First Nations FINANCIAL MANAGEMENT BOARD | CONSEIL DE GESTION FINANCIÈRE des Premières Nations

Changes to the FMB's Standards
BASIS FOR CONCLUSIONS

Standards and Certification
First Nations Financial Management Board
Approved: October 29, 2026
standards@fnfmb.com

EXECUTIVE SUMMARY

Under the *First Nations Fiscal Management Act (*"the Act"), the First Nations Financial Management Board ("the FMB") is responsible for setting standards for First Nation governments in areas of Financial Administration Law ("FAL"), Financial Performance ("FP"), Financial Management System ("FMS") and Local Revenue Financial Reporting. These standards and their related procedures, collectively called the "FMB Standards" or "Standards", set the foundation under which the FMB grants Compliance Approvals for FALs, issues FP Certificates and issues FMS Certificates.

The FMB is committed to being responsive to the needs of First Nation governments and other First Nation institutions. In the context of setting and developing standards, this means listening to First Nation governments and understanding their first-hand experience working with and applying our Standards. The FMB tracks feedback received from clients, staff and other First Nation institutions on the implementation challenges, effectiveness and relevance of its Standards. The FMB depends on this feedback to ensure that the Standards continue to meet the needs of First Nation governments and other First Nation institutions.

The FMB has identified a need to update several of its Core Documents based on this collected feedback.

The majority of the changes impact the Financial Administration Law Standards ("FAL Standards") and the Financial Management System Standards ("FMS Standards"). These two sets of Standards are linked through the fact that the FAL Standards provide a foundation for the FAL of a First Nation government, while the FMS Standards provide a basis for testing the implementation of elements of the FAL. Consequently, updates to one set of Standards require updates to the other set. The FAL Standards and FMS Standards were last updated on April 1, 2019. Since then, the FMB has accumulated a wealth of insights through its review of FALs, review of FMSs and providing capacity development services to its clients. The changes summarized in this document are the results of the insights gained through that work.

The FMB recognizes that its Standards operate as an integrated framework. As a result, amendments proposed in this document have been considered alongside other standard-setting projects being undertaken concurrently by the FMB. Where appropriate, related terminology, concepts, and consequential impacts have been reflected in other standards and supporting materials to promote consistency and alignment throughout the FMB's Standards framework.

The FMB seeks input from affected parties prior to introducing or significantly amending its Standards. This input is critical in developing standards that are relevant to First Nation governments and responsive to their needs. The FMB analyzed all comments received during the consultation process and considered this feedback in developing the Basis for Conclusions.

The revised Standards will be effective April 1, 2028. Earlier voluntary adoption will be permitted once the final Standards and related Core Documents are issued. In establishing the effective date, the FMB considered the nature and scope of the amendments, including the need to provide First Nation governments with sufficient time to prepare for and implement new requirements. Additional information is provided in the section "Timing of Adoption of Changes."

Table 1 that follows summarizes the changes to each Standard, including a brief description of each change and the expected impact to First Nation governments.

Table 1 – Summary of Changes

#	Type of Change	Topic	Description	Change from Original Proposal?	Expected Impact to First Nation Governments
1.1.1	Change to Requirement	Definitions	Incorporate additional definitions in the FP Standards for purchased intangible assets, inventory, and non-financial assets to align with language used in Public Sector Accounting Standards ("PSAS") 1202, and add minor enhancements to the definitions of expenses, interest, and revenues to provide clarity to the reader.	No.	Minimal impact on pursuit of FP certification.
1.1.2	Change to Requirement	Financial Performance Ratio Descriptions	Enhance the descriptions of the Fiscal Growth Ratio ("FGR") and Operating Margin Ratio ("OMR"), clearly outlining what the results of the ratio results mean.	No.	Minimal impact on pursuit of FP certification.
2.1.1	Change to Requirement	Normalization Adjustments	Explain that the FMB may, at its discretion reclassify, adjust, add or remove an amount attributable to an extraordinary event or circumstance and clarify that extraordinary circumstances and also include those beyond a First Nation government's control that normal prudence and experience could not foresee, anticipate or provide for.	No.	Minimal impact on pursuit of FP certification.
2.1.2	Change to Requirement	Comparability Adjustments	Incorporate the word "adjust" in the permitted actions that can be taken at the FMB's discretion regarding comparability adjustments.	No.	Minimal impact on pursuit of FP certification.
3.1.1	Change to Requirement	FAL Repeal	Incorporates language regarding the repeal of a FAL once it has been approved.	No.	Minimal impact on pursuit of FMS certification.
3.1.2	Change to Requirement	FAL Repeal	The requirement to involve or inform citizens about amendments to the FAL has been updated to also include the requirement to involve or inform citizens when the FAL is repealed.	No.	Minimal impact on pursuit of FMS certification.
4.1.1	Change of Requirement	Finance and Audit Committee	The requirement for a council member to serve on the Finance and Audit Committee ("FAC") has been revised to allow at least one council	No.	Minimal impact on pursuit of FMS certification.

#	Type of Change	Topic	Description	Change from Original Proposal?	Expected Impact to First Nation Governments
			representative, who may serve as either a voting or non-voting member. First Nation governments may still choose to include councillors, each of whom retains voting rights, on their FAC; however, there will be no penalty for having a FAC that is primarily composed of external members provided that all other composition requirements under the Standards are met such as majority of the FAC having financial competency, are independent and has at least one member of Council.		
4.1.2	Elimination of Requirement	Finance and Audit Committee	Eliminate the requirement in the FMS and FAL Standards to require that FAC members terms are staggered. First Nation governments may still choose to stagger terms and appoint FAC members at different times, and with different term-ending dates, but there will be no penalty for having all FAC members appointed at the same time, and in turn, having their terms end at the same time.	No.	Minimal impact on pursuit of FMS certification.
4.1.3	New Requirement	Finance and Audit Committee	Introduce new FMS and FAL Standards that require FAC to evaluate and report on the effectiveness of internal controls with respect to the prevention and detection of fraud and to oversee and direct investigations into actual or alleged fraud, as deemed appropriate by Council.	No.	Minimal impact on pursuit of FMS certification.
4.1.4	Change to Requirement	Finance and Audit Committee	Amend the existing FMS and FAL Standards to clarify that the FAC report to Council not only on the substance of their meetings, but also the deliberations and recommendations that informed its decisions. This change strengthens transparency and oversight,	No.	Minimal impact on pursuit of FMS certification.

#	Type of Change	Topic	Description	Change from Original Proposal?	Expected Impact to First Nation Governments
			particularly in cases where council members are not present at FAC meetings.		
4.1.5	New Requirement	Finance and Audit Committee	Incorporate a new requirement for a policy and procedure to be established for the periodic evaluation (at least annually) of FAC by Council.	No.	Minimal impact on pursuit of FMS certification.
5.1.1	Change to Requirement	Compliance Declaration	Amend the existing FMS Standard to explicitly require that First Nation councillors sign a declaration confirming they understand and agree to comply with the conduct expectations set out in the FAL, both upon appointment and annually thereafter.	No.	Minimal impact on pursuit of FMS certification.
6.1.1	Change to Requirements	For-Profit Activities	Amend the existing FMS Standard to explicitly state that the First Nation governments are required to establish policy and procedures to ensure the risks associated with the First Nation governments carrying on for-profit activities for both segments and separate legal entities are limited or managed.	No.	Minimal impact on pursuit of FMS certification.
6.1.2	Change to Requirement	For-Profit Activities	Separate the requirements of monitoring and financial reporting for for-profit activities, recognizing them as two distinct and important oversight functions used to manage the risks associated with carrying on for-profit activities. Monitoring will focus on non-financial oversight efforts such as, but not limited to, representation on the governing body and periodic operational updates, whereas financial reporting will focus on the financial statements and other required reports that a for-profit entity must produce, depending on the unique circumstances of the First Nation government and the activity.	No.	Minimal impact on pursuit of FMS certification.

#	Type of Change	Topic	Description	Change from Original Proposal?	Expected Impact to First Nation Governments
6.1.3	Elimination of Requirement	For-Profit Activities	Removal of standard 20.1.3 will clarify that testing the monitoring efforts against the policy is required for both types of for-profit activities and will also avoid more prescriptive requirements to encourage customization and flexibility in how for-profit activities are monitored.	No.	Minimal impact on pursuit of FMS certification.
7.1.1	New Requirement	Investments	Incorporate preservation of capital and liquidity requirements as a key consideration prior to making investment decisions. In addition, require that Council ensure any investment decision is aligned with applicable legislation or agreements.	No.	Minimal impact on pursuit of FMS certification.
7.1.2	Elimination of Requirement	Investments	Removal of the restriction on the types of investments for government transfer funds specified in paragraph 82(3)(a), (b), (c) or (d) of the Act. Note that the restrictions remain in place for local revenues.	No.	Minimal impact on pursuit of FMS certification.
7.1.3	New Requirement	Investments	Incorporate the requirement for the Council of a First Nation government to establish and implement a policy and procedure respecting the establishment of trusts and other long-term investment instruments restricted for a specific use.	No.	Minimal impact on pursuit of FMS certification.
7.1.4	New Requirement	Investments	Require that the Council of a First Nation government establish and implement a policy and procedure with respect involving or informing citizens about the establishment of a trust or other long-term investment instrument and the permitted uses of funds contained therein.	No.	Minimal impact on pursuit of FMS certification.
8.1.1	Change to Requirement	Emergencies	Amend the FMS and FAL emergency plan standard to require that a documented emergency plan include a business continuity and disaster recovery plan.	No.	Minimal impact on pursuit of FMS certification.

#	Type of Change	Topic	Description	Change from Original Proposal?	Expected Impact to First Nation Governments
8.1.2	Change to Requirement	Emergencies	Amend the emergency plan content standard to require that a documented emergency plan include contingency plans for core services that include the recovery of systems, data and operations, that hazard risk assessments for events that my interrupt the normal operation of the FMS be conducted, frequency of testing the recovery plan, assignment of roles and responsibilities and the delivery of adequate training.	No.	Minimal impact on pursuit of FMS certification.
9.1.1	Change to Requirement	Risks of Fraud	Amend the FMS Standard to require that Council establish and implement a policy and procedure to support a fraud risk management program that demonstrates the expectations of Council and the commitment to the integrity and ethical values regarding fraud risk.	No.	Minimal impact on pursuit of FMS certification.
9.1.2	Change to Requirement	Risks of Fraud	Amend the FMS Standard to require that Council establish and implement a fraud risk management program.	No.	Minimal impact on pursuit of FMS certification.
9.1.3	New Requirement	Risks of Fraud	Incorporate the identification and assessment of fraud risks including their likelihood and impact, mitigation plan, training for all personnel on values, ethics, conflicts, and targeted fraud risks including those related to cyber-fraud and an annual evaluation of the fraud risk management program and its effectiveness as required elements of the fraud risk management program.	No.	Minimal impact on pursuit of FMS certification.

#	Type of Change	Topic	Description	Change from Original Proposal?	Expected Impact to First Nation Governments
10.1.1	Change to Requirement	Information Technology	Amend the structure of the current FMS Standard to require that Council establish and implement a policy and procedure respecting each of the roles and responsibilities related to the administration of Information Technology ("IT") including the management, oversight and operations of the IT environment.	No.	Minimal impact on pursuit of FMS certification.
10.1.2	New Requirement	Information Technology	Amend the FMS Standard on IT policy and procedures to require that Council ensure information systems are developed and budgeted for in a manner that supports the First Nation government's strategic objectives and operations. The amended standard will require that information systems are secure and that appropriate controls are implemented for each application. Additional requirements include documentation of changes to the IT systems and applications, implementation of security tools and techniques to ensure access to programs and data are commensurate with roles and responsibilities, and safeguards in place for confidential and sensitive data. Council must ensure regular monitoring of system vulnerabilities, proper segregation of duties, an annual assessment of IT asset adequacy, and implementation of physical security protocols.	No.	Minimal impact on pursuit of FMS certification.
10.1.3	Change to Requirement	Information Technology	Amend the FMS Standard on outsourcing the IT function to require that the First Nation governments establish and implement a policy and procedure respecting each of the roles and responsibilities for the administration of IT including the management, oversight and operations of the IT environment,	No.	Minimal impact on pursuit of FMS certification.

#	Type of Change	Topic	Description	Change from Original Proposal?	Expected Impact to First Nation Governments
			regardless of whether the IT function is outsourced or in-house.		
11.1.1	Change to Requirement	Quarterly Reports	Extend the deadline for supplying the FAC and Council with the quarterly reports from 45 days to 60 days after quarter end.	Yes.	Minimal impact on pursuit of FMS certification.
14.1.1	Change to Requirement	Life-Cycle Planning	Restructure the FMS Standard on life cycle planning to separate the requirements of the FAL into Sub-standards.	No.	Minimal impact on pursuit of FMS certification.
15.1.1	New Requirement	Free, Prior, and Informed Consent	Incorporate Free, Prior, and Informed Consent ("FPIC") principles into the FMS and FAL Standards – requiring that Council establish and implement a policy and procedure to address external parties' obligations with respect to free, prior and informed consent.	No.	Minimal impact on pursuit of FMS certification.
15.1.2	New Requirement	Free, Prior, and Informed Consent	Require that FPIC policies and procedures set out the means by which members of the First Nation will be involved in, or informed about, all relevant information regarding major projects or other projects that may impact the land, territory, and resources of the First Nation before any decision is made. These policies and procedures must also require the Council, in fulfilling their fiduciary duty, to consider all information relevant to ensuring Free, Prior, and Informed Consent in their decision-making, and must demonstrate that any decision provided to external parties is given freely, without coercion, intimidation, or manipulation.	No.	Minimal impact on pursuit of FMS certification.
15.1.3	New Requirement	Free, Prior, and Informed Consent	Require that the Council of a First Nation government establish and implement a policy and procedure with respect to a community engagement framework for major	No.	Minimal impact on pursuit of FMS certification.

#	Type of Change	Topic	Description	Change from Original Proposal?	Expected Impact to First Nation Governments
			projects or other projects that may impact the land, territory, and resources of the First Nation governments.		
16.0	Editorial	Other Proposed Changes	Other non-substantive changes to the Core Documents that are editorial in nature and primarily serve to either clarify the wording in a standard or update the terminology used in the Standards.	Yes.	Minimal impact on pursuit of FMS certification.

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FIRST NATIONS FIRST

Every First Nation government has a past to preserve and a future to secure—a future filled with promise, where children thrive, communities grow, and cultures prosper. The FMB exists to partner with First Nation governments in their pursuit of economic and social well-being. We provide First Nation governments with support and guidance to put sound financial management systems in place. This opens the door for First Nation governments to borrow money on fair terms, money that gives them the freedom to pursue their own priorities and secure their own futures.



STANDARDS FOR FIRST NATION GOVERNMENTS

Under the *First Nations Fiscal Management Act* ("the Act"), the First Nations Financial Management Board ("FMB") is responsible for setting standards and procedures for First Nation governments in areas of Financial Administration Law ("FAL"), Financial Performance ("FP"), Financial Management System ("FMS") and Local Revenue Account Financial Reporting. The FMB has developed a collection of Standards ("FMB Standards" or "Standards") designed specifically for First Nation governments – the first of their kind in Canada and the world. These Standards are intended to allow First Nation governments to access best practices in financial management. Upon request, the FMB will independently evaluate and certify that a First Nation government has met these Standards.

The FMB's collection of Standards consists of:



A2 ✓ Financial Administration Law Standards ("FAL Standards")
Standards to guide in the development of a FAL

B2 ✓ Financial Management System Standards ("FMS Standards")
Standards, that when met, allow a First Nation government to receive a FMS Certificate

C2 ✓ Financial Performance Standards ("FP Standards")
Standards, that when met, allow a First Nation government to receive a FP Certificate

D1 ✓ Local Revenue Financial Reporting Standards
Standards to assist in the preparation of separate local revenue financial statements

STANDARD SETTING

The FMB is committed to being responsive to the needs of First Nation governments. In the context of setting and developing standards, this means listening to First Nation governments and understanding their first-hand experience working with and applying our Standards.

To guide our efforts in this area, the FMB has its own Standard Setting Guidelines. These Guidelines (available on our website) describe how the FMB will remain transparent in its standard-setting activities and how First Nation governments and other affected parties can participate in this process. The FMB depends on receiving feedback from users of its Standards to ensure that they remain relevant and continue to meet the needs of First Nation governments.

This summary of changes and basis for conclusions based on feedback received from interest parties is intended to fulfill the commitments of transparency and responsiveness contained in our Standard Setting Guidelines.

CHANGES TO THE FMB'S CORE DOCUMENTS

The FMB is amending its collection of standards and procedures (referred to as its "Core Documents"). The Core Documents that are impacted by the changes include:

- A1 – FINANCIAL ADMINISTRATION LAW REVIEW PROCEDURES
- A2 – FINANCIAL ADMINISTRATION LAW STANDARDS
- A3 – SAMPLE FINANCIAL ADMINISTRATION LAW – NO LOCAL REVENUE
- A3 – SAMPLE FINANCIAL ADMINISTRATION LAW – WITH LOCAL REVENUE
- A4 – SAMPLE FINANCIAL ADMINISTRATION LAW EXPLANATORY NOTES
- B1 – FINANCIAL MANAGEMENT SYSTEM CERTIFICATION PROCEDURES
- B2 – FINANCIAL MANAGEMENT SYSTEM STANDARDS
- C1 – FINANCIAL PERFORMANCE CERTIFICATION PROCEDURES
- C2 – FINANCIAL PERFORMANCE STANDARDS

FMB has undertaken a review of the FMS, FAL, and FP Standards to ensure that they are current, relevant, and effective for First Nations governments.

The majority of the changes impact the FAL Standards and the FMS Standards. These two sets of Standards are linked through the fact that the FAL Standards provide a foundation for the FAL of a First Nation government, while the FMS Standards provide a basis for testing the implementation of elements of that same FAL. Consequently, updates to one set of Standards require updates to the other set.

The last comprehensive update to the Standards was issued on April 1, 2019. Since then, the FMB has monitored implementation challenges, evolving economic and regulatory conditions, and feedback from First Nation governments seeking greater clarity, flexibility, and guidance.

To ensure that FMB's Standards remain relevant and responsive to the needs of First Nation governments, it is important that they be reviewed and updated as necessary. For further reading, a history of the development of the FMB's Standards can be found on our website.

Since the initial publication of the first suite of FMB Standards in 2010, the FMB has issued 325 Financial Administration Law compliance approvals, 266 Financial Performance Certificates and 82 Financial Management System Certificates to First Nations across the country. The changes contained in this document build on the experience of this work.

The FMB is committed to being responsive to the needs of First Nation governments and other First Nations institutions. In the context of setting and developing Standards, this means listening to First Nation governments and understanding their first-hand experience working with and applying our Standards. The FMB tracks feedback received from clients, staff, First Nations institutions, and other affected parties on the implementation challenges, effectiveness and relevance of its Standards. The FMB depends on this feedback to ensure that the Standards continue to meet the needs of First Nation governments and other First Nations institutions. The changes summarized in this document are the result of this feedback.

REFERENCE MATERIALS

The FMB has various reference materials available on its website that serve as tools to support First Nation governments in bringing their FAL to life. These reference materials are continually improved and updated as new information becomes available. Many of the amendments to Core Documents will impact these reference materials. For ease of reference, any

changes to these reference materials resulting from the amendments have been included in each section. The reference materials that are impacted by the changes include:

- SAMPLE FINANCE POLICY
- SAMPLE GOVERNANCE POLICY
- SAMPLE GOVERNANCE POLICY – FINANCE AND AUDIT COMMITTEE TERMS OF REFERENCE
- SAMPLE INFORMATION MANAGEMENT POLICY
- EMERGENCY PLANNING GUIDE

REVIEW METHODOLOGY

The feedback collected from clients, staff, First Nations institutions, and other affected parties was analyzed by FMB's staff to determine whether a change to the Core Documents was necessary. In accordance with the FMB's Standards Setting Guidelines, changes to the Standards were only considered in instances where they align with the FMB's core principles for Standards of relevance, neutrality, understandability, measurability, and achievability. When a change was considered warranted, the analysis considered the impact of the change on other Core Documents, FMB's current and prospective clients, other First Nation institutions and other affected parties, as necessary. The FMB also involved its legal and professional advisors, where appropriate.

DETAILS OF CHANGES

The amendments to the FMB's Core Documents are varied in their nature and scope. The FMB is publishing these amendments in one document even though many of the amendments are unrelated and independent of each other. By publishing all improvements in one document, the FMB aims to make it easier for readers to navigate and review. Generally, the amendments in this document represent a new principle or a change to an existing principle. Consequential amendments to the FAL Standards resulting from each change are summarised in Appendix A.

The pages that follow contain detailed explanations of the changes to the FMB Core Documents and are organized by topic.

This Summary of Changes and Basis for Conclusions document also includes consequential amendments to other Standards to maintain internal consistency of the complete set of Core Documents. Changes to cross-references, terminology and other matters that are more administrative in nature may be omitted if not significant.

FINANCIAL PERFORMANCE STANDARDS – C2

Overview – Financial Performance

Amendments

FMB has targeted amendments to the FP Standards to reflect recent updates to Public Sector Accounting Standards ("PSAS"), particularly the introduction of PSAS 1202 and its corresponding changes to definitions and financial statement presentation. These updates include the addition of definitions to improve clarity and alignment with PSAS. The changes also enhance consistency with FMB's Indigenous Not-for-Profit ("NPO") Standards (referred to as the "NPO Standards") by refining guidance on normalization adjustments and comparability adjustments. Overall, the amendments provide clearer definitions, greater flexibility for professional judgment, and improved consistency in evaluating a First Nation government's financial performance.

1.0 Financial Performance Ratios

1.1 Changes – Definition Updates

1.1.1 Additional Definitions

The 2019 FP Standards did not include the definition of purchased intangible assets, inventory, nor non-financial assets. To better align our definitions with those in PSAS and to enhance clarify for the ready, these definitions have been added.

What is the current standard?	N/A – Purchased intangible assets, inventory and non-financial assets are not currently defined in the FP Standards.
What do the new standard(s) look like?	7.1 "purchased intangible assets" means the purchased intangible assets presented on the statement of financial position of a First Nation and represent an identifiable non-monetary asset without physical substance; 7.1 "inventory" means the inventory assets presented on the statement of financial position of a First Nation representing assets held for sale in the ordinary course of business, assets in the process of being made ready for sale, and assets in the form of materials or supplies consumed in production or rendering of services; 7.1 "non-financial assets" means assets on the statement of financial position of a First Nation that are for use in the provision of services and do not normally provide resources to discharge existing liabilities. Non-financial assets are assets that were purchased, constructed, contributed, or developed by a First Nation and generally includes: a. purchased intangible assets, b. inventory, c. prepaid expenses, and d. tangible capital assets,

The introduction of PSAS 1202 has resulted in a change in presentation that will separate financial and non-financial liabilities. A definition has been added for non-financial liabilities that includes the most pertinent information to First Nation governments from the relevant section of PSAS 1202, retaining simplicity and understandability for the reader.

What is the current standard?	7.1 "liabilities" means present obligations of a First Nation arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits;
What do the new standard(s) look like?	7.1 "financial liabilities" means present obligations of a First Nation arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits; 7.1 "non-financial liabilities" means present obligations of a First Nation arising from past transactions or events, expected to be settled using non-financial assets or unrecognized economic resources.

Minor enhancements have been made to the definitions of expenses, interest, and revenues to provide more context and clarity.

What is the current standard?	7.1 "expenses" including losses, means decreases, in economic resources, either by way of decreases in assets or increases in liabilities, resulting from the operations, transactions and events of the accounting period; 7.1 "interest" means interest expense; 7.1 "revenues" including gains, means increases in economic resources, either by way of increases in assets or decreases in liabilities, resulting from the operations, transactions and events of the accounting period;
What do the new standard(s) look like?	7.1 "expenses" including losses, means ~~decreases, in economic resources, either by way of decreases in assets or increases in liabilities, resulting from the operations, transactions and events of the accounting period;~~ the expenses accounted for on the statement of operations of a First Nation representing decreases in economic resources, either by way of outflows or reductions of assets or incurrences of liabilities, resulting from the First Nation's ordinary revenue generating or service delivery activities; 7.1 "interest" means the interest expense accounted for on the statement of operations of a First Nation representing the cost incurred by the First Nation for borrowed funds; 7.1 "revenues" including gains, means the revenues accounted for on the statement of operations of a First Nation representing increases in economic resources, either by way of ~~increases in~~ inflows and enhancements of assets or ~~decreases in~~ reductions of liabilities, resulting from the ~~operations, transactions and events of the accounting period~~ ordinary activities of the First Nation;

1.1.2 Adjustments to the Financial Performance Ratio Descriptions

Descriptions of the Fiscal Growth Ratio ("FGR") and Operating Margin Ratio ("OMR") have been expanded, clearly outlining what the ratio results mean.

What is the current standard?	7.5.2 Description of FGR – The FGR measures the average annual revenue growth rate expressed as a percentage. A growth rate of 0 or better indicates that revenue is growing. A growth rate of less than 0 indicates that revenue is shrinking which could indicate an unsustainable trend or potential structural deficit that can put fiscal stress on a First Nation's ability to maintain financial capacity to meet government program and service requirements, infrastructure spending, or servicing debt. 7.6.2 Description of OMR – The OMR measures the ability of a First Nation to sustain structural fiscal balance by determining the extent to which its revenues have been sufficient to meet its expenses. The OMR measures the First Nation's ability to generate sufficient revenues to satisfy expenses. The measure indicates whether the First Nation is spending beyond its revenue base and thus exerting fiscal stress on its financial capacity. A cumulative positive OMR indicates fiscal balance has been maintained, whereas a pattern of deficits signals fiscal imbalance and a need to fund deficits by borrowing.
What do the new standard(s) look like?	7.5.2 Description of FGR –The FGR measures the average annual revenue growth rate expressed as a percentage. A growth rate of 0 or better indicates that revenue is growing. ~~A growth rate of less than 0 indicates that revenue is shrinking which could indicate an unsustainable trend or potential structural deficit that can put fiscal stress on a First Nation's ability to maintain financial capacity to meet government program and service requirements, infrastructure spending, or servicing debt.~~ A ratio of 0 would indicate no revenue growth year after year, when compared over a 5-year period. A growth rate of less than 0 indicates that revenue is decreasing which could indicate an unsustainable trend. 7.6.2 Description of OMR – The OMR measures the ability of a First Nation to sustain structural fiscal balance by determining the extent to which its revenues have been sufficient to meet its expenses. ~~The OMR measures the First Nation's ability to generate sufficient revenues to satisfy expenses. The measure indicates whether the First Nation is spending beyond its revenue base and thus exerting fiscal stress on its financial capacity.~~ A ratio of 0 or greater indicates that sufficient revenue is generated to meet expenses. A ratio less than 0 would indicate that a First Nation is spending beyond its revenue base and thus, exerting stress on its financial capacity. A cumulative positive OMR indicates fiscal balance has been maintained, whereas a pattern of deficits signals fiscal imbalance and a need to fund deficits by borrowing.

1.2 Rationale - Financial Performance Ratios

The amendments to Section 7.1 of the FP Standards address the need to update and clarify definitions, particularly regarding purchased intangible assets. When the FP Standards were last revised in 2019, recognition of purchased intangible assets was prohibited under PSAS. Since then, First Nation governments are now permitted to recognize purchased intangible assets on their statements of financial position. PSAS 1202 also introduced updated definitions and presentation requirements for financial and non-financial assets and liabilities, which have informed the changes to the FP Standards.

The 2019 FP Standards do not include a definition for purchased intangible assets, inventory, non-financial assets, financial liabilities, and non-financial liabilities, creating a gap in guidance. To ensure consistency and clarity, the FP Standards have adopted the definitions used in FMB's NPO Standards, as appropriate, which provides sufficient detail and aligns with the updated PSAS requirements. This change supports accurate financial reporting and ensures the FP Standards remain current and relevant to First Nation governments' evolving financial environments. Additional refinements to the definitions of expenses, interest, and revenues are also included to better reflect operational realities. Finally, descriptions of the FGR and OMR have been enhanced to provide more practical guidance and improve interpretability.

2.0 Normalization Adjustments and Comparability Adjustments

2.1 Changes – Normalization Adjustments

2.1.1 Detail Added to Normalization Adjustments

The amendments to Section 8.1 of the FP Standards expand and clarify the guidance on normalization adjustments. While the 2019 FP Standards provide a framework for adjusting extraordinary events, the revised language offers additional detail on how such adjustments may be applied.

What is the current standard?	8.1 Normalization adjustments for extraordinary events – If, in the opinion of the FMB, a First Nation's ability or inability to satisfy a threshold described in Standard 7.0 resulted from the inclusion of an extraordinary event, the FMB may, in its discretion, remove an amount attributable to that event from calculation of the First Nation's ratios in order to better evaluate the First Nation's financial performance. An extraordinary event must be both unusual and infrequent. Unusual events are highly abnormal and unrelated to the ordinary and typical activities of a First Nation. Infrequent events are reasonably expected not to recur going forward.
What do the new standard(s) look like?	8.1 Normalization adjustments for extraordinary events - If, in the opinion of the FMB, a First Nation's ability or inability to satisfy a threshold described in Standard 7.0 resulted from the inclusion of an extraordinary event or from the impact of extraordinary circumstances, the FMB may, in its discretion, ~~remove an amount attributable to that event from calculation of the First Nation's ratios~~ in order to better evaluate the First Nation's financial performance: a. reclassify a balance or financial transaction included in the First Nation's financial statements related to the event or circumstance, and b. adjust, add or remove an amount attributable to the event or circumstance from the calculation of a ratio contained within the FP Standards. An extraordinary event must be both unusual and infrequent. Unusual events are highly abnormal and unrelated to the ordinary and typical activities of a First Nation. Infrequent events are reasonably expected not to recur going forward. Extraordinary circumstances also include circumstances beyond a First Nation's control that normal prudence and experience could not foresee, anticipate or provide for.

2.2 Changes - Comparability Adjustments

2.1.2 Minor Enhancement to the Comparability Adjustments Description

The word "adjust" has been added to enhance flexibility for the reviewer to exercise professional judgement, depending on the nature, circumstance, and magnitude of the comparability adjustment required.

What is the current standard?	8.2 Comparability adjustments – If, in the opinion of the FMB, a First Nation's ability or inability to satisfy a threshold described in Standard 7.0 resulted from historical differences in accounting policy, bookkeeping procedure, or financial statement presentation, the FMB may, in its discretion, a. reclassify a balance or financial transaction of a First Nation included in the First Nation's financial statements, and b. add or remove that balance or transaction from the calculation of a ratio contained within Standard 7.0.
What do the new standard(s) look like?	8.2 Comparability adjustments – If, in the opinion of the FMB, a First Nation's ability or inability to satisfy a threshold described in Standard 7.0 resulted from historical differences in accounting policy, bookkeeping procedure, or financial statement presentation, the FMB may, in its discretion, a. reclassify a balance or financial transaction of a First Nation included in the First Nation's financial statements, and b. adjust, add or remove that balance or transaction from the calculation of a ratio contained within Standard 7.0.

2.3 Rationale - Normalization Adjustments and Comparability Adjustments

The amendments to the FP Standards are intended to expand and clarify existing guidance related to normalization and comparability adjustments. The 2019 FP Standards provide a foundation for evaluating extraordinary events and historical accounting differences; however, the revised language introduces additional flexibility and descriptive detail to support professional judgement. The inclusion of the term "adjust" allows for greater discretion in modifying line items or transactions presented in financial statements, beyond simply adding or removing amounts. By aligning with the new requirements of PSAS 1202 and incorporating broader definitions, the revised Standards will enhance consistency, improve interpretability, and support more accurate and transparent financial performance assessments.

Which Core Documents and Reference Materials do the amendments impact?

C2 - FP Standards	C1 - FP Certification Procedures

FINANCIAL MANAGEMENT SYSTEM STANDARDS – B2

3.0 Financial Administration Law

Overview – Financial Administration Law Repeal

The 2019 FMS Standards do not provide a process for repealing a FAL after approval, leaving First Nation governments without clear guidance. This amendment establishes a formal and consistent framework for repeal, supporting transparency, accountability and sound governance. It ensures that any decision to repeal a FAL is carried out in an orderly, informed and responsible manner consistent with the principles of good financial governance.

3.1 Changes – Financial Administration Law Repeal

3.1.1 – Additions to the Financial Administration Law Requirement Respecting Repeal

The 2019 FMS Standards do not include any provisions addressing the repeal of a FAL once it has been approved. As a result, there is no formal framework to guide a First Nation government that may later determine that repealing its FAL is necessary or appropriate.

The change now establishes a foundation for a First Nation government to repeal its FAL following approval. It provides clarity and consistency in the repeal process, supports sound governance and accountability and ensures that any decision to repeal is carried out in an orderly and transparent manner.

What is the current standard?	7.1 Approved FAL in force – The First Nation has a FAL which meets the following requirements: a. the FAL meets the Financial Administration Law Standards in effect on the date the First Nation requests the FMB to conduct a formal review of its financial management system under the Financial Management System Certification Procedures; b. the FMB has issued a compliance approval for the FAL under section 9 of the Act; and c. all the provisions of the approved FAL are in force.
What do the new standard(s) look like?	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.

3.1.2 – Additions to the Informing and Involving Citizens Requirements

The 2019 FMS Standards required First Nation governments to involve or inform their citizens when proposing amendments to its FAL. To promote consistency and transparency, the amendments extend this requirement to the repeal of a FAL, ensuring that citizens are also involved or informed in such cases.

What is the current standard?	29.3.5 First Nation membership information or involvement policy/procedures – The council demonstrates that it has established and implemented a documented policy and procedures respecting the involvement in or informing First Nation members about the approval of any proposed amendments to the FAL. 29.3.6 Compliance with FAL, etc. - The council demonstrates that it has complied with the requirements of the FAL and any applicable First Nation policies or procedures respecting the involvement in or informing First Nation members about the approval of any proposed amendments to the FAL.
What do the new standard(s) look like?	29.3.5 First Nation membership information or involvement policy/procedures – The council demonstrates that it has established and implemented a documented policy and procedures respecting the involvement in or informing First Nation members about the approval of 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 members about the approval of the repeal of the FAL or any proposed amendments to the FAL.

Which Core Documents and Reference Materials do the amendments impact?

B2 - FMS Standards	B1 – FMS Certification Procedures	A2 – FAL Standards	A1 – FAL Certification Procedures	Sample FAL	A4 - Sample FAL Explanatory Notes	Sample Finance Policy

3.2 Rationale – Financial Administration Law Repeal

Including standards for the repeal of a FAL is necessary to ensure clarity, consistency, and good governance within the FMS framework. In the absence of explicit standards, First Nation governments lack clear direction on how to repeal a FAL once approved. This amendment addresses that gap by setting out a clear and transparent process, extending existing requirements to involve or inform citizens from FAL amendments to FAL repeals, and supporting accountable and responsible financial governance.

4.0 Finance and Audit Committee

Overview – Finance and Audit Committee Amendments

FMB has targeted amendments to the 2019 FMS Standards respecting the Finance and Audit Committees ("FAC"), informed by feedback from affected parties and a comparative analysis of governance practices across nine Canadian entities. Key changes include:

- **Composition Flexibility:** FAC must include at least one Council representative, who may serve as either a voting or non-voting member; however, the remaining members may be entirely external to Council. This change responds to First Nation governments' requests for autonomy while introducing safeguards such as mandatory reporting to Council and enhanced monitoring requirements.

- **Strengthened Fraud Oversight:** The FAC's role in fraud prevention and detection is clarified and reinforced, including responsibility for evaluating internal controls and, where appropriate, overseeing investigations.

- **Reporting and Assessment Enhancements:** The amendments promote flexible communication procedures and encourage self-assessment of committee effectiveness, supporting transparency and accountability.

These changes aim to modernize the Standards while respecting the diverse governance structures of First Nation governments.

4.1 Changes – Finance and Audit Committee

4.1.1 – Revised Council Representation Requirement

First Nation governments have requested more flexibility, including the option for fully non-Council FAC. Further, current requirements mandating Council member participation are overly prescriptive, inconsistent with leading guidance and not specified by reputable internal control frameworks such as the *Committee of Sponsoring Organizations of the Treadway Commission ("COSO").* In response, FAC may now be composed primarily of non-Council members, while still including at least one Council representative, who may serve as either a voting or non-voting member.

What is the current standard?	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) councillor must be a member of a committee consisting of three (3) members and at least two (2) councillors must be members of a committee consisting of four (4) or more members, ii. a majority of the members must have financial competency,

	iii. all members must be independent, iv. all members are eligible to be members of the committee; c. appointed a chairperson and a vice-chairperson of the committee, one (1) of whom must be a councillor; 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. on request of a chairperson of the committee who is not a councillor, has provided the chairperson with any materials or information provided to the council respecting the matters before it.
What do the new standard(s) look like?	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) ~~councillor must be a member of a committee consisting of three (3) members and at least two (2) councillors must be members of a committee consisting of four (4) or more members,~~ voting or non-voting member from council, ii. a majority of the members must have financial competency, iii. all members must be independent, iv. all members are eligible to be members of the committee; c. appointed a chairperson and a vice-chairperson of the committee~~, one (1) of whom must be a councillor~~; 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. ~~on request of a chairperson of the committee who is not a councillor, has~~ provided the chairperson of the committee with any materials or information available ~~provided~~ to the council respecting the matters before it, upon request of the chairperson.

4.1.2 Removal of Staggered Term Requirement

First Nation governments often appoint all councillors to their FAC. When their terms in office end, they are removed from FAC at the same time. Requiring staggered terms interferes with electoral systems and may impact First Nation governments with an all-Council FAC composition.

What is the current standard?	11.2.6 Term requirements – The council establishes and implements a documented policy and procedures to monitor the terms of office of members of the finance and audit committee and to take necessary actions to ensure that these terms of office: 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, b. are staggered to ensure the continuing effectiveness of the committee and to provide for succession planning, and c. meet the requirements set out in the FAL.
What do the new standard(s) look like?	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, ~~b. are staggered to ensure the continuing effectiveness of the committee and to provide for succession planning, and~~ b~~c~~. meet the requirements set out in the FAL.

4.1.3 Additions to FAC's Responsibilities Respecting Fraud

The previous Standards lacked clarity on FAC's authority and responsibilities in investigating and responding to fraud.

What is the current standard?	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.
What do the new standard(s) look like?	11.2.9 Record of additional roles, etc. – The council demonstrates that it has documented in the finance and audit committee's terms of reference the committee's roles and responsibilities under the FAL and any additional roles and responsibilities that the council assigns to the committee including the following: a. evaluates and report on the effectiveness of internal controls with respect to the prevention and detection of fraud at least annually, b. oversees and directs investigations into actual or alleged fraud where appropriate.

4.1.4 Additions to FAC's Meeting Records

With the enhanced flexibility in composition above, safeguards are needed to ensure transparency and oversight if no Council members are present, therefore it is important that Council be informed of the discussion supporting recommendations had during FAC meetings.

What is the current standard?	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 within a reasonable time after each meeting.
What do the new standard(s) look like?	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.

4.1.5 Additions to FAC Monitoring

Consistent with the above, with no Council members present and quorum is achieved, there is a need to ensure that Council is monitoring the effectiveness of the FAC.

What is the current standard?	N/A – Currently, there is no FMS Standard pertaining to the monitoring of FAC.
What do the new standard(s) look like?	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.

4.2 Rationale – Finance and Audit Committee

The amendments to the FMS Standards focus on enhancing flexibility, clarity, and accountability in how the FAC is structured and operated.

First Nation governments will now have the option of having a FAC primarily composed of non-Council members, while still including at least one Council representative, who may serve as either a voting or non-voting member. This gives the First Nation governments greater autonomy to elect FAC members in a manner that aligns with their specific needs and governance structure. The amendment will require new safeguards—such as formal communication and reporting protocols - to ensure Council remains informed of FAC activities.

First Nation governments will continue to have discretion to determine appropriate FAC term lengths and appointment dates. Specifically, the requirement for staggered terms has been removed, allowing for better alignment of FAC membership terms with their election and governance needs.

With this enhanced flexibility in composition, it is important that Council monitor the effectiveness of the FAC, ensuring that the duties and responsibilities set out in the FAL and FAC's terms of reference are fulfilled. Succession planning provisions have been included in the new monitoring standard, as it is important that FAC remain operational when terms expire or electoral cycles necessitate that new FAC members be appointed.

The FAC's responsibilities are expanded to explicitly include evaluating effectiveness of internal controls and overseeing investigations into actual or alleged fraud. First Nation governments will now have clear expectations for FAC involvement in identifying and addressing fraud risks, supporting stronger financial integrity.

Overall, these amendments give First Nation governments greater control and adaptability in managing financial oversight while strengthening governance practices. The changes balance flexibility with accountability and better reflect the diverse governance structures of the First Nation governments.

4.3 Evaluation of Alternatives

First Nation governments have expressed that recruitment of FAC members is challenging – especially for First Nation governments who are geographically isolated, or who face capacity constraints from a Council and citizenship perspective. The FMB considered permitting First Nation government employees to serve on FAC to alleviate recruitment issues but could not reduce the risk of self-review and conflict of interest. Given that FAC serves a crucial oversight function and supports the effective operation of the financial management system as a whole, the removal of the FAC requirement in general, or the inclusion of First Nation government employees is not included in these amendments.

Which Core Documents and Reference Materials do the amendments impact?

B2 - FMS Standards	B1 – FMS Certification Procedures	A2 – FAL Standards	A1 – FAL Certification Procedures	Sample FAL	A4 - Sample FAL Explanatory Notes	Sample Finance Policy	Sample Governance Policy - FAC Terms of Reference

5.0 Compliance Declaration – Code of Conduct

Overview - Compliance Declaration Amendments

A new requirement has been added the FMS Standards requiring councillors to sign a conduct declaration upon appointment and annually thereafter, underscoring their critical role in promoting ethical leadership within the financial management system. This amendment reinforces consistent and transparent application of conduct expectations for all individuals involved in the financial management practices of the First Nation government.

5.1 Changes – Compliance Declaration

5.1.1 Compliance Declaration of Councillors Upon Appointment and Annually Thereafter

The 2019 FMS Standards do not require councillors to sign a conduct declaration form upon appointment and annually thereafter. Since councillors play a critical leadership role in setting the tone at the top within the financial management system, the Standards have been revised to include this requirement.

This amendment supports consistent and transparent application of conduct expectations for all individuals involved in the First Nation government's financial management system.

What is the current standard?	13.5 Compliance declaration – The council establishes and implements a documented policy and procedures for the following purposes: a. to ensure that every officer, employee, committee member, contractor and agent when engaged in a duty or responsibility relating to the First Nation's financial management system signs a declaration indicating they understand and agree to comply with the applicable conduct expectations as set out in the FAL or in First Nation policies and procedures; b. to ensure that the declarations referred to in paragraph a. are signed i. when the officer, employee, committee member, contractor or agent is first hired, appointed or retained, as the case may be, and ii. annually after that;
What do the new standard(s) look like?	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;

5.2 Rationale – Compliance Declaration

The 2019 FMS Standard directs users to the classes of persons identified in FMS Standard 13.0. While councillors are referenced throughout FMS Standard 13.0, there is no explicit requirement for them to sign conduct declarations; the Standard only requires compliance with the FAL and applicable First Nation government conduct-related policies and procedures. Since councillors play a critical leadership role in setting the tone at the top, their adherence to formal conduct expectations is essential. The amendment provides greater clarity and ensures consistent application of these expectations.

Which Core Documents and Reference Materials do the amendments impact?

B2 - FMS Standards	A2 – FAL Standards	Sample FAL	A4 - Sample FAL Explanatory Notes

6.0 For-Profit Business Activity

Overview - For-Profit Business Activity Amendments

FMB has amended the FMS Standards to address persistent challenges First Nation governments face in meeting requirements related to for-profit business activities. Historical FMS Certification data shows a high rate of "Not Achieved" results under the current FMS Standards 20.1.2d and 20.1.3, primarily due to insufficient documentation of monitoring efforts and a gap between actual practices compared to established policies.

To improve clarity and understandability, amendments to FMS Standard 20.1.1 introduce scope definitions directly within the Standard, prompting First Nation governments to develop distinct policy sections tailored to internal and external for-profit activities. Changes to the Sub-standards in FMS Standard 20.1.2 emphasize the difference between monitoring and financial reporting—an area that has caused confusion in the past and contributed to non-compliance. The removal of FMS Standard 20.1.3 further streamlines the Standards by consolidating monitoring expectations and reducing prescriptive requirements, encouraging flexibility and customization.

These amendments aim to reduce barriers to compliance, support clearer documentation, and better reflect the operational realities of First Nation governments' for-profit ventures.

6.1 Changes – For-Profit Activities

6.1.1 Clarification for Policy Sections Required for Segments and Separate Legal Entities

The for-profit Standards were identified as a standard that First Nation governments were commonly receiving a "Not Achieved" result for during FMS review.

Amendments to FMS Standard 20.1.1 allow for clarity to be added by specifying the scope directly within the Standard for both internal and external users which will result in separate policy sections that are tailored to the unique circumstances for monitoring and financial reporting requirements.

What is the current standard?	20.1.1 Risk management policy/procedures – The council establishes and implements a documented policy and procedures that ensure that the risks associated with the First Nation carrying on for-profit activities are limited or managed.
What do the new standard(s) look like?	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.

6.1.2 Distinction Between Monitoring and Financial Reporting

Amendments to FMS Standard 20.1.2 highlights the distinct difference between monitoring and financial reporting for First Nation governments which is often the reason for receiving a "Not Achieved" result during testing.

What is the current standard?	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
What do the new standard(s) look like?	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

6.1.3 Removal of Requirement for For-Profit Activities of the First Nation to Comply with the FAL

Removal of FMS Standard 20.1.3 will clarify that testing the monitoring efforts against the policy is required for both types of for-profit activities and avoid more prescriptive requirements to encourage customization and flexibility in how for-profit activities are monitored.

What is the current standard?	20.1.3 Compliance with FAL, etc. – The council demonstrates that any for-profit activities of the First Nation (other than those being carried out by separate legal entities in which the First Nation has an interest) are being conducted in accordance with the requirements of the FAL and any applicable First Nation policies or procedures
What do the new standard(s) look like?	~~20.1.3 Compliance with FAL, etc. – The council demonstrates that any for-profit activities of the First Nation (other than those being carried out by separate legal entities in which the First Nation has an interest) are being conducted in accordance with the requirements of the FAL and any applicable First Nation policies or procedures~~

6.2 Rationale – For-Profit Activities

The amendments respond directly to FMS certification trends that reveal systemic barriers to compliance among First Nation governments, particularly around monitoring practices and policy execution. By refining the Standards to better distinguish oversight from reporting, the changes promote a more adaptable framework. This shift empowers First Nation governments to align governance practices with their unique operational contexts, making certification more attainable and meaningful.

Which Core Documents and Reference Materials do the amendments impact?

B2 - FMS Standards	B1 – FMS Certification Procedures	A2 – FAL Standards	A1 – FAL Certification	Sample FAL	A4 - Sample FAL Explanatory Notes	Sample Finance Policy

7.0 Investments

Overview – Investments Amendments

The FMB updated the FMS Standards to modernize investment guidance and better reflect the financial realities and governance responsibilities of First Nation governments. Current restrictions under FMS Standard 20.4.4, based on Paragraph 82(3) of the Act, limit eligible investments to low-risk instruments such as government-backed securities and insured deposits. While these safeguards are important, they may unintentionally discourage First Nation governments from pursuing diversified strategies that align with their long-term goals and are not prohibited by law.

To address this, the amendments clarify that broader investment options for government transfer funds—such as mutual funds or equities—may be considered when consistent with a First Nation government's approved investment strategy. New provisions for capital preservation and liquidity will also be introduced, promoting best practice from a risk-management lens.

In addition, to strengthen governance and transparency around settlement monies, the new standards guide internal assessments and citizen involvement in long-term investment decisions. These updates emphasize the importance of citizen consultation for long-term investment decisions, reinforcing transparency and trust.

Together, these amendments support responsible stewardship, enhance flexibility, and empower First Nation governments to make investment decisions that reflect their unique priorities and community values.

7.1 Changes – Investments

7.1.1 Addition of Capital and Liquidity Requirements and Adherence to Applicable Legislation

A key consideration for limiting risk when considering investment options is preservation of capital and liquidity requirements – making sure that a First Nation government has enough "cash-on-hand" to operate at the speed of business, while balancing the need to maximize return on investment.

Additionally, although it is not prescribed by law or regulation that First Nation governments may only invest government transfer funds in those investments specified in current FMS Standard 20.4.4, it is still imperative that investment decisions be made respecting any applicable legislation or agreement.

What is the current standard?	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. approvals to be given before investing; c. reviews to be conducted to determine if the investments meet the requirements of the FAL and are consistent with the investment management strategy of the First Nation; and d. records to be kept and retained of all investment decisions.
What do the new standard(s) look like?	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; ~~b.~~ c. approvals to be given before investing; ~~c.~~ 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; ~~d.~~ e. records to be kept and retained of all investment decisions and; f. compliance with applicable legislation or agreements.

7.1.2 Removal of Restrictions for Government Transfer Funds

As described above, the current investment standards for First Nation governments are overly restrictive, misaligned with those applied to other forms of government and are not mandated by any law or statute, specifically for government transfer funds.

What is the current standard?	20.4.4 Restrictions on investments – The council demonstrates that it has established and implemented a documented policy and procedures to ensure that government transfer funds and local revenue funds may only be invested in e. investments specified in paragraph 82(3)(a), (b), (c) or (d) of the Act, and

	f. investments in securities issued by the First Nations Finance Authority or a municipal finance authority established by a province.
What do the new standard(s) look like?	20.4.4 Restrictions on investments – The council demonstrates that it has established and implemented a documented policy and procedures to ensure that ~~government transfer funds and~~ local revenue funds may only be invested in ~~e.~~ a. investments specified in paragraph 82(3)(a), (b), (c) or (d) of the Act, and ~~f.~~ b. investments in securities issued by the First Nations Finance Authority or a municipal finance authority established by a province.

7.1.3 Addition of Required Policy and Procedures Respecting Trusts and Other Long-Term Investment Instruments

The current investment standards and policies are silent on protocols for settlement monies received from specific, treaty land entitlement or comprehensive claims. As the receipt of settlement monies is a significant and highly publicized topic for First Nation governments and of utmost importance to citizens, additional standards are added to reflect consideration of settlement monies.

What is the current standard?	N/A – Currently, the FMS Standards do not include provisions for the establishment of trusts or other long-term investment instruments.
What do the new standard(s) look like?	NEW Trusts and long-term investment policies/procedures - the Council establishes and implements a documented policy and procedures respecting the establishment of trusts or other long-term investment instruments restricted for a specific use.

7.1.4 Citizen Involvement and Information Regarding Trusts and Other Long-Term Investment Instruments

Citizen involvement in long-term investment decisions is critical to ensure transparency and accountability. This amendment reflects similar communication requirements for the investment in tangible capital assets.

What is the current standard?	N/A – Currently, the FMS Standards do not require compliance with the FAL with respect to informing or involving citizens about long-term investment decisions.
What do the new standard(s) look like?	NEW Compliance - the council demonstrates that it has complied with the requirements of the FAL or First Nation policies and procedures respecting the involvement in or informing of First Nation citizens about the establishment of a trust or other long-term investment instrument and the permitted uses of funds contained therein.

7.2 Rationale - Investments

These amendments mark a significant shift toward equity and autonomy in financial governance for First Nation governments. By removing overly prescriptive investment restrictions for government transfer funds and introducing provisions for capital preservation, liquidity, and legal compliance, the revised Standards empower First Nation governments to pursue investment strategies that reflect their unique priorities—without being held to stricter rules than other levels of governments. The addition of protocols for managing and consulting on long-term investment decisions further strengthens transparency and accountability, especially in areas of deep community significance. Together, these changes promote responsible stewardship while respecting the sovereignty and strategic vision of First Nation governments.

7.3 Evaluation of Alternatives

The FMB considered retaining the requirement to restrict the types of investments that can be made with government transfer funds. This restriction is consistent with other municipal finance regimes and is found within the FMA regime. However, the FMB has taken the position that these restrictions are overly prescriptive, and that the Council of a First Nation government should be able to make decisions respecting investment types, so long as they are within the boundaries of applicable legislation and the terms of any agreements, which are expected to vary from First Nation government to First Nation government. Further, the establishment and implementation of an investment policy combined with a robust risk assessment procedure as part of an overall investment management strategy is sufficient to reduce the risk of investing to an acceptable level as determined by the Council of a First Nation government.

Which Core Documents and Reference Materials do the amendments impact?

B2 - FMS Standards	B1 – FMS Certification Procedures	A2 – FAL Standards	A1 – FAL Certification	Sample FAL	A4 - Sample FAL Explanatory Notes	Sample Finance Policy

8.0 Emergencies

Overview – Emergencies

The FMB updated the FMS Standards for emergency planning to reflect a more modern, scalable, and comprehensive approach. These amendments are informed by an analysis of emergency preparedness legislation and practices across five diverse Canadian municipalities. The 2019 Standards focus primarily on financial impacts and response measures, with prescriptive language tied to specific emergency types. However, they lack guidance on recovery and operational continuity—key components of effective emergency management.

To align with widely accepted best practices, the revised Standards incorporate the full four-pillar framework of emergency planning: Prevention and Mitigation, Preparedness, Response, and Recovery. This ensures First Nation governments have a more holistic foundation for managing emergencies. The amendments also emphasize the importance of regular communication and annual review of emergency plans, supporting a proactive, risk-reduction approach. These changes aim to strengthen resilience, improve clarity, and better support First Nation governments in safeguarding their communities and operations during and after emergencies.

8.1 Changes – Emergencies

8.1.1 Emphasis on Emergency Planning and Disaster Recovery

In recent years, First Nation governments across Canada have faced significant and ongoing impacts from natural disasters, underscoring the urgent need for a comprehensive and well-documented emergency plan. The 2019 Standards were found to be overly prescriptive, focusing on types of natural disasters a First Nation government should plan for, only impacting the finances of the First Nation government.

What is the current standard?	20.6.1 Emergency plans – The council establishes and implements documented emergency and contingency plans to address potential emergency situations that may affect the finances of the First Nation.
What do the new standard(s) look like?	20.6.1 ~~Emergency plans – The council establishes and implements documented emergency and contingency plans to address potential emergency situations that may affect the finances of the First Nation.~~ 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.

8.1.2 Plan Content Shifted Toward Risk Management and Operational Continuity

The standard has been amended to emphasize risk management and operational continuity of the financial management system, ensuring that all four pillars of emergency preparedness are addressed including: Prevention and Mitigation, Preparedness, Response and Recovery.

What is the current standard?	20.6.2 Plan content – The plans referred to in standard 20.6.1 a. include provision for fires, natural disasters, and environmental risks, b. are appropriate to the size, risk and impact of potential emergencies, c. require periodic emergency drills, and contact lists, d. require communication of the plans to all affected persons, and e. require annual review of the plans.
What do the new standard(s) look like?	20.6.2 ~~Plan~~ Required content – ~~The plans~~ The policies and procedures referred to in standard 20.6.1 require a. ~~include provision for fires, natural disasters, and environmental risks~~, contingency plans for core services[1] that include the recovery of systems, data, and operations;

[1] Core services are defined as those designated by the First Nation government that are essential to the continued operation of the FMS during an emergency situation. From a testing perspective, segments disclosed on the audited annual financial statements would be compared against a checklist completed by the First Nation government, each labelled as core or non-core.

	b. ~~are appropriate to the size, risk and impact of potential~~ 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. ~~require periodic emergency drills, and contact lists,~~ assignment of roles and responsibilities of personnel within a continuity plan and the delivery of adequate training to fulfill those roles; f. require annual review of the plans.

8.2 Rationale - Emergencies

The amendments to the FMS Emergency Planning Standards mark a strategic shift from a prescriptive, disaster-type focus to a more holistic and resilient framework grounded in risk management and operational continuity. By integrating all four pillars of emergency preparedness: Prevention and Mitigation, Preparedness, Response, and Recovery, the revised Standards better reflect contemporary best practices and support long-term sustainability of financial operations. The primary shift will be in how FMS testing is conducted, with increased emphasis on continuity and recovery of critical financial functions. This evolution ensures that First Nation governments are not only prepared to respond to emergencies but are also equipped to recover and maintain essential services with minimal disruption.

Which Core Documents and Reference Materials do the amendments impact?

B2 - FMS Standards	B1 – FMS Certification Procedures	A2 – FAL Standards	A1 – FAL Certification	Sample FAL	A4 - Sample FAL Explanatory Notes	Sample Finance Policy	Emergency Planning Guide

9.0 Risks of Fraud

Overview – Risks of Fraud Amendments

FMB amended the FMS Standards to strengthen fraud risk management for First Nation governments. These changes respond directly to concerns raised by First Nation governments in fraud awareness, prevention, and oversight—particularly as cyber-fraud becomes an increasing threat.

The introduction of new Standards requires First Nation governments to establish a fraud risk management program, including policies for identifying and assessing fraud risks, creating a detailed risk mitigation plan, annual program evaluations, and education and awareness training for all personnel. Cyber-fraud is specifically addressed within the training

component. Additionally, the role of the FAC clarified, empowering it to oversee fraud investigations and evaluate internal controls.

These amendments are based on review of the 2023 Fraud Risk Management Guide published by COSO and the Association of Certified Fraud Examiners ("ACFE"), which outlines best practices in fraud identification, assessment, and training.

9.1 Changes – Risks of Fraud

9.1.1 Council Expectations and Commitment to Integrity and Ethical Values

The updates respond directly to feedback from First Nation governments, who are facing challenges with fraud awareness and prevention and recognizing that cybercrime now represents a major and growing threat to First Nation governments.

What is the current standard?	20.8.1 Risk of fraud policy/procedures - The council demonstrates that it has established a documented policy and procedures for the identification and assessment of the risks of fraud to the First Nation.
What do the new standard(s) look like?	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 ~~for the identification and assessment of the risks of fraud to the First Nation.~~

9.1.2 Establishment of a Fraud Risk Management Program

Establishment of a fraud risk management program is the best line of defense against internal and external threats and goes beyond just the identification and assessment of risks of fraud but also outlines the preventative actions a First Nation government can implement to protect against these threats.

What is the current standard?	20.8.2 Compliance with FAL, etc. – The council demonstrates compliance with the requirements of the FAL or applicable First Nation policies and procedures respecting the identification and assessment of the risks of fraud to the First Nation referred to in standard 20.8.1.
What do the new standard(s) look like?	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 ~~identification and assessment of the risks of fraud to the First Nation~~ referred to in standard 20.8.1.

9.1.3 Required Content for a Fraud Risk Management Program

The 2019 FMS Standards lack clear guidance on fraud risk assessment, remediation plan, education, and the evolving risk of cyber-fraud. They also do not clearly define the FACs role in investigating fraud. These gaps limit First Nation governments' ability to proactively manage fraud risks and maintain financial integrity.

What is the current standard?	N/A – Currently, the FMS Standards do not include required content for a fraud risk management program.
What do the new standard(s) look like?	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.

9.3 Rationale – Risks of Fraud

The new fraud risk standard will equip First Nation governments with clearer, more practical tools to proactively manage fraud risks, including the growing threat of cyber-fraud. By requiring structured fraud risk management programs and clarifying the oversight role of the FAC, the changes aim to strengthen financial integrity and accountability while respecting the diversity of First Nation governments' governance models.

Which Core Documents and Reference Materials do the amendments impact?

B2 - FMS Standards	B1 – FMS Certification Procedures	A2 – FAL Standards	A1 – FAL Certification	Sample FAL	A4 - Sample FAL Explanatory Notes	Sample Finance Policy

10.0 Information Technology Controls

Overview – Information Technology

Amendments to the FMS Standards will strengthen the Information Technology ("IT") control environment in response to the growing threat of cybercrime targeting public sector entities. Government organizations are among the most frequently attacked sectors, underscoring the urgent need for more resilient and clearly defined IT controls.

The revised Standards aim to provide broader coverage and improved clarity by distinguishing between IT general controls (e.g., access management, system development) and IT application controls (e.g., data validation, transaction integrity). These changes are informed by the Institute of Internal Auditors' *Global Technology Audit Guide 1, 2nd Edition ("GTAG 1")*, a widely recognized resource for IT governance and assurance. Each component of GTAG 1 has been carefully reviewed and aligned with the operational realities of First Nation governments, ensuring relevance and applicability.

External validation by subject matter experts, including Deloitte LLP, has confirmed the appropriateness of the revisions. The overall goal is to enhance oversight, reduce vulnerability to IT fraud, and support stronger digital infrastructure across First Nation governments.

10.1 Changes – Information Technology Controls

10.1.1 Restructuring of the IT Standards

The IT Standards have been restructured to separate the roles and responsibilities of those involved in the administration and management of the information technology environment from the actual IT general controls themselves.

What is the current standard?	N/A – Standard structure has been amended, see below.
What do the new standard(s) look like?	NEW - 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.

10.1.2 Refinement of IT Objectives

The 2019 IT Standards conflict between IT general controls with IT application controls, leading to ambiguity in the interpretation and testing of the IT Standards. At the same time, the rapid rise of IT fraud and cybersecurity threats has fundamentally transformed the financial management system landscape, necessitating stronger controls, enhanced oversight and greater system resilience. However, the existing IT Standards do not provide sufficient coverage to adequately address these emerging risks. Further, amendments have been made to more closely align with the actual testing procedures undertaken during an FMS review.

What is the current standard?	20.10.3 Information technology policy/procedures – The council establishes and implements a documented policy and procedures for information technology used by the First Nation in its operations that ensure the following objectives are met: a. resource strategy and planning - information systems are developed that support the First Nation's strategic plan and operations; b. information systems operations – i. information systems are actively monitored for effectiveness; ii. transactions are processed in a timely manner; iii. only approved programs are used and these programs are accessible only by trained and authorized personnel; and iv. data is retained in accordance with legal requirements in applicable laws or in agreements to which the First Nation is a party and is retrievable when needed; c. outsourcing - selection of contractors providing information technology services, the definition of services in their contracts and the administration of their contracts is consistent with the needs of the First Nation as set out above; d. information security – i. security tools and techniques are implemented to enable restrictions on access to

	programs and data; and ii. security tools and techniques are administered to restrict access to programs and data; e. change management – i. the data structure is consistent with the needs of the First Nation as set out above; ii. new data structure and modifications to data structure are tested before implementation; iii. new network, communication and systems software are consistent with the needs of the First Nation as set out above; and iv. new computer hardware is consistent with the needs of the First Nation as set out above.
What do the new standard(s) look like?	20.10.3 Information technology policy/procedures – The council establishes and implements a documented policy and procedures for information technology used by the First Nation in its operations that ensure the following objectives are met: 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 actively monitored for effectiveness;~~ ~~ii. transactions are processed in a timely manner;~~ ~~iii. only approved programs are used and these programs are accessible only by trained and authorized personnel; and~~ ~~iv. data is retained in accordance with legal requirements in applicable laws or in agreements to which the First Nation is a party and is retrievable when needed;~~ i. information systems are secure ii. appropriate controls are implemented for each application used in the First Nation's operations 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. outsourcing - selection of contractors providing information technology services, the definition of services in their contracts and the administration of their contracts is consistent with the needs of the First Nation as set out above;~~ ~~d.~~ c. information security – i. security tools and techniques are implemented to enable restrictions on access to programs and data commensurate with roles and responsibilities; and ii. security tools and techniques are administered to restrict access to programs and data; iii. safeguards are implemented respecting confidential or sensitive data iv. monitoring of the vulnerabilities of the information system is conducted on a regular basis ~~e.~~ d. change management –

	i. ~~the data structure is consistent with the needs of the First Nation as set out above;~~ 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 ii. new ~~data structure~~ information systems and modifications to ~~data structure~~ information systems are tested before implementation; iii. segregation of duties is maintained throughout the change management process as set out above. ~~iii. new network, communication and systems software are consistent with the needs of the First Nation as set out above; and~~ ~~iv. new computer hardware is consistent with the needs of the First Nation as set out above.~~ 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 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. g. physical and environmental security – security tools and techniques are implemented to protect physical information technology equipment

10.1.3 Outsourcing IT Functions as a Standalone Standard

Outsourcing itself is not inherently risky but is a very common occurrence among First Nation governments – especially those with limited capacity or geographical constraints. Given the prevalence of outsourced IT functions, it is important that a First Nation government establish policies and procedures that support the effective oversight and administration of the contract.

What is the current standard?	N/A – Outsourcing is not a standalone standard and was originally included as a sub-standard. Per the amendments above, the sub-standard was removed, and a new stand-alone standard has been recommended.
What do the new standard(s) look like?	NEW - Information technology policy/procedures – The council establishes and implements a documented policy and procedures for outsourcing information technology management.

10.2 Rationale – Information Technology Controls

The amendments to the FMS Standards address gaps in the current IT control environment, which is broadly defined and lacks sufficient coverage to manage evolving risks. The changes introduce commonly used IT general controls and IT

application controls, aligned with guidance from GTAG 1, allowing First Nation governments to more easily interpret and implement each requirement based on its corresponding control type. Additionally, new Standards have been added to directly address IT fraud and cybersecurity risks, ensuring First Nation governments have designed and implemented controls that help mitigate threats and strengthen overall system resilience.

Which Core Documents and Reference Materials do the amendments impact?

B2 - FMS Standards	B1 – FMS Certification Procedures	A2 – FAL Standards	A1 – FAL Certification	Sample FAL	A4 - Sample FAL Explanatory Notes	Sample Information Management Policy

11.0 Quarterly Financial Statements

Overview – Quarterly Financial Statements Amendments

The quarterly financial statement standard was assessed against reporting requirements from federal and provincial governments. The federal government of Canada mandates submission of quarterly financial statements within 60 days following the end of each fiscal quarter. In contrast, provincial governments such as British Columbia, Ontario, and Alberta allow a broader reporting window ranging from 59 to 158 days. This discrepancy in timelines presents a challenge for consistent compliance, particularly when First Nation governments must navigate overlapping or conflicting expectations across jurisdictions.

11.1 Changes – Quarterly Financial Statements

11.1.1 Extension to Quarterly Reporting Timeline

The quarterly financial statements standard was identified as a standard that First Nation governments were commonly receiving a "Not Achieved" result for during FMS review.

The 2019 Standards for First Nation governments require the quarterly financial statements to be presented to the FAC within 45 days. However, the 45-day limit is overly strict when compared to other governmental bodies, therefore the standard is being amended to more closely align with the time requirements for other governments.

What is the current standard?	21.6.3 Provision to finance and audit committee/council – The statements referred to in standard 21.6.1 are provided to the finance and audit committee and the council not later than forty-five (45) days after the quarter for which the statements were prepared.
What will the new standard(s) look like?	21.6.3 Provision to finance and audit committee/council – The statements referred to in standard 21.6.1 are provided to the finance and audit committee and the council not later than ~~forty-five (45)~~ sixty (60) days after the quarter for which the statements were prepared.
Summary of Comments Received	Clarify that quarterly financial statements must be reviewed and recommended by the FAC and approved by Council within the prescribed reporting period, rather than merely provided within that period.

Analysis and Conclusion	The Final Standards will be revised to clarify that quarterly financial statements must be reviewed and recommended by the Finance and Audit Committee and approved by Council within 60 days after quarter-end. This editorial amendment clarifies the intended application of the existing standard and aligns with current implementation testing practices.
Final Standard	**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 ~~forty-five (45)~~ sixty (60) days after the quarter for which the statements were prepared.

11.2 Rationale – Quarterly Financial Statements

In a review of 30 instances where First Nation governments were evaluated under the 2019 FMS Standards, half received a "Not Achieved" result for quarterly financial statement compliance. This outcome highlights a systemic issue: the 45-day reporting requirement is significantly more stringent when compared against other provincial government standards, which may inadvertently set First Nation governments up for non-compliance. The inconsistency creates confusion and administrative burden, especially for communities with limited financial reporting capacity. These findings prompted a reconsideration of the standard's design, with a view to aligning expectations more realistically with other forms of governments while still upholding fiscal transparency. Amending the standard to reflect a harmonized timeline could improve compliance rates and better support First Nation governments in meeting their financial reporting obligations.

Which Core Documents and Reference Materials do the amendments impact?

B2 - FMS Standards	B1 – FMS Certification Procedures	Sample Finance Policy

12.0 Audited Annual Financial Statements

Overview – Audited Annual Financial Statements

The audited annual financial statement standard requires that designated individuals, as outlined in the FAL, sign the audited financial statements. However, in practice, many audited statements do not include designated space for these signatures, creating logistical barriers to compliance. This misalignment between the standard and the format of commonly issued financial statements has prompted an amendment to the standard, allowing for an alternative method of attestation that does not rely on additional signature lines being added directly to the statements.

12.1 Changes – Audited Annual Financial Statements

12.1.1 Signatures on Management Responsibility Letter and Editorial Change to Date

The 2019 Standards required the persons required in the FAL to sign the audited annual financial statements, however frequently there is no space on the annual audited financial statements for the individual to sign. The Standard has been amended to allow for an alternative option to avoid reliance on additional signature lines being added in on the statements.

In addition, a minor amendment was made to explicitly state that the audited annual financial statements are to be reviewed and approved by July 29, rather than 120 days after the fiscal-year end for ease of reference.

What is the current standard?	22.2.1 Statements review and approval – The council demonstrates that a. it has reviewed and approved the audited annual financial statements of the First Nation within one hundred twenty (120) days after the fiscal year-end or such earlier time specified in the FAL, and b. the audited annual financial statements have been signed by the persons required in the FAL.
What do the new standard(s) look like?	22.2.1 Statements review and approval – The council demonstrates that a. it has reviewed and approved the audited annual financial statements of the First Nation ~~within one hundred twenty (120) days after~~ 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.

12.2 Rationale – Audited Annual Financial Statements

In a review of 30 First Nation governments certified under the 2019 FMS Standards, 23 received a "Not Achieved" result for the audited annual financial statement requirement. This outcome revealed a systemic issue: while the Standard mandates signatures from FAL-designated individuals, the audited statements themselves often lack the physical space to accommodate them. As a result, communities were penalized for a formatting constraint beyond their control. To address this, the Standard was amended to permit alternative forms of attestation, reducing reliance on modifying official audit documents and improving accessibility. This change is expected to significantly enhance compliance and reduce administrative friction for First Nation governments.

Which Core Documents and Reference Materials do the amendments impact?

B2 - FMS Standards	B1 – FMS Certification Procedures	A2 – FAL Standards	A1 – FAL Certification	Sample FAL	A4 - Sample FAL Explanatory Notes	Sample Finance Policy

13.0 Annual Report Publication

Overview – Annual Report Publication

A recurring concern from affected parties is the need to manually calculate 180 days from the fiscal year-end to determine the annual report publication deadline. This process is prone to error and can lead to inconsistencies across reporting bodies. To streamline implementation and enhance clarity, the Standard has been amended to reference a fixed calendar date. By

anchoring the requirement to six months preceding the fiscal year-end, the amendment eliminates the need for manual calculation and simplifies compliance.

13.1 Changes – Annual Report Publication

13.1.1 Editorial Change to Date

The amendment allows the requirement to be based on six months preceding the year end, rather than being based on a number of days to simplify the implementation process.

What is the current standard?	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. one hundred eighty (180) days after the fiscal year-end
What do the new standard(s) look like?	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. ~~one hundred eighty (180) days after~~ September 30 following the fiscal year-end

13.2 Rationale – Annual Report Publication

This change is particularly beneficial for First Nation governments, many of whom face resource constraints and administrative challenges in meeting complex reporting requirements. A fixed calendar date provides a clear, predictable timeline that supports timely publication and reduces the risk of non-compliance. Ultimately, this amendment fosters greater transparency and accountability while respecting the operational realities of First Nation governments.

Which Core Documents and Reference Materials do the amendments impact?

B2 - FMS Standards	B1 – FMS Certification Procedures	A2 – FAL Standards	A1 – FAL Certification	Sample FAL	A4 - Sample FAL Explanatory Notes	Sample Finance Policy

14.0 Life-Cycle Planning

Overview – Life-Cycle Planning

The life cycle planning standard under 2019 FMS Standards was developed to align with asset management practices commonly used by municipal governments. A comparative review with policies from geographically diverse cities across Canada confirmed that the standard's requirements fall within the scope of broader governmental expectations. This alignment reinforces the standard's relevance and applicability across diverse governance contexts.

14.1 Changes – Life-Cycle Planning

14.1.1 Restructuring the Life-Cycle Planning Standard

The life-cycle planning standard was identified as a standard that First Nation governments were commonly receiving a "Not Achieved" result for FMS review.

A comparison with asset management policies from various municipal governments demonstrates that the standard is not overly prescriptive but is too broad in scope and should be separated into sub-standard a-e to provide more clarity.

What is the current standard?	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.
What do the new standard(s) look like?	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.

14.2 Rationale – Life-Cycle Planning

The fact that 25 out of 30 certified First Nation governments received a "Not Achieved" result underscores a significant implementation gap in life cycle planning. While the Standard aligns with asset management practices observed across various municipalities, First Nation governments often face distinct challenges—including limited infrastructure funding, staffing constraints, and differing governance structures. To improve clarity and reduce implementation barriers, the Standard has been modified to include Sub-standards that respond to feedback from FMS reviews and aim to support more consistent interpretation and application across First Nation governments, while also recognizing the need for future-capacity building and tailored guidance to support implementation.

Which Core Documents and Reference Materials do the amendments impact?

B2 - FMS Standards	B1 – FMS Certification Procedures

15.0 ADDITIONAL STANDARD SUGGESTED TO THE FMS STANDARDS B2

Overview - Free, Prior, and Informed Consent

To address the absence of standards supporting Free, Prior, and Informed Consent ("FPIC") within the current FMS framework, we introduced three new Standards. These Standards aim to formalize FPIC principles in policy content and community engagement practices.

15.1 Changes – Free, Prior, and Informed Consent

15.1.1 Required Policy and Procedures Respecting FPIC

The 2019 FMS Standards does not include Standards that support FPIC. FPIC is a principle that recognizes the right of Indigenous peoples to participate in decision-making processes that impact their lives and communities.

Based on the review of the 2019 Standards – the principle that is not addressed is prior consent being sought sufficiently in advance. This impacts both external parties' obligation to receive prior consent, and the First Nation governments' obligation to seek consensus amongst impacted citizens prior to giving consent.

What is the current standard?	N/A – currently there are no FMS Standards pertaining to FPIC.
What do the new standard(s) look like?	NEW - Free, prior, and informed consent policy/procedures – The council establishes and implements a documented policy and procedure with respect to free, prior, and informed consent considered and given to major projects, or other projects that may materially affect the First Nation's financial interests before the First Nation makes a decision in relation to the project.

15.1.2 FPIC Policy and Procedures Required Content

By including Standards pertaining to policy and procedure content requirements with respect to FPIC, this will give the First Nation governments guidance on key principles that should, at minimum, be considered.

What is the current standard?	N/A – currently there are no FMS Standards pertaining to FPIC.

What do the new standard(s) look like?	NEW - Policy/procedure content – The policy and procedures referred to in Standard "NEW" require the following: a. The council, in fulfilling their fiduciary duty to their members, shall consider all information relevant to ensuring Free, Prior, and Informed Consent in decision-making; and b. The council demonstrates that on behalf of interested or affected parties, a decision is given to external parties freely, without coercion, intimidation or manipulation.

15.1.3 Citizen Involvement and Information Regarding FPIC

A principle at the forefront of the FPIC framework is transparency, both from an external point of view, but also an internal point of view. Citizen involvement in any major decision requiring FPIC on the part of external parties should also be freely sought.

What is the current standard?	N/A – currently there are no FMS Standards pertaining to FPIC.
What do the new standard(s) look like?	NEW – 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.

15.2 Rationale – Free, Prior, and Informed Consent

Updating the Standards provides an inclusive application of the FPIC principles, which in turn will foster greater transparency and build public confidence among citizens.

FPIC is recognized as a human rights standard by the United Nations Declarations on the Rights of Indigenous Peoples ("UNDRIP"). FPIC is also recognized in section 92(i) of the 94 Calls to Action commissioned by Truth and Reconciliation Commission of Canada.

Which Core Documents and Reference Materials do the amendments impact?

A2 – FAL Standards	A1 – FAL Certification	B2 – FMS Standards	B1 – FMS Certification Procedures	Sample FAL	A4 - Sample FAL Explanatory Notes	Sample Finance Policy

16.0 OTHER CHANGES

In addition to the changes outlined above, the FMB is proposing to make various other non-substantive changes to the Core Documents. These changes are editorial in nature and primarily serve to either clarify the wording in a standard or update the terminology used in the Standards. Appendix C at the end of this document summarizes these editorial changes.

16.1 – Citizen and Member Terminology

The FMB has adopted the term "citizen" in its Core Documents and Reference Materials in place of "member". This terminology reflects the governmental nature of First Nation governments and aligns with the FMB's commitment to supporting First Nation self-governance. The term "citizen" emphasizes the relationship between First Nation governments and the individuals they serve and is intended to recognize the nation-to-nation relationship between First Nations and the federal government.

The FMB recognizes that terminology preferences vary among First Nation governments. The terminology used within a First Nation government's Financial Administration Law, policies, procedures, and governance documents remains at the discretion of the First Nation government. The FMB does not require the use of the term "citizen" where alternative terminology, such as "member", is preferred by a First Nation government.

This amendment promotes consistency across the FMB's Core Documents and Reference Materials while supporting terminology that recognizes the governmental role of First Nation governments. The use of the term "citizen" is consistent with the FMB's broader approach to supporting First Nation self-governance while preserving flexibility for First Nation governments to adopt terminology that reflects their own governance structures and preferences.

17.0 EMERGING STANDARDS

In the course of its standard-setting activities, the FMB actively monitors developments from leading standard-setting bodies, including the International Public Sector Accounting Standards Board, the International Sustainability Standards Board and the Canadian Sustainability Standards Board ("CSSB"). In this regard, the FMB has reviewed relevant publications, including IFRS S1 General Requirements for Disclosure of Sustainability ("IFRS S1") and IFRS S2 Climate-related Disclosures ("IFRS S2"), as well as the CSSB Proposed General Requirements for Disclosure of Sustainability-related Financial Information and Climate-related Disclosures ("CSDS1" and "CSDS2" respectively). Given that these Standards are relatively recent and have not yet been widely adopted or tested in practice, the amendments to the Standards do not incorporate Environmental, Social and Governance ("ESG") and sustainability Standards, collectively referred to as "ESG Standards," at this time. The FMB will continue to monitor the implementation of emerging ESG Standards and will consider their adoption as appropriate in future standard amendment projects.

TIMING OF ADOPTION OF CHANGES

The FMB's Standard Setting Guidelines require that the effective date for any new or amended standards be established with sufficient time for those applying the Standards to prepare for the new requirements. The majority of the amendments contained in these revised Standards are expected to have a positive effect for prospective and existing clients and other affected parties. Many amendments provide additional clarity to existing requirements and reduce unnecessary prescription. However, some amendments introduce new expectations that may require First Nation governments to update policies and procedures, adjust internal processes, train personnel, and consider the impacts on their financial management systems.

Accordingly, the FMB has established an effective date of April 1, 2028, for the revised Standards. Earlier voluntary adoption will be permitted once the final Standards and related Core Documents are issued. While April 1, 2027, was originally proposed and received no objections during the consultation process, the FMB determined that an April 1, 2028, effective date better supports implementation of the full suite of amendments and provides sufficient time for First Nation governments to prepare for mandatory application.

The FMB also considered standard-setting practices commonly used by other organizations, where revised standards often include both an early adoption option and a later mandatory effective date. This approach allows First Nation governments that are ready to implement the amendments sooner to do so, while providing additional time for others to plan, prepare, and implement the changes in an orderly manner.

Establishing a single mandatory effective date promotes consistency and transparency, provides First Nation governments with a clear timeline for planning their implementation and certification activities, and creates a common implementation date applicable to all Nations. The FMB also determined that a defined effective date would reduce the need for transitional exceptions or individual consideration of implementation circumstances. During the implementation period, the FMB expects to develop and release guidance, tools, templates, and other supporting materials to assist First Nation governments in adopting the revised Standards.

RED-LINE VERSIONS OF THE FMB CORE DOCUMENTS

Separate red-line versions of the FMB Core Documents impacted by the changes will be published separately and are available for download on the Standard Setting page of the FMB's website. These will outline the actual changes to the Standards and procedures that are described in this document.

First Nations FINANCIAL MANAGEMENT BOARD | CONSEIL DE GESTION FINANCIÈRE des Premières Nations

APPENDIX A – CONSEQUENTIAL AMENDMENTS TO FAL STANDARDS

#	Existing Wording	Changes to FAL Standards
3.1.1	N/A – Currently, there is no FAL Standard pertaining to the repeal of the Financial Administration Law.	NEW - 8.3.6 Applicable procedures to repeal and amendment - A FAL provides that the procedures in Financial Administration Law Approval Procedures apply to any amendments to a FAL or proposed repeal of a FAL.
3.1.2	33.2 First nation members information or involvement – A FAL includes provisions respecting, or requires the council to establish policies and procedures respecting, the means by which First Nation members will be informed about or involved in the approval of any proposed amendments to the FAL.	33.2 First nation members information or involvement – A FAL includes provisions respecting or requires the council to establish policies and procedures respecting, the means by which First Nation members will be informed about or involved in the approval of the repeal of the FAL or any proposed amendments to the FAL.
4.1.1	10.1.3 Membership – A FAL requires a finance and audit committee a. consisting of three (3) members, to have at least one (1) member who is a councillor, and b. consisting of four (4) or more members, to have at least two (2) members who are councillors.	10.1.3 Membership – A FAL requires a finance and audit committee a. consisting of three (3) members, to have at least one (1) member who is ~~a councillor, and~~ either a voting or non-voting member from council. ~~b. consisting of four (4) or more members, to have at least two (2) members who are councillors.~~
4.1.1	10.4.1 Appointment of officers – A FAL requires the council to appoint a chairperson and a vice-chairperson of the finance and audit committee, one (1) of whom must be a councillor.	10.4.1 Appointment of officers – A FAL requires the council to appoint a chairperson and a vice-chairperson of the finance and audit committee~~, one (1) of whom must be a councillor~~.
4.1.1	10.5.1 Quorum – A FAL requires the quorum of the finance and audit committee to be at least fifty (50) percent of the total number of committee members including at least one councillor.	10.5.1 Quorum – A FAL requires the quorum of the finance and audit committee to be at least fifty (50) percent of the total number of committee members ~~including at least one councillor.~~

#	Existing Wording	Changes to FAL Standards
4.1.2	10.2.1 Terms of office – A FAL requires the finance and audit committee members to be appointed for terms that a. are of a sufficient period of time to permit the members to develop a critical understanding of the financial administration system of the First Nation, and b. are staggered to ensure the continuing effectiveness of the committee and to provide for succession planning.	10.2.1 Terms of office – A FAL requires the finance and audit committee members to be appointed for terms that a. are of a sufficient period of time to permit the members to develop a critical understanding of the financial administration system of the First Nation, and ~~b. are staggered to ensure the continuing effectiveness of the committee and to provide for succession planning.~~
4.1.3	10.6.2 Audit and oversight functions – A FAL assigns responsibility for the following matters to the finance and audit committee: a. to make recommendations to the council respecting the selection, engagement and performance of the auditor; b. to receive assurances on the independence of an auditor; c. to make recommendations to the council respecting the planning, conduct and results of audit activities; d. to make recommendations to council respecting policies and procedures on reimbursable expenses and perquisites of councillors and employees; e. to monitor financial reporting risks and risk of fraud and the effectiveness of mitigating controls for those	10.6.2 Audit and oversight functions – A FAL assigns responsibility for the following matters to the finance and audit committee: a. to make recommendations to the council respecting the selection, engagement and performance of the auditor; b. to receive assurances on the independence of an auditor; c. to make recommendations to the council respecting the planning, conduct and results of audit activities; d. to make recommendations to council respecting policies and procedures on reimbursable expenses and perquisites of councillors and employees; e. to monitor financial reporting risks and risk of fraud and the effectiveness of mitigating controls for those risks taking into consideration the cost of implementing those controls at least annually; f. to oversee and direct investigations into actual or alleged fraud where appropriate;

#	Existing Wording	Changes to FAL Standards
	risks taking into consideration the cost of implementing those controls; f. to review the FAL and recommend draft amendments to the council; and g. to review and make recommendations to the council on the terms of reference of the committee	g~~f~~. to review the FAL and recommend draft amendments to the council; and h~~g~~. to review and make recommendations to the council on the terms of reference of the committee. i. to review the management letter/audit findings report and make recommendations to council respecting any internal control weaknesses or accounting issues identified.
4.1.4	10.5.6 Committee minutes and report – A FAL requires the finance and audit committee a. to provide minutes of each committee meeting, and b. to report to council on the substance of the meeting within a reasonable time after the meeting.	10.5.6 Committee minutes and report – A FAL requires the finance and audit committee a. to provide minutes of each committee meeting, and b. to report to council on the substance of the meeting, including deliberations and recommendations, within a reasonable time after the meeting.
4.1.5	N/A – Currently, the FAL Standards do not have any requirements pertaining to the monitoring of the FAC.	NEW - 10.6.5 Monitoring – A FAL requires the Council to conduct an assessment of the committee's effectiveness and to provide for succession planning in accordance with its terms of reference and make a report or recommendations to the council at least annually.
5.1.1	N/A – Currently, there is no FAL Standard pertaining to conduct declarations with respect to councillors.	NEW - Conduct declarations – a FAL requires a. every councillor, officer, employee, committee member, contractor and agent when engaged in a duty or responsibility relating to the First Nation's financial management system signs a declaration indicating they understand and agree to comply with the applicable conduct expectations as set out in the FAL or in First Nation policies and procedures; b. councillors, officers, employees, committee members, contractors and agents when engaged in a duty or responsibility relating to the First Nation's financial management system to sign the declaration referred to in paragraph (a) both upon hiring, appointment or retention as the case may, be and annually after that.

#	Existing Wording	Changes to FAL Standards
7.1.2	19.3.2 Restricted investments – A FAL specifies that First Nation government transfer funds and local revenues may only be invested in investments specified in paragraph 82(3)(a), (b), (c) or (d) of the Act and in investments in securities issued by the First Nations Finance Authority or a municipal finance authority established by a province.	19.3.~~2~~3 Restricted investments – A FAL specifies that ~~First Nation government transfer funds and~~ local revenues may only be invested in investments specified in paragraph 82(3)(a), (b), (c) or (d) of the Act and in investments in securities issued by the First Nations Finance Authority or a municipal finance authority established by a province.
7.1.4	N/A – Currently, there is no FAL Standard pertaining to the involvement of or information provided to citizens respecting long-term investment decisions.	NEW - Required policies and procedures - A FAL includes provisions respecting or requires the council to establish policies and procedures respecting, the involving or informing of First Nation citizens in the establishment of a trust or other long-term investment instrument and the permitted uses of funds contained therein.
8.1.1	N/A – Currently, there is no FAL Standard pertaining to emergencies.	NEW - Emergencies – A FAL contains provisions respecting or requires the council to establish policies and procedures respecting the development and maintenance of emergency, contingency, and recovery plans to ensure the operational continuity of the financial management system.
9.1.3	19.7 Risk of fraud - A FAL contains provisions respecting or requires the council to establish policies and procedures respecting, the identification and assessment of the risk of fraud to the First Nation.	19.7 Risk of fraud - A FAL contains provisions respecting or requires the council to establish policies and procedures respecting, a fraud risk management program which demonstrates the expectations of council and the commitment to integrity and ethical values regarding fraud risk ~~the identification and assessment of the risk of fraud to the First Nation.~~
12.1.1	21.5 Audit completion date – A FAL requires the audit of the annual financial statements, other than those prepared for local revenues, to be completed not more than one hundred twenty (120) days after the end of the fiscal year. 22.1 Review and approval – A *FAL* requires the council to review and approve the First Nation's audited annual financial statements, other than those prepared for local revenues, not more than one	21.5 Audit completion date – A *FAL* requires the audit of the annual financial statements, other than those prepared for local revenues, to be completed ~~not more than one hundred twenty (120) days after the end of the fiscal year.~~ by July 29 following the fiscal year-end. 22.1 Review and approval – A *FAL* requires the council to review and approve the First Nation's audited annual financial statements, other than those prepared for local revenues, ~~not more than one hundred twenty (120) days after the end of the fiscal year~~ by July 29 following the fiscal year-end.

#	Existing Wording	Changes to FAL Standards
	hundred twenty (120) days after the end of the fiscal year. 22.2 Signatories – A *FAL* requires the First Nation's the audited annual financial statements to be signed by a. the chief of the First Nation or the council chairperson, b. the chairperson of the finance and audit committee, and c. the director of finance.	22.2 Signatories – A *FAL* requires the First Nation's statement of financial position of the audited annual financial statements and/or the "Management's Responsibility for Financial Reporting" letter attached to the audited annual financial statements to be signed by: a. the chief of the First Nation or the council chairperson, b. the chairperson of the finance and audit committee, and c. the director of finance.
13.1.1	23.2 Publication date – A *FAL* requires the annual report of the First Nation to be published not later than one hundred eighty (180) days after the end of the fiscal year.	23.2 Publication date – A *FAL* requires the annual report of the First Nation to be published not later than ~~one hundred eighty (180) days after the end of the fiscal year~~ September 30 following the fiscal year-end.
15.1.3	N/A – Currently, there is no FAL Standard pertaining to FPIC.	NEW - Free, prior, and informed consent – A FAL includes provisions respecting or requires the council to make policies and procedures respecting, the means by which First Nation citizens will be involved in or informed about all relevant information about 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.

APPENDIX B - ACRONYMS DEFINED

"ACFE" – Association of Certified Fraud Examiners

"COSO" – Committee of Sponsoring Organizations of the Treadway Commission

"CSDS1" - General Requirements for Disclosure of Sustainability-related Financial Information

"CSDS2" - Climate-related Disclosures

"CSSB" - Climate Sustainability Standards Board

"ESG" - Environmental, Social and Governance

"FAC" – Finance and Audit Committee

"FAL" – Financial Administration Law

"FGR" – Fiscal Growth Ratio

"FMS" – Financial Management System

"FP" – Financial Performance

"FPIC" – Free, Prior, and Informed Consent

"GTAG 1" – Global Technology Audit Guide 1, 2nd Edition

"IFRS S1" - General Requirements for Disclosure of Sustainability

"IFRS S2" - Climate-related Disclosures

"IT" – Information Technology

"NPO" – Not-for-profit

"OMR" – Operating Margin Ratio

"PSAS" – Public Sector Accounting Standards

"UNDRIP" – United Nations Declarations on the Rights of Indigenous Peoples

APPENDIX C – OVERVIEW OF EDITORIAL AMENDMENTS

#	Description	Explanation
12.1.1	Audited Financial Statements	Amend the FMS and FAL Standards to expressly state that the deadline for Council approval of the audited annual financial statements is July 29, rather than 120-days after the fiscal year end and that the management responsibility letter for financial reporting can be signed in addition to the statement of financial position by the persons outlined in the FAL.
13.1.1	Annual Report	Amend the FMS and FAL Standards to expressly state that the deadline for publication of the annual report is September 30, rather than 180-days after the fiscal year end.
N/A	Numbering	Where new FAL and FMS Standards have been introduced, numbering of the existing Standards may be impacted.
N/A	Added Definition – Financial Statements	Amend the FMS and FAL Standards to include a definition of "financial statements". "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.
N/A	FAL Coming into Force	Amend FAL Standard 35.1 from "A FAL **may** set out the day on which the FAL comes into force." to "A FAL must set out the day or days on which provisions of the FAL comes into force."
N/A	FAL Auditor Authority	Amend FAL Standard 21.4.5: Standard 21.4.5 Auditor authority – A FAL gives the auditor the authority necessary to enable the auditor to carry out its audit responsibilities, including the following: a. to have access to all records, including all books, accounts and vouchers, council minutes, council resolutions, First Nation laws and agreements to which the First Nation is a party, and to question persons respecting any such information; ~~b. to receive notices of all finance and audit committee meetings and, at the auditor's discretion, to attend and be heard at those meetings;~~

			c. to communicate to the council and the finance and audit committee, as the auditor considers appropriate, any matters which the council and/or finance and audit committee should consider; ~~d. with reasonable exceptions (such as a meeting called to consider the retention or dismissal of an auditor), to attend the council meeting where the annual audit, including the annual financial statements, will be considered and approved and to receive notice of that meeting;~~ e. to be heard at any council and First Nation members meeting that the auditor has the right to attend or to which the auditor has been invited and that raises issues of concern to the auditor as auditor of the First Nation.
N/A	FAC Membership Requirements - Interpretation		Amend FAL Standard 10.1.6.1: 10.1.6.1 Interpretation – For purposes of standard 10.1.6, 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. The Director of Finance and Chief Administrative Officer are not considered independent for the purposes of this Standard.