in all material respects – Before the FMB may issue a Financial Management System Certificate to a First Nation, the FMB must be of the opinion that the First Nation was in compliance, in all material respects, with these standards.

5.8 Terms used in Standards

5.8.1 Meaning of "demonstrated" – When these standards state that an action or something must be "demonstrated", the FAL or other law has imposed the requirement that the action be taken or that something be done. For example, standard 9.3 requires the council to demonstrate that all First Nation policies and procedures respecting the First Nation's financial management system are available to all persons affected by them. The obligation to make these policies and procedures available is required in Financial Administration Sample Law section 9(6) (see also 8.3.4 of the *Financial Administration Law Standards*).

5.8.2 Meaning of "established/implemented" – When these standards state that a policy and procedure must be "established" or "implemented", the policy and procedure is a requirement of these standards and is intended to provide objective evidence that an element of the FAL or other related law has been implemented. For example, standard 11.2.5 requires the council to establish and implement a documented procedure to ensure the financial competency requirements for members of its finance and audit committee have been met. The Financial Administration Sample Law requires a majority of the members of the finance and audit committee to have "financial competency" (see also 10.1.4 of the *Financial Administration Law Standards*).

6.0 CONFLICTS

6.1 Between Standards and Act – In the event of a conflict between a provision of these standards and the Act, the Act prevails to the extent of the conflict.

6.2 Between Standards and First Nation law – In the event of a conflict between a provision of these standards and a First Nation law, the First Nation law prevails to the extent of the conflict.

6.3 Higher standards apply – Despite standards 6.1 and 6.2, if a provision of these standards imposes a higher standard than that imposed in a provision of the Act or a First Nation law, the higher standard must be applied.

PART ONE – CORE STANDARDS

DIVISION ONE – FINANCIAL ADMINISTRATION LAW

7.0 FINANCIAL ADMINISTRATION LAW(S)

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

c. all the provisions of the approved FAL are in force.

DIVISION TWO – ADMINISTRATION

8.0 DELEGATED/ASSIGNED RESPONSIBILITIES

8.1 Council delegation procedures – The council establishes and implements a documented policy and procedures for the permitted delegation of any functions or duties of the council respecting the First Nation's financial management system to an officer, employee, committee, contractor or agent, including the following matters:

a. identification of matters that may or may not be delegated;

b. any approvals required;

c. any records of the delegation to be maintained;

d. any standards to be met by those exercising the delegated functions;

e. periodic review of delegated functions; and

f. a documented agreement of those to whom functions have been delegated to comply with the standards described in paragraph d.

8.2 Assignment procedures – If the FAL permits an officer of the First Nation to assign his or her duties or functions to another person, the council establishes and implements a documented policy and procedures for these assignments including

a. the qualifications of the individual to whom particular responsibilities may be assigned,

b. the monitoring of the performance of these assigned responsibilities, and

c. the documentation and periodic review of assignments.

9.0 POLICIES AND PROCEDURES

9.1 FAL requirements

9.1.1 Policies and procedures – The council demonstrates that it has established all policies and procedures that the FAL requires the council to establish or make.

9.1.2 Consistency with FAL and GAAP – The council establishes and implements a documented policy and procedures that provide the means to ensure that all First Nation policies and procedures respecting the First Nation's financial management system are not contrary to the FAL or inconsistent with GAAP – except as permitted in its FAL.

9.1.3 List of council documents – The council establishes and implements a documented policy and procedures that require the council to maintain a current list of every policy and procedure required to be made under or authorized by the FAL.

9.2 General requirements

9.2.1 General content – The council establishes, documents and implements all policies and procedures necessary to effectively manage and control the financial management system of the First Nation.

9.2.2 Council document management – The First Nation's policies and procedures include provisions that require them to be

a. updated as necessary, and

b. managed, approved and controlled.

9.2.3 General requirements – In addition to the general requirements of standard 9.2.1, the council demonstrates that

a. First Nation policies and procedures adequately and effectively control the processes of the financial management system,

b. resources and information are available to support the operation and monitoring of these processes, and

c. when necessary, actions will be implemented to attain the planned results and to continually improve these processes.

9.3 Availability and access

9.3.1 Availability of council documents – The council demonstrates that all First Nation policies and procedures respecting the First Nation's financial management system are documented and available to all persons affected by them.

9.3.2 Definition of affected persons – For purposes of standard 9.3.1, the council demonstrates that each First Nation policy and procedure includes a statement defining those persons or classes of persons who are affected by the policy and procedure.

9.3.3 Location and retrieval procedure – For purposes of standard 9.3.1, the council establishes and implements a documented policy and procedures that ensure that every First Nation policy and procedure required to be made available to persons affected by them can be located and retrieved as soon as practicable by those persons.

9.4 Document security – The council establishes and implements a documented policy and procedures that ensure that every

a. First Nation policy and procedure which is approved by council may only be changed on the instructions of, and by a person authorized by, the council, and

b. First Nation procedure which is approved by the chief administrative officer under delegated authority

   i. is consistent with, and made under the authority of, a policy approved by the council, and

   ii. may only be changed on the instructions of, and by a person authorized by the council or the chief administrative officer.

9.5 Compliance – The council demonstrates that every person who is performing a function or has a role in the First Nation's financial management system is complying with all applicable provisions of the FAL and all applicable First Nation policies and procedures.

10.0 REPORTING OF REMUNERATION AND EXPENSES

10.1 Defined terms – In standard 10.0:

"entity" means a corporation or a partnership, a joint venture or any other unincorporated association or organization, the financial transactions of which are consolidated in the annual financial statements of the First Nation in accordance with GAAP;

"expenses" includes the costs of transportation, accommodation, meals, hospitality and incidental expenses; and

"remuneration" means any salaries, wages, commissions, bonuses, fees, honoraria and dividends and any other monetary and non-monetary benefits.

10.2 Annual report – The council demonstrates that an annual report is being prepared listing for each councillor the remuneration paid and expenses reimbursed by the First Nation, and by any entity, whether such amounts are paid to the councillor while acting as councillor or in any other capacity.

10.3 Required procedures – Subject to the requirements of the FAL, the council establishes and implements documented procedures

a. for the recording, retaining and safeguarding of records for each councillor respecting the matters referred to in standard 10.2, and

b. for the annual reporting of the information referred to in paragraph a. in a special purpose report which is published in the First Nation's annual report.

11.0 FIRST NATION COMMITTEES

11.1 First Nation committees generally

11.1.1 Definition – In standard 11.1 "committee" means a committee established by the First Nation to perform a function in its financial management system and includes a subcommittee of the committee.

11.1.2 Terms of reference – The council establishes documented terms of reference for each committee.

11.1.3 Contents of terms of reference – The terms of reference of each committee include the number and qualifications of its members, its quorum requirements, its role or functions, including any established in the FAL, its voting rules, its objectives or requested outcomes and its meeting and reporting obligations.

11.1.4 Compliance with terms of reference – Each committee demonstrates that it conducts itself in accordance with its terms of reference.

11.1.5 Retention of records – Each committee establishes and implements a documented policy to retain the agendas and minutes of all its meetings for at least seven (7) years.

11.2 Finance and audit committee

11.2.1 Interpretation – For purposes of standard 11.2, an individual is independent if the individual does not have a direct or indirect financial relationship with the First Nation government that could, in the opinion of council, reasonably interfere with the individual's exercise of independent judgment as a member of the finance and audit committee.

11.2.2 Required policy/procedures – The council demonstrates that it has established and implemented a documented policy and procedure

a. establishing criteria to determine if an individual is eligible to be a member of the finance and audit committee and is independent,

b. requiring confirmation, before appointment, that each potential member of the finance and audit committee is eligible to be a member and is independent, and

c. requiring each member of the finance and audit committee annually to sign a statement confirming that the member continues to meet the criteria referred to in paragraph a.

11.2.3 Eligibility criteria– The criteria referenced in standard 11.2.2.a must specify that any individual with a role in the financial management of the First Nation involving the planning, organizing, directing or controlling of its financial activities - including budgeting, financial accounting, financial reporting, procurement and utilization of funds - is not eligible to be a member of the finance and audit committee.

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

a. established its finance and audit committee consisting of the number of members specified in the FAL;

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

   i. at least one (1) voting or non-voting member from council,

   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;

d. documented the appointment of the members of the committee and their terms of office;

e. sent notices and agendas of all council meetings to the chairperson of the committee if the chairperson is not a councillor; and

f. provided the chairperson of the committee with any materials or information available to the council respecting the matters before it, upon request of the chairperson.

11.2.5 Financial competency – The council establishes and implements a documented policy and procedures

a. to track the financial competency of each member of its finance and audit committee, and

b. to ensure that a majority of the members of its finance and audit committee, as defined in the FAL, have financial competency.

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

a. are of a sufficient period of time to permit the members to develop a critical understanding of the First Nation's financial management system, and

b. meet the requirements set out in the FAL.

11.2.7 Policy/procedures for member removal – The council demonstrates that it has established and implemented a documented policy and procedures for the removal from office of a member of the finance and audit committee in the circumstances specified in the FAL for such removal including requiring that

a. the council confirm that the procedure has been complied with when a member is removed from the finance and audit committee, and

b. the member of that committee was removed because of the circumstances specified in the FAL for such removal.

11.2.8 Policy/procedures for replacement during term of office – The council demonstrates that it has established and implemented a documented policy and procedures in accordance with the requirements of the FAL for the replacement of a member of the finance and audit committee who is removed from office, resigns or dies before the member's term of office expires.

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 reports 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.

11.2.10 Policy/procedures for responsibilities – The council demonstrates that it has established and implemented a documented policy and procedures respecting each of the roles and responsibilities of the finance and audit committee set out in its terms of

reference including the kind and frequency of reports the committee is required to make to the council in addition to its reporting obligations specified in the FAL.

11.2.11 Attendance and voting records – The finance and audit committee demonstrates that

a. it maintains written records of the attendance at its meetings of committee members, the chief administrative officer and the director of finance,

b. the chief administrative officer and director of finance have attended those meetings unless excused from attendance in the circumstances provided in the FAL, and

c. votes of the committee were conducted in accordance with the requirements of the FAL.

11.2.12 Meeting records – The finance and audit committee demonstrates that it

a. held the minimum number of meetings required in the FAL,

b. kept minutes of the substance of those meetings, and

c. reported to the council on the substance of those meetings, including deliberations and recommendations, within a reasonable time after each meeting.

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.

11.3 Consistent rules – If the finance and audit committee has permission under the FAL to make rules for the conduct of its meetings, the committee documents these rules and establishes and implements a documented policy and procedures that provide the means to ensure that these rules are not inconsistent with the FAL or any directions given by the council.

11.4 Alternate member – If the FAL permits a policy authorizing the appointment of an alternate member of the finance and audit committee, the council demonstrates that any policy it establishes has been documented and complies with the requirements of the FAL.

12.0 FIRST NATIONS OFFICERS AND EMPLOYEES

12.1 Chief administrative officer

12.1.1 Duties and functions – If the FAL does not establish and specify the duties and functions of a chief administrative officer, the council demonstrates that it has a law or resolution that

a. specifies the duties and functions of the chief administrative officer as set out in standard 11.1 of the *Financial Administration Law Standards*, and

b. requires the chief administrative officer to report directly to the council.

12.1.2 **Appointment** – The council demonstrates that it has appointed a chief administrative officer to perform the duties and functions of the chief administrative officer as set out in standard 11.1 of the *Financial Administration Law Standards.* (Note: One or more individuals may be appointed to perform any or all of the duties and functions of the chief administrative officer so long as all those duties and functions have been assigned to an individual and each individual reports directly to the council).

12.1.3 **Additional activities consistent with FAL duties** – The council demonstrates that any additional activities that the chief administrative officer is required to carry out are not contrary to the Act or inconsistent with the chief administrative officer's duties or functions referred to in standard 12.1.1.

12.2 Director of finance – The council demonstrates that

a. it has appointed a director of finance to perform the duties and functions of the director of finance as specified in the FAL,

b. the director of finance reports directly to the chief administrative officer or to the council as required in the FAL, and

c. any additional activities carried out by the director of finance are not contrary to the Act or inconsistent with the director of finance's duties or functions set out in the FAL.

12.3 Tax administrator – The council demonstrates that

a. it has appointed a tax administrator to perform the duties and functions of the tax administrator as specified in the Act, the First Nation's local revenue laws and in the FAL, and

b. the tax administrator reports directly to the director of finance, the chief administrative officer or the council – as required in the FAL or the First Nation's local revenue laws.

12.4 Functions documented – The council demonstrates that the principal powers, duties and functions of all employees of the First Nation, including those who report directly or indirectly to the tax administrator, have been documented and approved by the council or the chief administrative officer - as specified in the FAL.

12.5 Organization chart

12.5.1 **Current chart** – The council demonstrates that a current organization chart has been prepared that accurately depicts the following:

a. all governance, management and administrative systems of the First Nation, their organization and linkages;

b. the specific roles and responsibilities of each level of the organization of these systems;

c. all governance, management and administrative positions at each level of the organization of these systems including

   i. the council, finance and audit committee and all other committees of the council or First Nation, officers and employees of the First Nation, and

   ii. the principal lines of authority and responsibility between the council, the committees, officers and employees.

12.5.2 **Chart procedure** – For purposes of standard 12.5.1, the council establishes and implements a documented policy and procedures that ensure that

a. the organization chart can be located and retrieved as soon as practicable by all persons affected by it, and

b. the organization chart is kept current.

12.5.3 **Procedure contents** – The procedures referred to in standard 12.5.2 include a definition of the persons or classes of persons who are affected by the organization chart, including those specified in the FAL.

12.5.4 **Access to chart** – The council demonstrates that it provides access to the organization chart by all persons affected by it.

12.5.5 **Document security** – The council establishes and implements a documented policy and procedures that ensure that the organization chart may only be changed on the instructions of council and by a person authorized to do so by the council or by the chief administrative officer.

12.6 Human resources

12.6.1 **Records of functions, etc. -** The council demonstrates that it has current records clearly describing the functions, responsibilities and authorities of the personnel (including officers, employees, consultants and contractors) involved in operation and management of the financial management system and all its related processes.

12.6.2 Maintenance procedure – For purposes of standard 12.6.1, the council establishes and implements a documented policy and procedures that ensure that current records are maintained.

12.6.3 Records of qualifications/competencies – The council demonstrates that it has current records of the skills, experience, qualifications and competencies required for all personnel referred to in standard 12.6.1.

12.6.4 Management of employee records – The council establishes, retains, safeguards and maintains appropriate confidentiality of current records of individual First Nation's employee skills, experience, qualifications, competencies and training.

12.6.5 Hiring policy/procedures – The council establishes and implements a documented policy and procedures for

a. the hiring of First Nation's employees referred to in standard 12.6.1 including requirements to ensure

   i. a person hired as a First Nation's employee has the skills, experience, qualifications and competencies required for the position being filled, and

   ii. fair and impartial hiring practices such as providing consistent selection criteria, evaluating applicants consistently, using rating processes and reference checks and hiring on merit, and

b. the retaining of consultants and contractors referred to in standard 12.6.1 to ensure that a consultant or contractor retained has the skills, experience, qualifications and competencies required for the role being performed.

12.6.6 Dismissal policy/procedures – The council establishes and implements a documented policy and procedures for the dismissal of First Nation's employees, with or without cause, including requirements for keeping records of performance measures, performance reviews and corrective and disciplinary actions.

12.7 Human resources planning

12.7.1 Training plan – The council establishes and implements a plan for any training of First Nation officers or employees required to meet the First Nation's future needs and requirements after taking into account succession and any anticipated changes in the First Nation's activities.

12.7.2 Planning records – The council documents the future training needs and requirements for the financial management system of the First Nation including any required and optional training for individual First Nation employees that is aligned with those needs and requirements.

12.7.3 **Performance measures** – The council establishes and implements a documented policy and procedures respecting performance measures appropriate for the roles and responsibilities of every First Nation officer and employee.

12.7.4 **Performance evaluations** – The council establishes and implements a documented policy and procedures for a performance evaluation process

a. to measure the skills and competencies of individual First Nation officers and employees against their assigned employment roles, responsibilities and established performance measures,

b. to determine any training requirements for officers and employees,

c. to implement any necessary corrective measures, and

d. to ensure that qualified and competent officers and employees are carrying out the financial management activities of the First Nation.

13.0 CONDUCT EXPECTATIONS

13.1 Conflicts of interest policy/procedures – The council demonstrates that it has established a documented policy and procedures respecting the avoidance and mitigation of conflicts of interest including the following:

a. defining the private interests of councillors, officers, employees, committee members, contractors and agents that could result in a conflict of interest,

b. specifying restrictions on the acceptance of gifts and benefits by any person referred to in paragraph a. that might reasonable be seen to have been offered in order to influence the making of a decision by that person,

c. prohibiting any person referred to in paragraph a. who has a conflict of interest from attempting to influence a decision or from participating in the making of a decision respecting the matter in which the person has a conflict of interest, and

d. specifying how any undisclosed or any alleged but not admitted conflicts of interest of councillors are to be addressed.

13.2 Disclosure policy and procedures

13.2.1 **Policy/procedures for councillors** – The council establishes and implements a documented policy and procedures for

a. the annual disclosures by councillors of their private interests which could result in a conflict of interest,

b. the disclosures by councillors as soon as practicable of any circumstances which could result in an actual or potential conflict of interest, and

c. the recording, retaining and safeguarding of these disclosures under these procedures in a manner that protects the privacy of the persons referenced in the disclosures.

13.2.2 **Policy/procedures for others** – The council establishes and implements a documented policy and procedures for

a. the disclosures by officers, employees, committee members, contractors and agents as soon as practicable of any circumstances which could result in an actual or potential conflict of interest, and

b. the recording, retaining and safeguarding of the disclosures made under these procedures in a manner that protects the privacy of the persons referenced in the disclosures.

13.3 Content for conduct expectations – The First Nation policies and procedures for conduct expectations provide appropriate guidance to the different groups of persons who are making financial recommendations or decisions for the First Nation including requiring them

a. to behave in an ethical and transparent manner, and

b. to comply with all applicable legal requirements.

13.4 Conduct training – The council establishes and implements a program to train councillors, officers, employees, committee members, contractors and agents respecting their conduct expectations as set out in the FAL or in First Nation policies and procedures.

13.5 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;

c. to retain and safeguard the declarations made under the policy and procedures; and

d. to ensure that the applicable conduct expectations as set out in FAL or in First Nation policies and procedures are included in the terms of any applicable employment contracts, appointments to the finance and audit committee, contracts for service with consultants and contractors and appointment of agents.

13.6 Compliance with FAL, etc. – The council demonstrates that the listed classes of persons referred to in standard 13.0 are complying with the requirements of the FAL and applicable First Nation policies and procedures respecting conduct expectations referred to in standard 13.0.

DIVISION THREE – FINANCIAL MANAGEMENT

14.0 FISCAL YEAR

14.1 Policy/procedures for fiscal year – The council establishes and implements a documented policy and procedures that ensure that all financial reporting and financial statements of the First Nation are for the period beginning on April 1st and ending on March 31 in the next year.

15.0 INTEGRATED PROCESS

15.1 Integrated planning and budgeting – The council establishes and implements a documented policy and procedures that detail an integrated planning and budgeting process which sets out the following:

a. the frequency, timing and requirements for the making of strategic plans, multi-year financial plans, tangible capital asset project plans, life-cycle management program plans and annual budgets;

b. the relationships between related aspects of strategic plans, multi-year financial plans, tangible capital asset project plans, life-cycle management program plans and annual budgets;

c. the persons responsible for preparing, coordinating, approving, amending, updating and communicating the items identified in paragraphs a. and b;

d. any information to be provided to respecting, or the involvement of First Nation citizens in, the planning and budgeting process.

16.0 STRATEGIC PLAN

16.1 Strategic plan – The council demonstrates that the First Nation

a. has established and implemented a current documented strategic plan that articulates a long-term vision for the First Nation and its citizens to be used by the

First Nation for the purpose of informing financial and community decision-making, and

b. reviews the strategic plan on a regular, periodic basis and revises it as necessary.

16.2 First Nation citizen information or involvement – 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 strategic plan.

17.0 FINANCIAL PLAN

17.1 Multi-year financial plan – The council demonstrates a current documented multi-year financial plan for the First Nation that

a. meets the requirements of the FAL,

b. is consistent with and supports the objectives of the strategic plan referred to in standard 16.1,

c. is based on the projections of revenues, expenditures and transfers between accounts,

d. includes the life-cycle management program for First Nation tangible capital assets, and

e. includes the First Nation's planned capital asset projects.

17.2 First Nation citizen information or involvement – 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 multi-year financial plan.

18.0 BUDGETS

18.1 Approval – The council establishes and implements a documented policy and procedures for

a. the approval by the council of an annual budget of the First Nation for the following fiscal year by March 31 of each year, and

b. the approval by the council of any amendments of the component of the annual budget respecting the First Nation's local revenues as required in the FAL, and

c. the approval by the council of any changes to the annual budget.

18.2 Content for policy/procedures – The policy and procedures referred to in standard 18.1 specify

a. all activities required to take place before budget approval,

b. the persons responsible for each activity, and

c. the timetable for completion and coordination of these activities.

18.3 Council budget approval – The council demonstrates that

a. the annual budget for the First Nation for the current fiscal year was approved on time and contains all components required in the FAL, and

b. any amendments of the component of the annual budget respecting the First Nation's local revenues were approved as required in the FAL.

18.4 Budget change approvals – The council demonstrates that any changes to the annual budget for the First Nation for the current fiscal year were approved by the council.

18.5 Deficits

18.5.1 FAL compliance – The council demonstrates that it has complied with the requirements of the FAL respecting management of and any limitations on budget deficits.

18.5.2 Deficit policy – The council establishes and implements a documented policy for the circumstances, if any, when a deficit may be incurred and accumulated.

18.5.3 Approval procedure – The council establishes and implements a documented policy and procedures for approval of a budget deficit including consideration of any recommendations from the finance and audit committee on plans to balance the budget deficit.

18.6 First Nation citizen information or involvement – 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 annual budget, budget deficits and extraordinary expenditures.

19.0 FINANCIAL MANAGEMENT AND CONTROLS

19.1 Funds and revenues management – The council demonstrates that it has established and implemented a documented policy and procedures respecting the means for effectively managing and controlling all First Nation funds and revenues, including internal controls for financial institution accounts and asset management.

19.2 Compliance with FAL, etc. – The council demonstrates that it is effectively managing and controlling all First Nation funds and revenues in accordance with the requirements of the FAL and any applicable First Nation policies and procedures.

19.3 Cash management – The council demonstrates that it has established and implemented a documented policy and procedures respecting the means for effectively managing the First Nation's cash.

19.4 Compliance with FAL, etc. – The council demonstrates that it is effectively managing the First Nation's cash in accordance with the requirements of the FAL and any applicable First Nation policies and procedures.

19.5 Financial institution accounts

19.5.1 Account requirements – The council demonstrates that the First Nation's accounts in financial institutions are operated as follows:

a. all accounts are maintained and operated solely for identified purposes;

b. current records of all account transactions are retained and available for review at any time;

c. all records pertaining to financial institution authorities are maintained and changes reported to the council;

d. written notification of any withdrawal or change to cheque writing limitations established by the council, the finance and audit committee or the director of finance is communicated as soon as possible to the financial institution with a copy retained in the First Nation's records; and

e. any restricted monies are deposited in a separate account and accounted for on a separate basis.

19.6 Account deposits

19.6.1 Account policy/procedures – The council establishes and implements a documented policy and procedures for all deposits in First Nation's accounts in financial institutions.

19.6.2 Policy/procedures content – The policy and procedures referred to in standard 19.6.1 require the following:

a. all cash transactions to be handled in a controlled and transparent manner designed to minimize errors;

b. a record to be kept of all anticipated recurring deposit account transactions;

c. all deposits to be identified by revenue source; and

d. all funds received on deposit to be segregated as appropriate.

19.7 Financial institution account reconciliation

19.7.1 Reconciliation policy/procedures – The council establishes and implements a documented policy and procedures requiring all financial institution accounts to be

reconciled and independently reviewed within 30 days of the end of each month, except under documented extenuating circumstances.

19.7.2 Independent review – The independent review referenced in standard 19.7.1 must be undertaken by a person who is not in a reporting relationship to the person who prepared the reconciliation of the financial institution accounts.

19.7.3 Reconciliation policy/procedures – The council establishes and implements a documented policy and procedures to ensure that

a. records of the account reconciliations referred to in standard 19.7.1 are retained, and

b. any identified reconciliation irregularities are documented and reported by the director of finance to the finance and audit committee as soon as practicable.

19.7.4 Reconciliation irregularities – The council demonstrates that any identified reconciliation irregularities are documented and brought to the attention of the finance and audit committee as soon as practicable.

19.8 Expenditures

19.8.1 Expenditures management - The council demonstrates that it has established and implemented a documented policy and procedures respecting the effective management of all First Nation expenditures.

19.8.2 Compliance with FAL, etc. – The council demonstrates that the First Nation is effectively managing all First Nation expenditures in accordance with the requirements of the FAL and any applicable First Nation policies and procedures.

19.8.3 Controls on delegation – The council demonstrates that First Nation signing authorities are delegated in accordance with any requirements of the FAL and in accordance with an appropriate division of duties and responsibilities commensurate with good internal financial controls.

19.8.4 Expenditures and account payable policy/procedures – The council demonstrates that it has established and implemented a documented policy and procedures for the expenditures and accounts payable process as follows:

a. all expenditures from First Nation funds require two signatures or two approvals before a cheque is issued or payment authorized;

b. the authorization of an expenditure and the approval of payment of an authorized expenditure must not be exercised by the same person in respect to any payment; and

c. all records verifying compliance with this standard must be retained.

19.8.5 Restrictions on non-local revenue expenditures – The council demonstrates that all expenditures of First Nation funds, other than local revenues, are made only if and as permitted under the budget of the First Nation in effect at the time of the expenditure (subject to any reasonable exceptions to address unforeseen events provided for in the FAL or in First Nation policy and procedures authorized by the FAL).

19.9 Procurement

19.9.1 Procurement policy/procedures – The council establishes and implements a documented policy and procedures that ensure effective control of the procurement of goods, services and First Nation's assets.

19.9.2 Policy/procedures content – The policy and procedures referred to in standard 19.9.1

a. require all procurement documents (e.g. requisitions, purchase order, requests for proposals or tender calls) to clearly indicate on their face the details of the goods or services being requested,

b. include expenditure spending limits,

c. specify the budget appropriations and accounts from which certain good or services may or must be purchased, and

d. include effective monitoring controls to ensure identification and reporting of any spending overruns.

19.9.3 Policy/procedures for tendering and request for proposals – The policy and procedures referred to in standard 19.9.1 that address tendering or requests for proposals for supply of goods or services include

a. the conditions, including threshold criteria, under which a formal tendering or request for proposal process is required, and

b. the persons responsible for carrying out the activities of that process.

19.10 Procurement of suppliers

19.10.1 Evaluation policy/procedures – The council establishes and implements a documented policy and procedures that establish the criteria for selection and initial and ongoing evaluation of suppliers of goods and services to the First Nation.

19.10.2 Policy/procedures contents – The policy and procedures referred to in standard 19.10.1 require

a. supplied goods and services to be examined or reviewed, as appropriate, to determine their suitability and compliance with any contract or purchase specifications, and

b. records of the examinations or reviews to be retained.

19.10.3 Access to new suppliers – The council establishes and implements a documented policy and procedures that encourage and facilitate new suppliers to participate in the supply of goods and services to the First Nation.

19.11 Reimbursable expenses

19.11.1 Reimbursement policy/procedures – The council establishes and implements a documented policy and procedures respecting the reimbursement of expenses incurred by persons acting on behalf of the First Nation.

19.11.2 Policy/procedures contents – The policy and procedures referred to in standard 19.11.1 include the following:

a. activities which are considered to be carried out on behalf of the First Nation;

b. expenses which are reimbursable, including defined limits for different categories of expenses;

c. documents required to support a claim for reimbursement of expenses; and

d. the persons with authority to approve reimbursement of expenses for different categories of claimants.

19.12 Borrowing

19.12.1 Debt policy/procedures – The council establishes and implements a documented policy and procedures for the following:

a. the proper consideration of the need for the First Nation to incur debt obligations including the evaluation of different potential financing arrangements;

b. the approval of the terms and conditions of debt obligations;

c. the timely payment of debt obligations by the First Nation;

d. the monitoring and reconciliation of debt transactions; and

e. the reporting of debt obligations in accordance with the requirements of GAAP, the FAL and any agreements under which the debt obligations were incurred.

19.12.2 Debt records – The council demonstrates that it has maintained the following records for every debt obligation of the First Nation:

a. the principal amount borrowed;

b. the date or dates all or any part of the principal amount must be repaid;

c. the date or dates when interest on the debt must be paid;

d. the cost of borrowing including interest payments and service or other charges;

e. the purpose for which the debt has been incurred; and

f. the authority under which the debt was incurred including any required council resolution and First Nation citizen involvement.

19.12.3 Debt generally – The council demonstrates that it has established and implemented a documented policy and procedures respecting

a. the incurring of debt by the First Nation,

b. debt management, and

c. use of borrowed funds.

19.12.4 Compliance with FAL, etc. – The council demonstrates that the First Nation is incurring any debt, managing its debt obligations and using its borrowing funds in accordance with the requirements of its FAL and applicable First Nation policies and procedures.

19.12.5 Granting security – The council demonstrates that it has established and implemented a documented policy and procedures respecting the granting of security by the First Nation.

19.12.6 Compliance with FAL, etc. – The council demonstrates that the First Nation is granting security in accordance with the requirements of its FAL and applicable First Nation policies and procedures.

20.0 RISK MANAGEMENT

20.1 For-profit business activity

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 (for both segments and separate legal entities) are limited or managed.

20.1.2 Policy/procedures content – The policy and procedures referred to in standard 20.1.1 require the following:

a. the identification of any material risks associated with the conduct of a proposed for-profit activity;

b. the steps that must be taken to limit or manage those risks to the First Nation;

c. approvals required to undertake for-profit activity; and

d. the monitoring of any approved for-profit activity.

e. the financial reporting by any approved for-profit activity.

20.2 Loans

20.2.1 Loans generally - The council demonstrates that it has established and implemented a documented policy and procedures respecting effective management of the lending of First Nation funds and the collecting of funds loaned.

20.2.2 Policy/procedures content – The policy and procedures referred to in standard 20.2.1 must include provisions

a. for collecting monies and interest owed, if applicable;

b. respecting the writing off and forgiving of debts.

20.2.3 Additional policy/procedures – The council establishes and implements a documented policy and procedures respecting

a. the giving of expense and payroll advances, and

b. the giving or making of leases or lease to buy arrangements.

20.2.4 Compliance with FAL, etc. – The council demonstrates that any loans given by the First Nation have been made or given in accordance with the requirements of the FAL and any applicable First Nation policies or procedures and reported on annually.

20.3 Guarantees and indemnities

20.3.1 Compliance with FAL, etc. – The council demonstrates that any guarantees and indemnities given by the First Nation have been made or given in accordance with the requirements of the FAL and any applicable First Nation policies and procedures and reported on annually.

20.3.2 Records procedure – The council establishes and implements a documented policy and procedures for the keeping of records of all guarantees, indemnities and security given for capital asset projects on First Nation lands.

20.4 Investments

20.4.1 Investment management strategy policy/procedures – The council demonstrates that it has established and implemented a documented policy and procedures respecting the establishment and periodic review of an effective investment management strategy for First Nation funds.

20.4.2 Investment management strategy – The council demonstrates that it has a documented investment management strategy for First Nation funds that meets the requirements of the FAL and any applicable First Nation policies and procedures and includes, where applicable, short-term and long-term strategies and allowable uses of available funds.

20.4.3 Investment policy/procedures – The council establishes and implements a documented policy and procedures for investments that requires the following:

a. risk assessments to be performed and criteria to be met with respect to risk before investing;

b. preservation of capital and liquidity requirements;

c. approvals to be given before investing;

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;

e. records to be kept and retained of all investment decisions and;

f. compliance with applicable legislation or agreements

20.4.4 Restrictions on investments – The council demonstrates that it has established and implemented a documented policy and procedures to ensure that local revenue funds may only be invested in

a. investments specified in paragraph 82(3)(a), (b), (c) or (d) of the Act, and

b. investments in securities issued by the First Nations Finance Authority or a municipal finance authority established by a province.

20.4.5 Types of institutions – The council demonstrates that it has established and implemented a documented policy and procedures for determining the financial institutions or types of financial institutions in which the First Nation may invest its funds.

20.4.6 Compliance with FAL, etc. – The council demonstrates that the First Nation has made investments in accordance with the requirements of the FAL, its investment management strategy and any other applicable First Nation policies and procedures.

20.4.7 Trusts and long-term investment policies/procedures – the Council establishers and implements a documented policy and procedures respecting the establishment of trusts or other long-term instruments restricted for a specific use.

20.4.8 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.

20.5 Insurance

20.5.1 Insurance policy/procedures – The council establishes and implements a documented policy and procedures to ensure that the requirements of the FAL respecting insurance coverage of the First Nation have been met including the following:

a. the identification of the material risks of the First Nation (or of councillors, officer or employees of the First Nation) for which insurance coverage may available;

b. the identification and procurement of appropriate insurance coverage;

c. the approvals required for insurance coverage; and

d. the actions required to avoid lapses in coverage.

20.5.2 Compliance with FAL, etc. – The council demonstrates that the First Nation has procured and is maintaining any insurance coverage required by the FAL or a First Nation policy or procedure.

20.6 Emergencies

20.6.1 Emergency plans – The Council establishes 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.

20.6.2 Required content – The policies and procedures referred to in standard 20.6.1 require

a. contingency plans for core services that include the recovery of systems, data and operations;

b. hazard risk assessment of events that may interrupt the normal operation of the financial management system;

c. the frequency of testing the recovery plan;

d. require communication and availability of the plans to all affected persons both during and in advance of an emergency;

e. assignment of roles and responsibilities of personnel within a continuity plan and the delivery of adequate training to fulfill those roles; and

f. require annual review of the plans.

20.7 Financial reporting risks

20.7.1 Risk identification policy/procedures – The council establishes and implements a documented policy and procedures to identify and document any activities that could result in risk of the following:

a. a material misstatement in information in the First Nation's quarterly and annual financial statements;

b. failure to achieve planned levels of financial performance for the First Nation; and

c. failure to perform the First Nation's obligations.

20.8 Risks of fraud

20.8.1 Risk of fraud policy/procedures - The council demonstrates that it has established a documented policy and procedures that support a fraud risk management program which demonstrates the expectations of council and the commitment to integrity and ethical values regarding fraud risk.

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 fraud risk management program referred to in standard 20.8.1.

20.8.3 Fraud risk management program policy/procedures content – the policy and procedures referred to in standard 20.8.2 required the following:

a. the identification and assessment of fraud risks including their likelihood and impact;

b. a detailed fraud risk mitigation plan;

c. the training of all personnel on values, ethics, conflicts of interest, and targeted fraud risks including those related to cyber-fraud; and

d. annual evaluation of the fraud risk management program and its effectiveness.

20.9 Risk management controls

20.9.1 Control requirements - The council establishes and implements documented controls that require the chief administrative officer to ensure the following:

a. the persons engaged, or hired to perform services in, the First Nation's financial management system

   i. are qualified and competent to perform the services for which they have been engaged or hired, and

   ii. confirm in writing periodically that they understand their responsibilities;

b. a positive workplace environment - which supports integrity, honesty, accountability and transparency - is established and maintained; and

c. the First Nation's control environment and control activities are monitored and reported on periodically to the finance and audit committee and the council.

20.10 Information technology controls

20.10.1 Information technology controls – The council demonstrates that it has a documented policy and procedures respecting internal controls for information technology used by the First Nation in its operations in order to ensure the integrity of its financial management system, records and data.

20.10.2 Compliance with FAL, etc. – The council demonstrates compliance with the requirements of the FAL or applicable First Nation policies and procedures respecting the internal controls for information technology referred to in standard 20.10.1.

20.10.3 Information technology policy/procedures – The council demonstrates that it has established and implemented a documented policy and procedures respecting each of the roles and responsibilities for the administration of information technology including the management, oversight and operations of the information technology environment.

20.10.4 Information technology policy/procedures – The council establishes and implements a documented policy and procedures for outsourcing information technology management.

20.10.5 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:

a. resource strategy and planning - information systems are developed and budgeted for that support the First Nation's strategic plan and operations;

b. information systems operations –

   i. information systems are secure;

   ii. appropriate controls are implemented for each application used in the First Nation's operations; and

iii. documentation of changes to the information systems or application is maintained (i.e. addition or removal of software, hardware, operators, or users therein);

c. information security –

i. security tools and techniques are implemented to enable restrictions on access to programs and data commensurate with roles and responsibilities;

ii. security tools and techniques are administered to restrict access to programs and data;

iii. safeguards are implemented respecting confidential or sensitive data; and

iv. monitoring of the vulnerabilities of the information system is conducted on a regular basis;

d. change management –

i. 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; and

ii. new information systems and modifications to information systems are tested before implementation;

e. segregation of duties –

i. parties responsible for installation, removal and maintenance of information systems are separate from operators/users of those same information systems;

ii. parties responsible for initiating and authorizing data are separate from operators/users who enter data; and

iii. parties responsible for entering data into information systems are separate from those reviewing data;

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; and

g. physical and environmental security – security tools and techniques are implemented to protect physical information technology equipment.

21.0 FINANCIAL REPORTING

21.1 Financial reporting generally – The council demonstrates that it has established and implemented a documented policy and procedures for an effective system of internal controls that ensures the reliable reporting of the First Nation's financial results.

21.2 Compliance with FAL, etc. – The council demonstrates that the financial reporting of the First Nation is operating in compliance with the internal controls referred to in standard 21.1.

21.3 Identification of financial reports

21.3.1 List of financial reports – The council establishes and implements a documented policy and procedures to maintain a current list of financial reports that are required to be prepared on a regular basis, including monthly information and quarterly and annual financial statements.

21.3.2 Content of list – The list referred to in standard 21.3.1 includes

a. the name of the report,

b. the person responsible to prepare it,

c. when it is to be made available, and

d. who is to receive it.

21.3.3 Report maintenance – All financial reports in the list referred to in standard 21.3.1 are maintained in a safe, secure and accessible manner for at least seven (7) years unless otherwise specified by First Nation policy or an applicable law.

21.4 Separate accounting - If the First Nation has borrowed money from the First Nations Finance Authority secured by other revenues, the council demonstrates that

a. the other revenues of the First Nation are being accounted for separately from the First Nation's other moneys, and

b. the First Nation has provided accounting information respecting other revenues to the First Nations Finance Authority and the FMB as soon as practicable after receiving a request to do so.

21.5 Monthly financial information – The council demonstrates that financial information that summarizes the financial activity of the First Nation for each month has been prepared and provided as required in the FAL.

21.6 Quarterly financial statements

21.6.1 Quarterly reporting – The council demonstrates that quarterly financial statements that summarize all financial activities of the First Nation are being

a. prepared by the director of finance,

b. considered and recommended by the finance and audit committee, and

c. considered and approved by the council.

21.6.2 Statement content – The statements referred to in standard 21.6.1 include the following:

a. a statement of revenue and expenditures containing a comparison to the annual budget;

b. a statement of financial position; and

c. any other information requested by the finance and audit committee or the council.

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 for review and recommendation and subsequently approved by the council not later than sixty (60) days after the quarter for which the statements were prepared.

21.7 Annual financial statements

21.7.1 Preparation and review – The council demonstrates that the annual financial statements of the First Nation have been

a. prepared by the director of finance, and

b. provided to the finance and audit committee and the council within any time periods specified in the FAL.

21.7.2 GAAP compliance – The council demonstrates that the annual financial statements of the First Nation have been prepared in accordance with GAAP.

21.8 Special purpose reports – The council demonstrates that the director of finance has prepared the special purpose reports required by the FAL.

22.0 AUDITS

22.1 Auditor

22.1.1 Appointment/dismissal policy/procedures – The council establishes and implements a documented policy and procedures for the appointment and dismissal of the auditor including the following:

a. determining that a proposed auditor meets the requirements of the FAL;

b. confirming that the auditor has carried out the audit as required by the FAL and the terms of the auditor's engagement letter;

c. specifying the basis for dismissing an auditor; and

d. replacing an auditor who has been dismissed or who has resigned.

22.1.2 **Auditor appointment –** The council demonstrates that it has taken the following actions:

a. appointed an auditor who meets the eligibility requirements of the FAL;

b. documented the appointment of the auditor;

c. delivered an engagement letter to the auditor that contains the contents required by the FAL including the following:

   i. the auditor must complete the audit in accordance with Canadian generally accepted auditing standards;

   ii. the objective and scope of the audit;

   iii. the auditor's responsibilities;

   iv. the First Nation's management responsibilities;

   v. the expected form and content of any reports issued by the auditor including that there may be circumstances in which a report may differ from those requirements;

   vi. the auditor must communicate in writing to the council any matters that come to the auditor's attention during the audit involving identified or suspected non-compliance with the laws applicable to the First Nation – other than inconsequential non-compliance matters; and

   vii. the auditor must communicate in writing to the council any significant deficiencies in internal controls identified during the audit; and

d. provided the auditor with a copy of

   i. the First Nation's FAL, and

   ii. the FMB's *Local Revenue Financial Reporting Standards* (if the auditor is auditing the local revenues financial report of the First Nation).

22.1.3 **Auditor compliance –** The council demonstrates that the auditor has

a. carried out the audit of the annual financial statements of the First Nation and provided a copy of the audited annual financial statements and the corresponding signed independent auditor's report to council within one hundred twenty (120) days after the fiscal year-end, and

b. completed the audit as required by

   i. the FAL including providing an audit opinion on the annual financial statements and a report on the special purpose reports referred to in the FAL,

   ii. the terms of the auditor's engagement letter, and

   iii. Canadian generally accepted auditing standards.

22.2 Audited annual financial statements

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 by July 29 following the fiscal year-end or such earlier time specified in the FAL, and

b. the statement of financial position of the audited annual financial statements and/or the attached "Management's Responsibility for Financial Reporting" letter attached to the audited annual financial statements have been signed by the persons required in the FAL.

22.2.2 First Nation citizen access to statements – The council demonstrates that First Nation citizens have access to the audited annual financial statements and the special purpose reports referenced in the FAL after the statements have been approved and signed.

23.0 ANNUAL REPORTS

23.1 Annual report contents – The council demonstrates that the content of the annual report of the First Nation

a. includes a description of the services and operations of the First Nation,

b. includes a progress report on any established objectives and performance measures of the First Nation, and

c. includes or incorporates by reference

   i. all audited annual financial statements of the First Nation for the previous fiscal year, and

ii. the special purpose reports referred to in standard 21.8.

d. includes any other content required in the FAL.

23.2 Annual report publication – The council demonstrates that it has published the annual report of the First Nation by the earlier of

a. the time specified in the FAL, or

b. September 30 following the fiscal year-end.

23.3 Report availability – The council demonstrates that it has provided the annual report to citizens of the First Nation and the First Nations Finance Authority as required in the FAL.

23.4 Remedy for non-compliance – The council demonstrates a documented policy and procedures providing an accessible process and remedy available to First Nation citizens who have requested but have not been provided with

a. the annual report of the First Nation, or

b. access to the audited annual financial statements or special purpose reports of the First Nation that were incorporated by reference into the annual report as required in the FAL.

23.5 Compliance with remedy policy – The council demonstrates that the First Nation has complied with the process and remedy referenced in standard 23.4.

24.0 RECORDS AND INFORMATION

24.1 Ownership of records policy/procedures – The council establishes and implements a documented policy and procedures to ensure that the records of the First Nation - however produced, used, or received - remain the property of the First Nation.

24.2 Record keeping policy/procedures – The council establishes and implements a documented policy and procedures to establish and maintain proper records to demonstrate

a. compliance by the First Nation with its legal requirements and obligations, and

b. the effective operation and control of the First Nation's financial management system.

24.3 Maintenance procedure – The council establishes and implements a documented policy and procedures to ensure that all records maintained for the financial management system of the First Nation are legible, readily identifiable and readily retrievable.

24.4 Risk controls – The council establishes and implements a documented policy and procedures for all records maintained for the First Nation's financial management system that

a. define the controls needed for the identification, security, retrieval, retention time and disposition of records, and

b. comply with the First Nation's legal requirements and obligations.

24.5 Access procedure

24.5.1 Information request policy/procedures – The council establishes and implements a documented policy and procedures to receive and manage requests made for information respecting the First Nation's financial management system.

24.5.2 Contents of policy/procedures – The policy and procedures referred to in standard 24.5.1 clearly state what information the First Nation is permitted or required to release and what information the First Nation is required to retain as confidential.

24.6 Other revenues account record – If the First Nation has a loan from the First Nations Finance Authority that is secured by other revenues, the council demonstrates that the director of finance is keeping a complete set of all records respecting other revenues of the First Nation, including all records referred to in section 5 of the *Revenue Management Implementation Regulations* as amended by the *Financing Secured by Other Revenues Regulations.*

25.0 TANGIBLE CAPITAL ASSETS

25.1 Register – The council demonstrates a current register for the First Nation's tangible capital assets.

25.2 Tangible capital asset reserve fund – The council demonstrates that it has established and is investing in and managing a tangible capital asset reserve fund to be applied for purposes of the First Nation's life-cycle management program and tangible capital assets projects.

25.3 Required policy/procedures – The council establishes and implements a documented policy and procedures as required in the FAL for a life-cycle management program for First Nation tangible capital assets and for tangible capital asset projects.

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 including the following:

a. the development and maintenance of a current register for First Nation tangible capital assets;

b. the regular, periodic inspection of First Nation tangible capital assets;

c. the routine maintenance of First Nation tangible capital assets, including the preparation of the following:

   i. a plan for annual scheduling of required maintenance for the next fiscal year;

ii. short- and long-term forecasting of estimated costs; and

iii. a budget for required maintenance for the next fiscal year;

d. for tangible capital asset projects, preparation of the following:

i. a plan for annual scheduling of projects for the next fiscal year;

ii. short- and long-term forecasting of estimated costs of projects; and

iii. a budget for projects for the next fiscal year; and

e. the annual review by the finance and audit committee of the proposed scheduling and budgets for routine maintenance and tangible capital asset projects.

25.5 Tangible capital asset project plans

25.5.1 Required policy/procedures – The council establishes and implements a documented policy and procedures respecting tangible capital asset projects.

25.5.2 Compliance with FAL/policies, etc. – The council demonstrates that the requirements of the FAL and applicable First Nation policies and procedures respecting tangible capital asset projects have been implemented.

25.5.3 Planning triggers – The procedures referred to in standard 25.5.1 includes the thresholds or criteria that trigger

a. the requirement for a formal tangible capital asset project plan as described in standard 25.5.5, and

b. applicable capital expenditure approval limits.

25.5.4 Requirements for thresholds/criteria – The thresholds or criteria described in standard 25.5.3 are stated in terms of monetary limits, funding sources, project types or anticipated community impacts.

25.5.5 Tangible capital asset project plan – When the thresholds or criteria described in standard 25.5.3 are exceeded, the council demonstrates that it has established, documented and retained a tangible capital asset project plan (which may also be referred to as a business plan or financing proposal).

25.5.6 Capital project plan contents – The tangible capital asset project plan referred to in standard 25.5.5 includes all information that is necessary to assist decision-makers to reach an informed decision on the proposed tangible capital asset project including the following:

a. financial viability;

b. project operating requirements; and

c. risk assessment.

25.6 Contracts and tendering

25.6.1 Required policy/procedures – The council demonstrates that it has established and implemented a documented policy and procedures respecting the procurement, contract and risk management and administration of tangible capital asset projects, including the following:

a. project planning, design, engineering, safety and environmental requirements;

b. project costing, budgeting, financing and approval;

c. project and contractor bidding requirements;

d. tender, contract form and contract acceptance;

e. course of construction insurance;

f. project performance guarantees and bonding;

g. project control, including contract management; and

h. holdbacks, work approvals, payment and audit procedures.

25.6.2 Compliance on projects – The council demonstrates that it has implemented the policy and procedures referred to in standard 25.6.1 for tangible capital asset projects.

26.0 FIRST NATION CITIZEN INFORMATION OR INVOLVEMENT

26.1 Required policy/procedures – The council demonstrates that it has a documented policy and procedures respecting the involvement in or informing of First Nation citizens about tangible capital asset projects and borrowing for tangible capital asset projects.

26.2 Compliance – The council demonstrates that it has complied with the requirements of the FAL and applicable First Nation policies and procedures respecting the involvement in or informing of First Nation citizens about tangible capital asset projects and borrowing for tangible capital asset projects.

27.0 FMB STANDARDS

27.1 Compliance policy/procedures – If the First Nation is a borrowing member or has a certificate issued by the FMB under the Act, the council establishes and implements a documented policy and procedures for monitoring and tracking compliance by the First Nation with all FMB standards and for rectifying any non-compliance.

27.2 Procedure contents – The procedures referred to in standard 27.1 include

a. all significant activities and a schedule of critical dates for completion of these activities,

b. the responsibilities and authority for all significant activities, and

c. a description of all records to be maintained including records of responses to any non-compliance.

27.3 Rectification of non-compliance – The council demonstrates that it has, without delay, taken any measures required for the First Nation to rectify any non-compliance with FMB standards and to operate in compliance with those standards.

28.0 FINANCIAL MISCONDUCT

28.1 Reporting policy/procedures – The council establishes and implements a documented policy and procedures respecting the reporting of any alleged misappropriation or irregularity in the financial management of the First Nation.

28.2 Reporting procedures – The council establishes and implements documented procedures for the following:

a. the confidential reporting of breaches;

b. the recording, maintaining and safeguarding of reported breaches and any records prepared during the inquiry into or investigation of those breaches;

c. the safeguarding of the confidentiality of the person who reported the breach;

d. the protection of the person who reported the breach from reprisals;

e. the inquiry into or investigation of the reported breaches;

f. the fair and unbiased treatment of the person against whom a report has been made;

g. appropriate actions to be taken by the council if a breach has occurred and the recording of these actions;

h. the annual reporting to council on the effectiveness of its policies and procedures under standards 13.0 and 28.0;

i. the communication of its policies and procedures under standards 13.0 and 28.0 to all personnel engaged in the activities of the First Nation; and

j. the inclusion of the policies and procedures referred to in standards 13.0 and 28.0 in the contracts of contractors and in the appointments of agents and committee members.

28.3 Enforcement policy/procedures – The council establishes and implements a documented policy and procedures for the enforcement of the requirements of the FAL including

a. the tracking of costs associated with or resulting from breach of these requirements, and

b. the recovery of amounts expended or forfeited due to the failure of a person to comply with these requirements.

29.0 FINANCIAL MANAGEMENT SYSTEM IMPROVEMENT

29.1 Tracking policy/procedures – The council establishes and implements a documented policy and procedures for collecting, recording and analyzing concerns and comments from interested or affected persons respecting the financial management system of the First Nation and the services it provides including any confidential reporting of breaches of the FAL.

29.2 Internal system assessment

29.2.1 Internal assessment procedure – The council establishes and implements a documented policy and procedures for the planning, scheduling, and conducting of internal assessments of the financial management system of the First Nation and for the resolution of any concerns identified in those internal assessments.

29.2.2 Procedure content – The procedures referred to in standard 29.2.1 require the following:

a. internal assessments must be conducted of critical or significant activities and processes at least once each fiscal year;

b. the assessor must be independent of the operations area or activity being assessed; and

c. records must be made and retained of both the internal assessment findings and the resolutions of any concerns identified in those findings.

29.3 Financial management system review

29.3.1 Review policy/procedures – The council establishes and implements a documented policy and procedures that require the individuals responsible for the management and operation of the financial management system of the First Nation to meet at least once each fiscal year at a scheduled time.

29.3.2 Meeting agenda – The procedures referred to in standard 29.3.1 specify the standing agenda items including the following:

a. review of the system's processes and procedures;

b. review of applicable laws for compliance;

c. review of external and internal assessment results;

d. review of identified process improvement opportunities including their resolutions;

e. review of all committees' terms of reference; and

f. review of the organization chart.

29.3.3 Review period – The policy and procedures referred to in standard 29.3.1 require the meeting to review the financial management system during the period of the previous four (4) quarters and up to the date of the meeting.

29.3.4 Report and recommendations – The policy and procedures referred to in standard 29.3.1 require the attendees of the meeting to prepare a report to be made available to council, the finance and audit committee and the external and internal auditors that includes the following:

a. a statement of whether the financial management system has, during the review period, been operated in compliance with all applicable laws, policies, procedures and directions; and

b. recommendations for any changes to those laws, policies, procedures and directions that, in the opinion of the meeting attendees, would be beneficial to the financial management system.

29.3.5 First Nation citizen 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 citizens about the approval of the repeal of the FAL or any proposed amendments to the FAL.

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 citizens about the approval of the repeal of the FAL or any proposed amendments to the FAL.

29.3.7 Implementation exemption – Implementation of the policies and procedures referenced in standards 29.2.1 and 29.3.1 is not required until after the First Nation has been issued a Financial Management System Certificate by the FMB.

30.0 FREE, PRIOR, AND INFORMED CONSENT

30.1 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 materially affect the First Nation's financial interests before the First Nation makes a decision in relation to the project.

30.2 Policy/procedure content – The policy and procedures referred to in Standard 30.0 require the following:

a. The council, in fulfilling their fiduciary duty to their citizens, shall consider all information relevant to ensuring free, prior, and informed consent in decision-making; and

b. The council demonstrates that on behalf of interested or affected parties, a decision is given to external parties freely, without coercion, intimidation or manipulation.

30.3 First Nation citizen involvement/information – The council establishes and implements a community engagement framework for major projects or other projects that may materially affect the First Nation's financial interests before the First Nation makes a decision in relation to the project.

PART TWO - LOCAL REVENUES MANAGEMENT STANDARDS

31.0 FINANCIAL INSTITUTION ACCOUNTS

31.1 Requirements for local revenue account – The council demonstrates that the First Nation's financial institution accounts are operated as follows:

a. a local revenue account is maintained and operated solely for all local revenues received by the First Nation;

b. a local revenue account does not contain any funds- other than local revenues;

c. a local revenue account is not used for expenditures other than those authorized for local revenues; and

d. records of all local revenue account transactions are retained and available for review at any time.

32.0 REAL PROPERTY ASSESSMENT

32.1 Appointments – The council demonstrates that it has appointed a tax administrator, an assessor and the citizens of an assessment review board as required in the First Nation's local revenue laws.

32.2 Implementation – The council demonstrates that it has implemented the First Nation's real property assessment law for the following activities within any time required in its law:

a. the preparation, certification and inspection of the assessment roll; and

b. the preparation and delivery of assessment notices to persons named on the assessment roll.

32.3 Records – The council demonstrates that all records required by the First Nation's real property assessment law are retained.

33.0 PROPERTY TAX RATES

33.1 Law setting tax rate – The council demonstrates that within the time required by subsection 10(1) of the Act

a. the council made a law under subsection 10(1) of the Act setting the rate of tax to be applied to the assessed value of each class of property, and

b. the First Nations Tax Commission approved that law.

34.0 REAL PROPERTY TAXATION

34.1 Implementation – The council demonstrates that it has implemented the First Nation's property tax law for the following activities within any time required in its law:

a. preparation of the tax roll;

b. preparation and delivery of tax notices to persons named in the taxation roll;

c. imposition and collection of interest and penalties on tax arrears;

d. payment of any tax refunds;

e. notation of tax payments on the taxation roll and issuance of receipts for taxes paid; and

f. collection of taxes and enforcement of the payment of unpaid taxes.

35.0 LOCAL REVENUE EXPENDITURES

35.1 Budget law – The council demonstrates that within the time required by subsection 10(2) of the Act

a. the council made a law under subsection 10(2) of the Act establishing a budget for the expenditures of revenues raised under the First Nation's property tax law or under a law made under paragraph 5(1)(a.1) of the Act, and

b. the First Nations Tax Commission approved that law.

35.2 Expenditures – The council demonstrates that it has made expenditures of local revenues only as authorized in a budget made in a law referred to in standard 35.1 and approved by the First Nations Tax Commission or as permitted in section 13.1 of the Act.

36.0 LOCAL REVENUES ACCOUNTING

36.1 Separate accounting – The council demonstrates that the local revenues of the First Nation are being accounted for separately from the First Nation's other moneys in accordance with the requirements of the FAL and the Act.

37.0 LOCAL REVENUES REPORTING AND AUDIT

37.1 Annual audit – The council demonstrates that

d. the First Nation prepares a financial report on its local revenues that is audited at least once in each calendar year,

e. the financial report is set out as separate audited annual financial statements for local revenues or, if permitted in the FMB's *Local Revenue Financial Reporting*

Standards, as a distinct segment of the activities that appear in the audited general annual financial statements of the First Nation, and

f. the First Nation makes the audited financial report available to the persons referred to in subsection 14(2) of the Act.

37.2 Required policy/procedures - The council establishes and implements a documented policy and procedures for the annual preparation, review, audit and approval of the financial report for local revenues including the persons responsible for completing these activities and the schedule for completing these activities.

37.3 Consistent with standards- The policy and procedures referred to in standard 37.2 must be consistent with the FAL and the FMB's *Local Revenue Financial Reporting Standards.*

38.0 LOCAL REVENUE ACCOUNT RECORDS

38.1 Records procedure – The council establishes and implements a documented policy and procedures to ensure that the director of finance or the tax administrator, as specified in the FAL, maintains and has available at all times a complete set of all records respecting the First Nation's local revenue laws and their administration, including all records referred to in section 5 of the *Revenue Management Implementation Regulations*.

39.0 SERVICES PAID FROM LOCAL REVENUE ACCOUNT

39.1 Local services list – The council establishes and maintains a list of all local services paid for in whole or in part from local revenues including details of existing service agreements and agreements under negotiation.

39.2 Service delivery performance targets – The council establishes and documents the operating and service delivery performance targets for critical services referred to in standard 39.1.



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