

# HOW THE FMB CAN SUPPORT YOUR NATION



First Nations  
FINANCIAL  
MANAGEMENT  
BOARD

CONSEIL  
DE GESTION  
FINANCIÈRE des  
Premières Nations

# Agenda

- History of the *First Nations Fiscal Management Act* (“FMA”)
- The First Nations Financial Management Board (“FMB”)
  - Financial Administration Law (“FAL”)
  - Financial Performance (“FP” Certification)
  - Financial Management Systems Certification (“FMS” Certification)
  - Capacity Development Services
- *FMA & FNLMA*



# History of the *FMA*

# What is the *First Nations Fiscal Management Act* (“FMA”)?

- Optional, modern First Nations’ legislation
- Outside the *Indian Act*
- 282 First Nations participating to date

# What is the *First Nations Fiscal Management Act* (“FMA”)?

The Framework... working outside the *Indian Act*



## Why Was the *FMA* Created?

- First Nations-led initiative
- To support First Nations social and economic development
- To provide First Nations with access to borrow through the First Nations Finance Authority
- Enables First Nations to leverage their revenues like other levels of government

# What is the First Nations Financial Management Board (“FMB”)?

- National First Nation Institution created to support First Nations to build strong finance and governance practices
- Services are optional and provided at no cost
- A non-profit organization
- Board of Directors appointed by GIC and AFOA
- Independent of the Government



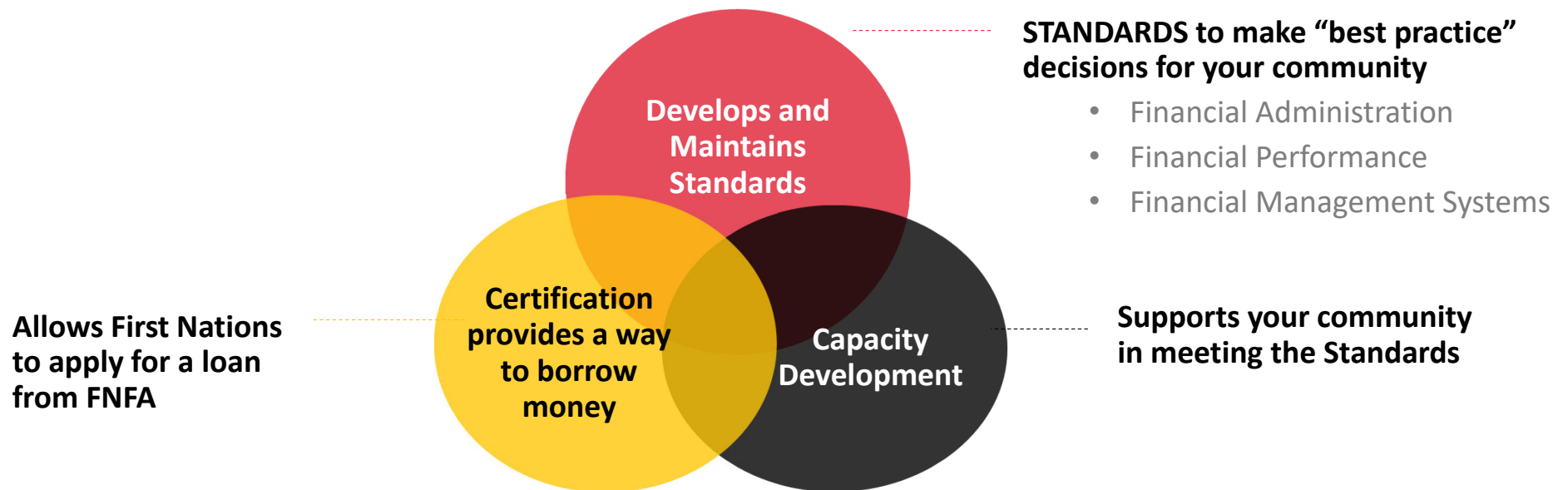
# What is the FMB's Role?

- Support First Nations to build strong finance and governance practices.
- Set standards for:
  - Financial Administration Laws (FALs)
  - Financial Performance (FP) Certification
  - Financial Management System (FMS) Certification
  - Financial reporting for the local revenues account
- Provide “Certification” of financial management and performance for First Nations.
- Support First Nations when working with other governments in areas of governance and finance practices, including accountability and shared fiscal responsibility.
- Support First Nations to strengthen their own communities through better relationships with financial institutions, business partners, and other governments.

....for the complete mandate see section 49 of the FMA



# What FMB Does....



# Process for Working with the FMB

## **1. Financial Administration Laws (“FAL”)**

A comprehensive set of inter-related rules that form the foundation of a First Nation’s financial management system.

## **2. Financial Performance Standards (“FP”)**

A set of six comprehensive financial ratios that are calculated using the most recent five years of audited financial information.

## **3. Financial Management Standards (“FMS”)**

Comprised of the essential processes and procedures that facilitate bringing the FAL to life and provide the steps for designing and implementing a sound financial management system.

# Benefits of Certification

- Promotes transparency & accountability
- Puts in place finance & governance practices that can help your Nation run smoothly
- Option to access financing at competitive rates & terms
- Comfort to members, investors & lenders

# Financial Administration Law



# What is a Financial Administration Law (“FAL”)?

**The road to strong finance and governance practices begins with developing a FAL**



A FAL contains policies/provisions/practices that support sound financial management

The main sections of the Sample FAL:

- Governance
- Finance
- Information Management
- Human Resources

# How a FAL is Developed

- The First Nation must be Scheduled to the *FMA*
- A FAL template is provided to the First Nation
- The template can be modified to suit the unique aspects of the community so long as the FAL Standards are maintained
- There are two versions of the template (property taxation / no reference to property taxation)
- The formal review is completed by the FMB Board in accordance with Section 9 of the *FMA*



# Financial Performance Certification





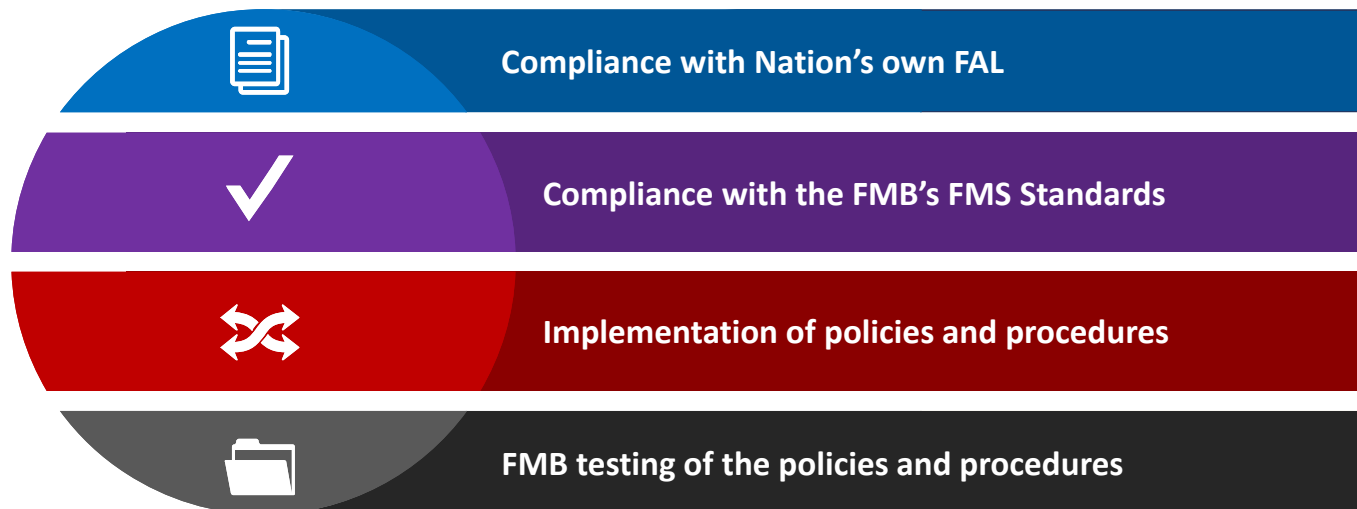
# What is Financial Performance Certification?

- A **point in time** assessment of the financial position of a First Nation
  - based on 5 years of audited financial statements
- A tool to evaluate how well a First Nation is using its resources
- Provides a signal of overall financial health
- Used to determine eligibility to borrow from the FNFA

# What is Financial Performance Certification?

- FP Certification is achieved when the First Nation meet the 6 financial ratios:
  - Fiscal Growth Ratio
  - Operating Margin Ratio
  - Asset Maintenance Ratio
  - Net Debt Ratio
  - Interest Expense Ratio
  - Local Revenue Collection Ratio

# What is FMS Certification?



# What is FMS Certification?

- The First Nation must take ownership for setting its own milestones and timeline to achieve FMS Certification
- Required timeframe is 36 months from the date that a Nation receives proceeds from a First Nations Finance Authority's debenture
- The credit rating agencies who give the FNFA its credit rating expect FMS Certification within 36 months for participating Nations

# Capacity Development Services

## Readiness Assessment and Work Plan



- What are we doing today and where are we going?

## Policy design and drafting



- Policies and procedures to set out who does what and when
- Members know that they are being treated fairly and money is being spent for the good of the Nation

## Policy Implementation and Training



- Strategic planning, budgeting, risk management, conflicts of interest, reporting...

## FMS Certification



- “Are we doing what we say we are in our FAL?”

# Capacity Development Services

We support leaders, managers and staff in 4 key areas:



**GOVERNANCE**



**FINANCE**



**HUMAN  
RESOURCES**



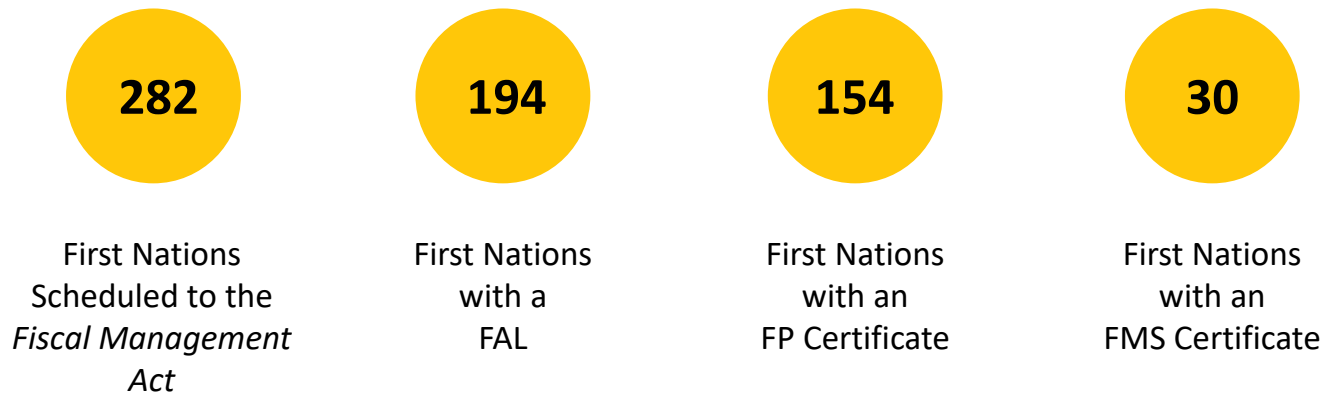
**INFORMATION  
MANAGEMENT**

For videos, tools and templates visit FMB's website  
at: <https://fnfmb.com/en/tools-and-templates>

- ▶ Governing for Success
- ▶ What is the FAL?
- ▶ Managing Conflicts of Interest
- ▶ Demystifying the Finance and Audit Committee
- ▶ Developing Policies
- ▶ All About Finance
- ▶ Audited Financial Statements: the Story they Tell
- ▶ Strategic Planning
- ▶ Planning and Budgeting
- ▶ Managing Capital Assets
- ▶ Introduction to Risk Management
- ▶ Multi-Year Financial Planning
- ▶ Financial Reporting
- ▶ Integrated Planning
- ▶ Change Management
- ▶ Information Privacy

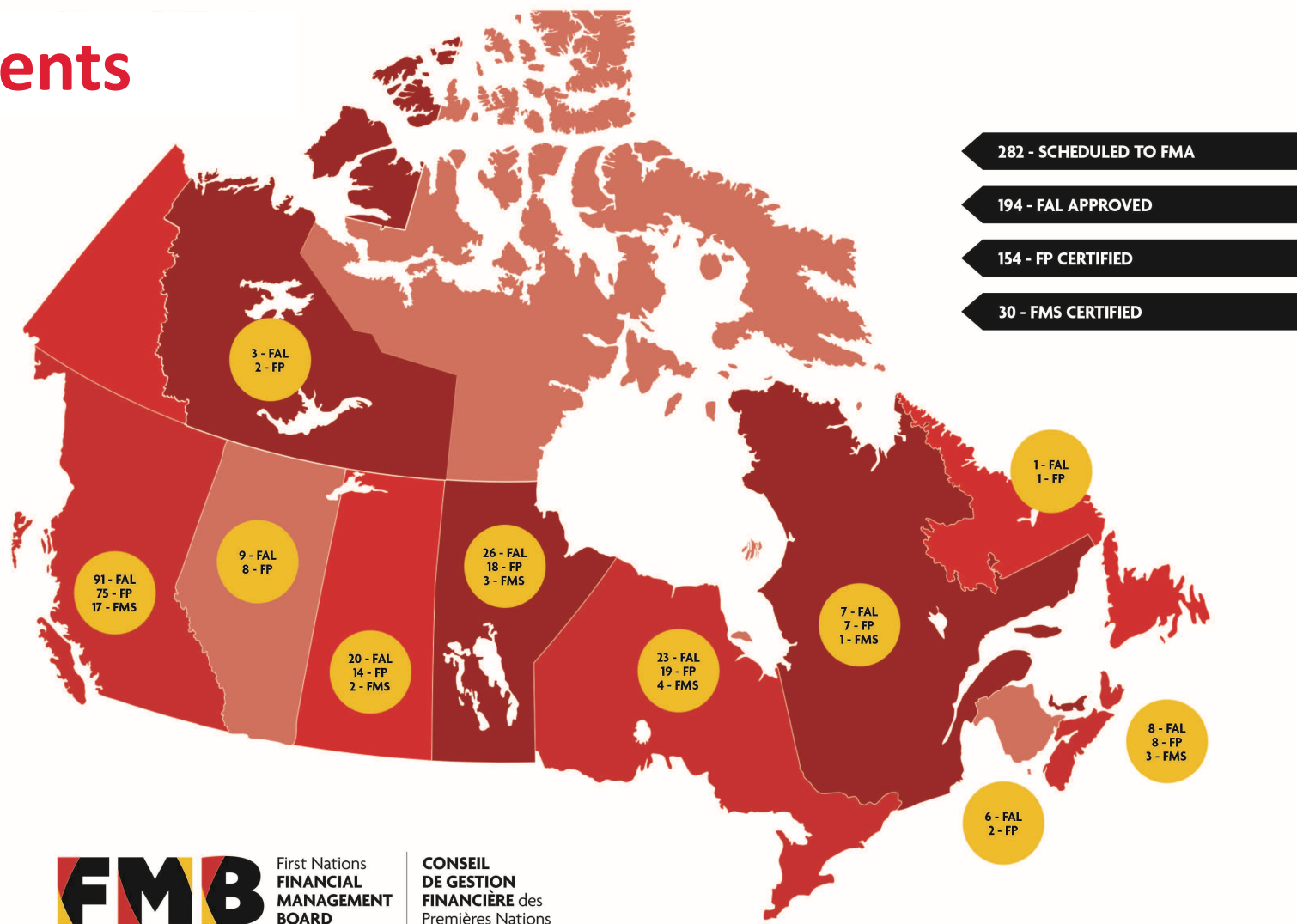
# First Nations on a journey with the FMB...

*As at December 18, 2019*





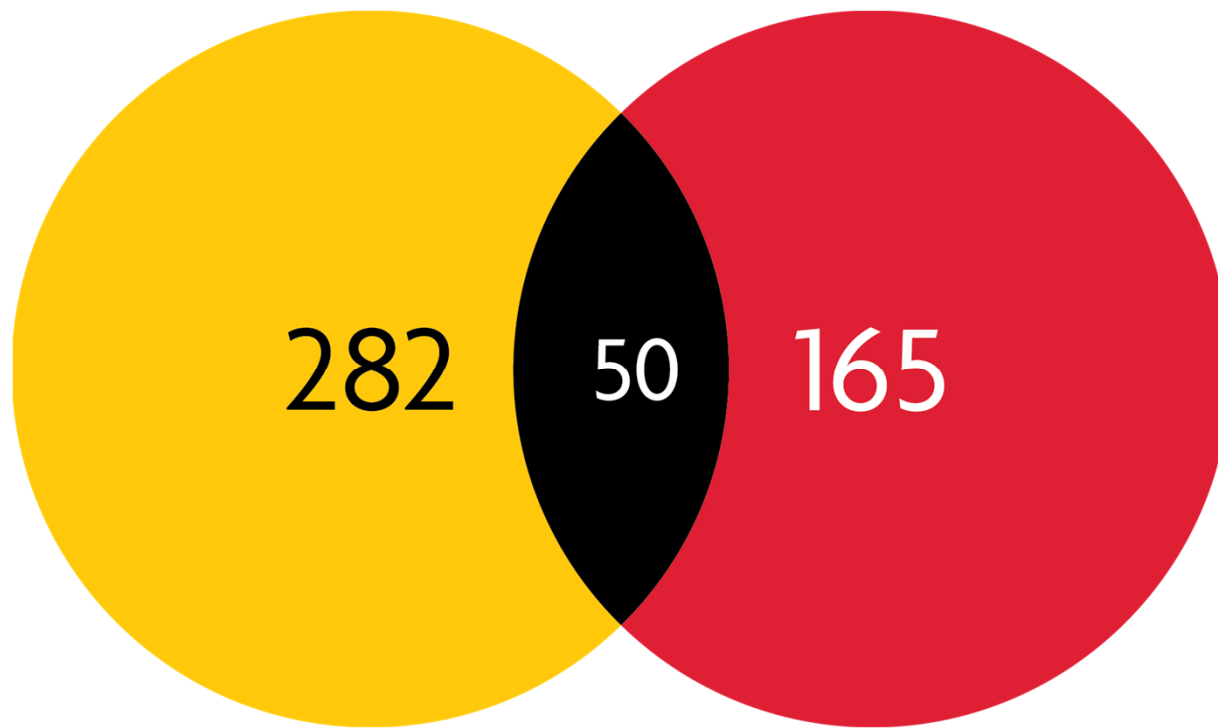
# Clients



## ***FMA and First Nations Land Management Act (FNFLMA)***

<i><b>FMA</b></i>	<i><b>FNLMA</b></i>
282 Scheduled	165 signatories
194 FAL's	74 Developmental
154 FP Certificates	91 Operational
30 FMS Certificates	

## Working Together (*FMA* & *FNLMA*)



**QUESTIONS?**  
**Let's chat.**

**First Nations Financial Management Board**

**Phone: 604-925-6665 | Toll free: 877-925-6665**

