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

2019 changes to the FAL standards

Standards relaxed compared to 2016	The 2016 Standards required a higher threshold to be met. The 2019 Standards have relaxed the requirements.
New requirements created in the 2019 Standards	The 2019 Standards have a new requirement that did not exist in the 2016 Standards.
Standards eliminated in 2019	The requirements in the 2016 have been eliminated in the 2019 version of the Standards.

Note: Editorial changes in the 2019 Standards that do not affect the actual requirements but improve clarity or language are not included in this summary. For details on these changes, see the document *2019-04-01 - A2 - Financial Administration Law Standards - Redline to 2016 (HPE Record: DOC/2019/04568)*

Topic	FAL standard	2016 requirement	2019 Requirement	Type of change
Procedure Details in FAL	8.3.1	Required detailed procedures to be established directly in the FAL.	Procedural details can be moved into policies instead of the FAL.	Standards relaxed compared to 2016
Policy & Procedure Approval	8.3.5	All procedures required approval by Council.	Requirement all procedures to be approved by Chief Administrative Officer or Council.	Standards relaxed compared to 2016
Tax administrator reporting relationship	11.3.2	Requirement for tax administrator to report directly to the senior financial officer or senior manager.	Allow the tax administrator to report directly to director of finance, Chief Administrative Officer or Council.	Standards relaxed compared to 2016

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Topic	FAL standard	2016 requirement	2019 Requirement	Type of change
Annual Conflict Declaration	12.3	No requirement for Council to disclose potential conflicts of interest as they arise. This requirement only existed for employees, contractors and FAC members.	Members of Council must disclose circumstances which could result in an actual or potential conflict of interest as soon as they arise.	New requirements created in the 2019 Standards.
Strategic Planning	14.3	N/A	Requirement for a strategic plan to be developed and periodically updated with direct input from community members.	New requirements created in the 2019 Standards.
Investment Strategy	19.3	The FAL Standards adopted the same list of conservative investments set out in the FMA.	- The limitations in the FAL Standards around investment of other revenues will be removed. - Council to establish an investment strategy	New requirements created in the 2019 Standards.
Operations Manual	N/A	Requirement to establish a documented operations manual for the First Nation government's administrative systems.	The requirement for an operations manual is removed from the FAL standard 19.6.	Standards eliminated in 2019
Fraud Risk Lists	N/A	Detailed definitions and terms of fraud risks.	The detailed listings of fraud risks will be eliminated from the FAL standard 19.7.	Standards eliminated in 2019
Monthly Financial Reports	20.3	Monthly financial information must be provided to the Finance and Audit Committee and Council.	Requirement for who receives the monthly financial information, drafted in their FAL and can include any combination of the following: Council, Finance and Audit Committee and Chief Administrative Officer.	Standards relaxed compared to 2016
Special Purpose Reports - Auditor involvement in	20.6	Auditor must provide an audit report or review engagement report on the special purpose reports.	Level of auditor involvement in any required special purpose report is more flexible.	Standards relaxed compared to 2016

Topic	FAL standard	2016 requirement	2019 Requirement	Type of change
special purpose reports				
Special Purpose Reports - Non-GAAP Reports	20.6.3	N/A	Flexibility to include provisions in the FAL that permit preparation of non-GAAP financial reports.	Standards relaxed compared to 2016
Clarification of auditor responsibilities	21.4.3	Required confirmation in writing that financial statements comply with Board standards and laws.	Auditor's engagement letter must follow Canadian generally accepted auditing standards.	Standards relaxed compared to 2016
Annual Report – Providing FMB with a copy of the Annual Report	N/A	Required the first nation to provide the FNFA with a copy of their FAL.	Requirement has been eliminated from the FAL standard 23.0.	Standards eliminated in 2019
Annual Report – Contents	23.3a	- Required the Annual Report to contain the content requirements set by the FAL. - FAL required a progress report on "established financial objectives and performance measures".	Requirement to report on "established objectives and performance measures" (includes both financial and nonfinancial measures).	New requirements created in the 2019 Standards
Annual Report – Annual financial statements and special purpose reports in Annual Report	23.3b	Annual audited financial statements and special purpose reports must be included within the Annual Report.	Allows the annual audited financial statements and special purpose reports to be incorporated by reference into the Annual Report.	Standards relaxed compared to 2016
Tangible Capital Assets	25.1	Required a detailed list of tangible capital asset register contents.	- Detailed requirements for tangible capital asset life-cycle planning are removed. - First Nation governments can include additional requirements in their own policies.	New requirements created in the 2019 Standards.

Topic	FAL standard	2016 requirement	2019 Requirement	Type of change
FAL Submission to FNFA	N/A	The Standard by only requiring the First Nation to make the FAL available to the FNFA.	This requirement is removed from standard 31.0.	Standards eliminated in 2019
References to Other Legislation	N/A	Requirements for First Nation governments to comply with the financial administration requirements under the *First Nations Land Management Act and the First Nations Oil and Gas and Moneys Management Act.*	References to legislation outside the FMA and the requirement for a separate report on Land Code revenues are removed from the FAL Standard 15.3.2.	Standards eliminated in 2019