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Tenth Assembly

**REPORT AND PROCEEDINGS OF
THE PUBLIC ACCOUNTS COMMITTEE**

Volume I

April 1984

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STANDING COMMITTEE ON FINANCE AND PUBLIC ACCOUNTS

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LEGISLATIVE ASSEMBLY OF THE NORTHWEST TERRITORIES

STANDING COMMITTEE ON PUBLIC ACCOUNTS

APRIL, 1984

April, 1984

TO THE LEGISLATIVE ASSEMBLY OF THE NORTHWEST TERRITORIES


In accordance with its Terms of Reference, of the Standing Committee on Finance and Public Accounts, your Committee has considered the Auditor General's Report on "Any Other Matter" for the year ended March 31, 1983, and the Annual Report of Territorial Accounts, fiscal year 1982/83 as referred to it by the Legislature.

Representation presented at the public hearings held by the Committee April 25 - 27, 1984 has resulted in this report containing a number of recommendations and several conclusions and observations.

Your Committee intends to follow-up with both the Government of the Northwest Territories and the Auditor General on matters discussed at the hearing.

A special thank you to Raymond Dubois, Deputy Auditor General and his officials for their assistance.

Respectfully submitted,



Lynda Sorensen, M.L.A.
Yellowknife South
Chairman

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STANDING COMMITTEE ON
FINANCE AND PUBLIC ACCOUNTS

TERMS OF REFERENCE

The Standing Committee on Finance may on its own authority:

- (a) inquire into such matters as may be referred to it by the Legislative Assembly;
- (b) review and recommend on the preparation of estimates, expenditures and appropriations required to defray the charges and expenses of the public service of the Territories in each fiscal year;
- (c) review and recommend on capital projects and capital planning;
- (d) in consultation with the Chairman of the Financial Management Board examine and recommend the terms and conditions of any agreement relating to financial arrangements with the Government of Canada;
- (e) in consultation with the Chairman of the Financial Management Board, examine and recommend the terms and conditions for borrowing, lending and investing funds;
- (f) review, evaluate and recommend on any revenue sources that may be available to the Territories;
- (g) review financial implications of existing and proposed Territorial programs and the financing thereof as well any other programs which may in future become a charge against the Territorial budget;

- (h) investigate and inquire into those financial matters that, in the opinion of the Committee require investigations;
- (i) in accordance with Rule 92(1) the Standing Committee shall make a written report to the Legislative Assembly;
- (j) from time to time the Standing Committee shall tender general advice and information to the Legislative Assembly on any financial matter that may come before the Assembly in session;

The Standing Committee on Public Accounts may on its own authority:

- (a) inquire into such matters as may be referred to it by the Legislative Assembly;
- (b) review and recommend on the Territorial Accounts submitted to the Legislative Assembly annually by the Commissioner and Minister of Finance;
- (c) review and recommend on the Auditor General of Canada's annual report to the Legislative Assembly;
- (d) investigate and inquire into those matters of a Public Accounts nature that, in the opinion of the Committee require investigation.

Conduct of Business

1. The Standing Committee shall conduct its business in a manner approved by the Legislative Assembly;
2. The Standing Committee shall appoint co-chairmen, one to chair the affairs of the Finance Committee and one to chair the affairs of the Public Accounts Committee;

3. In accordance with Rule 93(1) the Standing Committee shall have the power to call for such persons, papers and records and to examine witnesses as, in its opinion, are necessary to the conduct of its business;
4. Five members including the Chairman of the Standing Committee shall form a quorum;
5. The Legislative Assembly shall provide the necessary funds to the Standing Committee required for it to carry out its responsibilities from the appropriation of the Legislative Assembly;
6. The Standing Committee, as a whole, or individual members, may undertake such travel as is required to carry out the assigned responsibilities of the Committee;
7. Territorial Accounts and the Auditor General's Annual report and management letter will be referred to the Standing Committee on Public Accounts for tabling in the Legislative Assembly. Notwithstanding this formal process, the Commissioner is authorized to provide these documents to the Standing Committee in advance of tabling to expedite the review by the Committee;
8. Meetings of the Standing Committee of Public Accounts shall be open to the press and public except when in the opinion of the Committee it is not in the best interest for the public to do so;
9. Meetings of the Standing Committee on Public Accounts for planning future work, briefings, reviewing progress, and drafting reports shall be closed to the public and press;
10. Verbatim transcripts of the Standing Committee on Public Accounts Committee hearings shall be prepared and published promptly;

11. From time to time the Standing Committee on Public Accounts shall tender general advice and information to the Legislative Assembly on any public accounts matter;
12. The Standing Committee shall be empowered to retain the services of such professional staff as deemed advisable by the Committee;
13. The Standing Committee shall have the power to sit during sessions, adjournments and prorogations of the House.
14. The necessary administrative support shall be provided by the Legislative Assembly Office.

The Standing Committee on Public Accounts met in Yellowknife, April 25th - 26th - 27th to review the following documents:

- Auditor General's Report on Any Other Matter for Year ending March 31, 1983.
- Territorial Accounts for Year Ended March 31, 1983.
- Territorial Government Response to the Public Accounts Committee Recommendations Concerning the Financial Information System Project and Other Major Projects.

Five Members were in attendance. Witnesses appeared representing the Territorial Government and the Auditor General's Office. The proceedings were held in public with members of the press present for much of the review.

A full transcript of the proceedings will be made available to the public and will be sent to all members of the Legislature.

BACKGROUND

The review of the documents Any Other Matter and the Territorial Accounts will take place each year on or about late March or April following the Winter Session of the Legislature. Although these documents are available in late Fall a review is not possible at that time because the Standing Committee on Finance is busy with the Main Estimates. (Members will recall that the Public Accounts Committee and the Finance Committee are one in the same).

A full review of these Audit Reports in the Public Accounts Committee reduces the time spent in Formal Session or Committee of the Whole. However, members of the Legislature always have the right to question any information contained in these documents during any Sitting of the Legislature once the information has been tabled.

The Standing Committee on Public Accounts began each review with an overview of the documents provided by the Deputy Auditor General and/or the witness representing the G.N.W.T. Members then had an opportunity to question both the Auditors and the Government on any issue.

In addition the Auditors provided the Committee Members with an overview and explanation of accounting terminologies used in the audit report.

In preparation for the review the Co-Chairmen of the Standing Committee along with the Committee Clerk spent a day with the Auditors reviewing the documentation.

Turning now to the detail of the audit report entitled "Any Other Matter". Extensive questioning took place on an issue by issue basis. Not all issues will be raised in this report however members may wish to refer to the transcript of the proceedings if they wish further detail or information.

(A) BUSINESS LOANS & GUARANTEES FUND

The Committee does wish to point out that the Auditor raised the matter of the Business Loans and Guarantees Fund under the Department of Economic Development. He referred to the Management of this fund as lacking in basic controls and likened it to a disaster area. The Department had little justification for the mess except that it had been turned over from the Federal Government in that state in the late 1970's. Since the observation was made by the Auditors the Department has initiated a complete review of the Fund and a re-organization has taken place. Corrective work has begun however your committee feels that sufficient priority has not been given to even solve the basic administrative problems.

(1) The Committee strongly recommends that in future, any programs/ services accepted by the G.N.W.T., through devolution or decentralization, from any other level of government be immediately evaluated for basic administrative policy and procedures. If these are found lacking that steps be taken at once to rectify the situation.

(2) Your Committee further recommends that the administrative policy and procedure for the Business Loans and Guarantees Fund be finalized and implemented immediately.

Mr. Speaker, your Committee also discussed at length the observations made that the Regulations to the Small Business Loans and Guarantees Ordinance assented to on March 5, 1982, still had not been amended to reflect changes resulting from the amendments to the Financial Administration Ordinance.

The Committee was assured that action was indeed being taken to rectify the situation, however, this raised the issue of timely Regulations being written and/or amended when Ordinances were passed and/or amended. After consideration the Committee passed the following recommendation:

(3) The Standing Committee on Public Accounts recommends to the Legislature and the Executive Council that wherever possible that Legislation including amendments to new Legislation come into effect only when the Regulations are amended and/or written and approved by the proper body.

Mr. Speaker, the Standing Committee on Public Accounts feels quite strongly that Legislation, particularly Legislation designed to serve people, must have the Regulations ready as soon as possible following assent. The regulations to any Legislation provides the details to the administrative procedures, the explanation, the direction and if not readily available can cause confusion and delay in the implementation of the law itself.

(B) P.O.L. FUND

Once again the Petroleum Oil and Lubricants Revolving Fund was brought to the attention of the Legislature by the Auditors. Your Committee was assured by the Department of Government Services that changes had been implemented and that many of the outstanding issues were finally being resolved. Your Committee is hopeful of hearing soon from the Auditors that the P.O.L. system is finally under control.

(C) HOUSING CORPORATION

Seven pages of the Audit Report were devoted to the N.W.T. Housing Corporation. A page by page review of the observations raised was made and several additional pieces of information was requested. The Committee looks forward to the report of the Special Committee on Housing.

Your Standing Committee next reviewed the Annual Report of the Territorial Accounts 1982-83.

Finally a status and update on the N.W.T. Government responses to the 9th Assembly's P.A.C. report on Future G.N.W.T. Projects was requested.

Your Committee learned that the Government presently has several ongoing projects including a performance measurement committee, systems development (polaris enhancement, data base design) and others. Members interested in the G.N.W.T. response may refer to the proceedings.

That concludes the Standing Committee on Public Accounts Report Mr. Speaker.

YELLOWKNIFE, NORTHWEST TERRITORIES

WEDNESDAY, APRIL 25, 1984

CHAIRMAN (Mrs. Sorensen): I would like to call the proceedings of the standing committee on public accounts to order. I would like to first make the introductions. We have with us as witnesses from the Auditor General's office the Deputy Auditor General, Raymond Dubois, and his officials, Harold Hayes, Gerry Kimmel and Dell Dahl. From the NWT government we have the Hon. Tom Butters who is the Minister of Finance, Mr. Jim Nelson who is the comptroller general and I believe Eric Nielsen who is the deputy minister of Finance. Members of the standing committee on public accounts are myself, Lynda Sorensen, I am the chairman. We have Eliza Lawrence representing Tu Nedhe, Red Pedersen from Kitikmeot West, Sam Gargan from Deh Cho and Arnold McCallum from Slave River. Our clerk for the proceedings is Jim Mikeli.

I would like to take this opportunity to welcome those of you who are in attendance. This is the first public session of the 10th Assembly's standing committee on public accounts and most of you know that the public accounts committee was established during the last year of the Ninth Assembly's term. The public accounts committee at that time proceeded and concluded a major project which was the comprehensive review of the audit of the Financial Information System. This committee was formed during the first session of the 10th Assembly. The committee met in February to discuss, amend and approve its new terms of reference which are available to the public. It also met to establish the dates, in fact these three days, specifically for the review of two reports and to do some follow-up on the government's response to the standing committee's Financial Information System report and its recommendations contained therein.

Documents Tabled

Today I would like to table the following documents. They are: Report on Any Other Matter Arising from Examination of the Accounts and Financial Statements of the GNWT for the year ended March 31, 1983; in addition to that I would like to table the report entitled "Report to the Council of the Northwest Territories on the Examination of the Accounts and Financial Statements of the Government of the Northwest Territories for the year ended March 31, 1983." And I would also like to table at this time the report entitled "Government Response" dated September 1983, which is the NWT government's response to the public accounts committee suggestions for consideration on future GNWT projects. In addition to that I would like to table now two letters, one dated September 10, 1983 addressed to Kenneth Dye, the Auditor General of Canada, from the chairman of the public accounts committee of the Ninth Assembly and the other, dated October 14, 1983 to the chairman of the Ninth Assembly's standing committee on public accounts from the Auditor General of Canada, Kenneth Dye.

As most of you are aware, the standing committee on public accounts meets in public and a transcript of the proceedings is made. The committee, however, reserves the right to call in-camera sessions at any time. Notices of this public session have been placed in the newspapers and ads have been on the radio.

I would like to take a minute now to review the agenda specifically this afternoon. We will ask the Minister of Finance, the Hon. Tom Butters first to make any opening remarks that he may have. We will then move to the Deputy Auditor General, Mr. Raymond Dubois, to give us an overview of the main document which we will be reviewing first, tomorrow morning at 9:30, the "Any Other Matter" document. Then we will move toward general discussion on issues of interest to Members of this committee and questions of a general nature will be entertained. Following that we will review terminology that is used in the report and questions arising from that terminology. Without further delay then, unless Members of the committee have any questions or comments they would like to make, we could move to the Minister of Finance's opening remarks. Is that agreeable? Mr. Butters.

Opening Remarks From Minister Of Finance

HON. TOM BUTTERS: Madam Chairman, committee Members, Mr. Dubois, Mr. Hayes. Thank you. I am pleased to advise that the GNWT has made major improvements to our year-end procedures and processes. This is indicated in the Auditor General's opening statements and was accomplished through development of improved procedures and the much earlier preparation of financial reports. The primary reasons for the improvement have been low turnover in financial staff in all departments including Finance, fully operational financial system which has greatly improved monthly and year-end financial reporting, improved year-end instructions to all departments and improved co-ordination of preparation of accounting reports and statements.

One important change to note in this years audit report is the emphasis being placed on accountability by department. This is consistent with our government's approach to decentralized management whereby Ministers and their deputies are responsible for the financial affairs of their departments and agencies. This emphasis on departmental accountability will be more apparent in future reports to the Auditor General. With regard to the timing of the reports that you are examining, these reports are for the 1982-83 fiscal year. As you know we have since ended the 1983-84 year, and are presently in the 1984-85 year, therefore the number of comments made are quite old and in many instances I think you will find that action has already been taken during the past months.

Madam Chairman introduced Mr. Nielsen and Mr. Nelson, also with us and available in the room at the moment. There obviously will be a number of other people available as required by the committee; Mr. Fred Barrett, who is our comptroller, Mr. Gord Aumond, chief of treasury of the revenue section and Henry Dragon, the assistant comptroller. Thank you.

CHAIRMAN (Mrs. Sorensen): Thank you very much, Mr. Butters. Are there any questions of Mr. Butters? All right, we'll move on then to Mr. Dubois.

Overview By Deputy Auditor General

MR. DUBOIS: Thank you, Madam Chairman. I would like to start off by saying that we are pleased to appear before the standing committee on public accounts to discuss the results of the audit activities for the year ended March 31, 1983. To start off, just for the clarification of those who are not familiar with our role, I would like to refer very simply to the different acts that govern the mandate that we fulfil. The Auditor General is the external auditor of the Government of the Northwest Territories under the authority of the Northwest Territories Act. And under section 23, subsection (4), we are required to examine the accounts and financial transactions of the Territories and the Auditor General is required to report annually to the Council the results of his examination. For the year ended March 31, 1983, as auditors of the government we gave what we accountants term "a clean opinion", which means that the financial statements present a true and fair view of the situation and that the books of accounts have been kept properly. However, under that same subsection the Auditor General is required to call attention to any other matter falling within the scope of his examination that in his opinion should be brought to the attention of the Council. On the basis of that requirement we prepare annually what is termed a report on "Any Other Matter" which is the main document the public accounts committee wishes to review at this time. This report is sent to the Legislature through the Commissioner.

As mentioned in this report we were given full access to all vouchers, records and files relating to the accounts of all departments and agencies of the government and we were provided with all the information and explanations required. This is an extremely important aspect of auditing because unless we have access to everything that is required we cannot do our work properly. So this is a basic requirement of auditing that we state in our report if we did have access or not and in this case we did. We also mention at the beginning of the report the appreciation of our office for the full co-operation extended to the audit team during the year under review.

With your permission, Madam Chairman, I would like to very quickly walk through the report and perhaps highlight section by section the thrust of the observations and recommendations. To start off, I would like to support the honourable Minister's comments in relationship to our mention of significant improvements in the government's year-end procedures. In fact, last year I believe we broke a new record in timeliness of the government producing the financial statements, including our opinion on those same statements. We are quite optimistic that that type of relationship will continue. I would not go as far as saying we will establish a new record every year but we will try to stay close to those dates.

I would like to deal with the report section by section. Item 1 deals with revenues. Since the government has a base for accruing revenues, in fact a number of their revenues are already on an accrual basis, and now that the expenditures are being reported on an accrual basis we feel it is appropriate to account for all revenues on the same basis in order to provide a proper matching of revenues and expenditures. The thrust of the observations and recommendations in this section is that the financial statements disclose the information on a basis consistent throughout each line of revenue and expenditure.

The second item deals with doubtful accounts receivable and loan forgiveness. Again under the principle of accrual accounting which is being followed for expenditures and contemplated for revenues, we believe that principle should also be applied to doubtful accounts receivable. The basic meaning of this is that the accounts receivable appearing on the financial statement should appear at their realizable value as closely as possible. While currently the government has established a provision for doubtful accounts receivable arising from the sale of petroleum products, it does not do so during the year under review for other types of accounts receivable, such as business loans and interest or memorandum accounts receivable. We believe this principle should also apply to the recently established Students Loan Fund, which may be subject to a requirement for such types of provisions in the future.

Item 3 of the report deals with the Business Loans and Guarantees Fund. During the year under review we made a thorough examination of the Business Loans and Guarantees Fund and we noted a significant number of control deficiencies in the operations of this fund, as will become quite apparent when the committee deals with the details of this particular item. There is a significant need for improvement, not only in the basic controls, but also in the management of the fund from a basic commercial point of view. The Department of Economic Development and Tourism has mentioned it has undertaken a complete review of the Business Loans and Guarantees Fund and we are hopeful that most of the observations that we have made in the report have now been corrected. Many of them in fact can be corrected on a very short-term basis and we are hopeful that your examination of this part of the report will give you assurance that that situation, which one can term almost deplorable has been corrected.

Under Item 4, we deal with the petroleum, oil and lubricants revolving fund. I believe this is a well-known subject since we have been talking about the POL for a number of years and during the course of last years audit we noted the same deficiencies as in the previous year. Now we have been advised that there is a major enhancement project which is expected to correct all identified deficiencies in the POLARIS system. Again we hope that the committee will gain assurance that this has been carried through.

Under Item 5, we deal with the Students Loan Fund. As mentioned previously the Students Loan Fund is a new activity and also a growing activity which will get up to a certain maximum over the next few years. We have made an examination of the sample of the loans that have been processed and observed that there is a need for improved documentation of decisions taken by the Student Grants and Bursaries Board which is charged with reviewing and approving the student applications. We also noted one particular loan where in our point of view and on the basis of the documentation that was given to us, we remain with a question mark as to the eligibility of that particular applicant. The committee may be interested in further explanation from the department on that particular case.

Under Item 6, we deal with grants and contributions. Grant and contribution payments constitute a significant portion of total government expenditures and for this basic reason we feel there should be very good controls on all grant and contribution payments. For general information a grant is defined in the financial administration manual as an unconditional transfer payment, where there is no provision for audit. In fact, once a grant is paid the recipient may do with the funds as he wishes and there is no subsequent audit to verify the utilization of those funds. In the case of a contribution, this is defined as a conditional transfer payment that is made to a recipient under certain expressed conditions and for and to fulfil certain objectives and contributions are subject to audit. Our office has been encouraging the federal government to classify as much as possible all payments as contributions instead of grants in order to exercise a proper control over them. We are not saying that grants should not exist. However we feel that a grant should only be given in very special circumstances when it is very clear that the government's intention is to donate funds and leave the recipient free to utilize them as he wishes.

In most cases governments will contribute funds to activities with very specific objectives in mind and in order to ensure that the funds are used for those objectives one has to establish a certain type of control over contributions and this is why we feel quite strongly that stringent controls

should be exercised over that type of disbursement. Our audit has revealed serious control deficiencies that we feel should be corrected. The public accounts committee will certainly be interested in government's response as to the correction of the deficiencies observed.

Under Item 7, the irregular recording of expenditure charges, our audit tests disclosed a number of instances where departments had, in the absence of approved budgets and project codes, charged expenditures to wrong votes or projects where free balances existed, for the sake of expediency. In fact, this was particularly so for Vote 4 projects, which fall under the engineering services agreement with Canada. While we acknowledge the necessity for certain practical reactions when one has to go ahead with a project, we feel that the system should permit or should establish proper procedures so that adequate pre-approval of projects be within the system before the projects get a go-ahead.

Starting with Item 8, we deal with the Northwest Territories Housing Corporation. Item 8 deals with financing operations and while we recognize that the corporation has achieved significant improvement in cash flow by making operating and capital cost claims on Canada Mortgage and Housing Corporation on a more timely basis, we still believe there is a significant amount of working capital tied up in amounts due from CMHC and we recommend that the corporation further improve the timeliness of receiving capital funding from CMHC and perhaps also improve on the establishment of its project cost basis to get more timely financing from CMHC.

Item 9, again dealing with the Northwest Territories Housing Corporation, talks about information in the estimates. We strongly believe that the corporation, with the approval of the Financial Management Board, should seek to improve disclosure in the estimates by identifying its funding to be provided by CMHC under the different sections of the National Housing Act. The comment by the corporation is that this will be included in the 1984-85 estimates and the committee may be interested in knowing how that has been accomplished and what the plans are for the 1985-86 estimates.

Under Item 10, work done for others, this observation refers to one specific instance of the Inuit Non-Profit Housing Corporation where activities were undertaken without a final agreement having been signed between the parties involved, and the recommendation recommends that the corporation should not undertake work for others until agreements have been signed and financing arrangements made. We believe that the corporation has clearly understood that particular message and will be giving further information to the committee.

Item 11 talks about an accounting policies and procedures manual. We had referred in last years management letter to the corporation to the very important need for the corporation to review and document its accounting policies and procedures in a users' manual, especially due to staff turnover. It is very important to have these particular policies and procedures in writing so that the corporation can ensure consistency in their application. We noted that the corporation had established a review committee and they are addressing this matter.

Under Item 12 we are talking about the accounting system and financial reporting. We have suggested that the corporation look into the computerization of its manual accounting system as soon as possible. We believe that computerization is essential if the corporation is to have accurate and timely information of benefit to senior management and the board of directors. Our understanding is that some progress has been made since the time of the audit and the committee will surely be interested in hearing the corporation's report on this matter. This concludes my summary remarks, Madam Chairman. If you have any questions I will be glad to answer.

CHAIRMAN (Mrs. Sorensen): Thank you very much, Mr. Dubois. As I mentioned in my opening remarks, the detailed review of the report entitled "Any Other Matter" will begin tomorrow morning at 9:30 and various departmental officials along with Department of Finance officials will be here to answer questions that the committee has. I would now like to move into a general discussion with the representatives of the Auditor General's office. I would add, Mr. Butters, that you are welcome to join in and respond from the government's perspective if you wish to. Mr. McCallum.

Grant And Contribution Payments

MR. McCALLUM: Just one or two questions of Mr. Dubois. You talked about your office trying to impress upon the federal government to classify all payments as contributions and not as grants. Can you give me an indication of what the reaction is from the federal government, either departments or generally?

MR. DUBOIS: Certainly, Madam Chairman, this may be a bit of a long story but we did a government-wide grant and contribution study in 1975-76. At that time there was a policy in existence by the Treasury Board Secretariat relating to grants and contributions. The result of our findings was that they have totally rewritten the guidelines and policies on grants and contributions at the federal government level, and at that time they themselves put heavy emphasis on the fact that grants should be a rare thing and that most payments should be in the form of contributions and that all contribution programs should be based on formal agreements of which the main thrust would be approved by the Treasury Board before the implementation of the program and that each contribution that would be given under those programs would be subject to specific written agreements.

I am not saying that everything is as nice as I just described. In fact there was some resistance at certain departmental levels, especially in the field of the arts where there is a feeling among those who are in the management of the art programs that you cannot give any conditions of any type whatsoever to an artistic mind; we have disagreed for a number of years on that particular basis and the issue is not entirely settled. I think we have made headway in some instances and lost a bit of footage in other instances but I think that in general it is improving.

MR. McCALLUM: I would just like to follow up. Have you then impressed that concept on the Government of the Northwest Territories as well?

MR. DUBOIS: Well, we have through this letter and through the detailed letter that is behind it but this is quite recent.

CHAIRMAN (Mrs. Sorensen): Just as a supplementary to that, you have mentioned just now another letter. Are you referring to the management letter?

MR. DUBOIS: Yes, the management letter that was forwarded to the Commissioner, which is a more detailed letter that gets into many technical aspects which we do not feel is of interest to the Legislature.

CHAIRMAN (Mrs. Sorensen): The territorial government gives out various grants, many of which are listed in territorial accounts, around \$5000, \$10,000, \$15,000. Are you being as specific in saying that even those small amounts of dollars that are turned over to organizations should be termed as contributions and therefore audited? Is this part of what you are saying as well?

MR. DUBOIS: I would like to answer that in two ways because I am not totally familiar with the exact payments and the reasons for them. In a generic sense, our own position is that we would call all payments contributions unless someone can demonstrate that they could be called grants and then be free from all types of control or audit. If the government within its grant or contribution program has specific objectives to achieve, the only way government will know if it achieves its objectives is to have a certain amount of control over the grants or the contributions, over the payments and what happens to the payments and the effect of the expenditures that are made by the recipient. So the only clean example that I have -- without trying to be a purist -- that I would totally agree to calling a grant, are the amounts that are given across Canada to the Legion. This is done on the basis of a sort of pay-back for having gone to war for the citizens of Canada. Nobody really wants to know what happens to the money, they can do what they want with the money and that is an outright grant; there is never any auditing or any questions asked. That is done purposely and that has always stood as being a full grant.

However in the field of the arts that I mentioned before, if the program is to encourage a specific type of art and the program disburses funds to individuals, then how can the manager of the program know if it is encouraging a certain type of art unless there is a certain control and follow-through as to what happens to the funds? And that is where we get into strong discussions as to how can you tell an artist how to spend his money. Now I am not sure that answers the question.

CHAIRMAN (Mrs. Sorensen): It would appear to me that we can discuss this in more depth when we get into the area because I am very interested in this and I would imagine the government has some comments to make related to the administration of having to control and even perhaps audit smaller grants that they give out, even grants that they might give out to municipalities for sidewalks, road repair, that kind of thing, that are now in some cases termed grants instead of

contributions. How far do you go when you have a relationship with another elected body? So I would say we could get into this in more detail when we get into the report. Does anyone have any other general questions?

Status Of Provincial Auditors General

I would like to refer back to comments you made, Mr. Dubois, about the Northwest Territories Act and the section that gives you your power to be what I guess is known in provincial structures, as the external auditor for the NWT government. It is my understanding that this is a somewhat unusual circumstance. I wonder if you could tell us what is the provincial experience with respect to their auditors, how are these external auditors appointed and what role do they play with the Assemblies they respond to and report to?

MR. DUBOIS: Madam Chairman, the provincial auditors general have a diversified type of situation. They are not all different but many of them are. For example, only four of them have a "value for money" mandate which is similar to the type of mandate that we have at the federal government level. I am not totally familiar with their full reporting relationships but many of them still report within -- at least their estimates go through the Minister of Finance. In our case while our estimates go through the Minister of Finance, for the sake of tabling we have a clause in our act that permits us to appeal directly to Parliament for budgetary purposes if we are not satisfied with the budget we have. So the degree of independence varies with each province but in most cases the annual report of the provincial auditor general is tabled in the House of that particular province and that is done through the Speaker. In this case we send our report through the Commissioner. This same section 23 that I have mentioned before, in subsection (3), specifies as far as the territorial accounts are concerned, that the territorial accounts shall be in such form as the Commissioner may direct and shall include a report of the financial transaction, a statement certified by the Auditor General of the expenditures and revenues, a statement certified by the Auditor General of assets and liabilities and such other information as required. Now the Northwest Territories Act specifically puts this under the Commissioner so, since he is responsible to put together the territorial accounts once we have formulated our opinion we send it into the system, so that it can be incorporated in the territorial accounts. When we come to the last part of subsection (4) of section 23, which deals with the "any other matter", which is the report we send annually, we have always throughout the years sent that through the Commissioner, who tables it in the Legislature.

---Applause

CHAIRMAN (Mrs. Sorensen): I wonder if you could explain the Yukon model. Does their act contain similar provisions? And I understand you are also the Yukon's external auditors as well.

MR. DUBOIS: Yes, Madam Chairman, we are and the Yukon Act I believe is identical. On the other hand there were instructions from the Minister that established a difference with the role of the Commissioner. In the case of the Yukon, the Commissioner is now not involved at all in the management of the day to day affairs of the government. That's where the difference lies. In the case of the Yukon we will send our report on any other matter directly to the Speaker for tabling in the Legislative Assembly.

Now, if I may add, since the Commissioner automatically sends the report to the Speaker for tabling, we are probably talking here about a procedural difference more than a real difference. In fact in all of our audits we have as a basic principle a policy that we will discuss our reports in draft form with the management responsible for the observations that we have, in this case the government. We discuss the draft report with the Commissioner and under any of these two types of procedures we would still discuss the draft with the Commissioner, so I do not think there would be that much of a difference in fact.

CHAIRMAN (Mrs. Sorensen): It appears to me, however, that the instructions from the Minister of Indian and Northern Affairs to the Commissioner of the Yukon were significant in the way that you relate now to the Yukon government and the Legislature in that you do not go through the Commissioner.

MR. DUBOIS: Well, they were significant in the sense that the Commissioner in the Yukon is removed from the day to day affairs and the change at that point had to be made so it was made directly through the Speaker. That is the most practical way to do it, because the report is definitely addressed to the Legislature. What we are talking about is who it goes through in order to get to the Legislature because in all cases that is where it has to end up, on a timely basis.

CHAIRMAN (Mrs. Sorensen): Can we then talk about the other way around? What if the Legislature requests its external auditors to do something? If after a vote, the Yukon Legislature requested that you, the external auditor, assist the special committee that they have formed, the standing committee on public accounts, to do something and the Commissioner intervened and said no, he did not wish that to take place, what would happen in a case like that in the Yukon?

MR. DUBOIS: I cannot imagine a case like that but I am not sure it would make any difference. With your permission I would like to ask Mr. Hayes if he has any comment on that.

MR. HAYES: I do not think it would make that much difference, really. It is dealing with the realities of the legislation more than anything else and the directions, as Mr. Dubois said, that are given from time to time by the Minister. In effect, in the case of Yukon the instruction to the Commissioner at the time was that he act more or less in the role of lieutenant-governor and withdraw himself from the administration of the territory. As I understand it for the NWT the instructions have not been quite so specific and the Commissioner is still involved to a degree in the day to day administration of the government. But he does actively involve the Executive Council in that process now, which is a significant change to say five years ago.

CHAIRMAN (Mrs. Sorensen): So by that I take it that if the 10th Assembly requests, by vote, that the Auditor General perform some service that you would first feel obligated because of the act to go to the Commissioner for a formal request for you to do that.

MR. HAYES: I think it would be appropriate in the circumstances to do that because we are willing to take direction. At the same time we have the responsibility to establish the scope of the audit ourselves and if we come across a situation that we are very much concerned with, I do not think anyone would object to us undertaking the work on our own and reporting the facts to the Council if necessary.

CHAIRMAN (Mrs. Sorensen): Questions?

MR. McCALLUM: Do you transmit your report to the Council of the Yukon Territory or do you transmit the report to the Legislative Assembly of the Yukon Territory? The terminology that is used by the Auditor General in the letter of transmittal, that is Mr. Dye's letter to Mr. Parker, the Commissioner of the NWT, is to the Council of the NWT. Do you transmit it to the Council of the Yukon Territory?

MR. HAYES: These letters use the exact wording of the act so we still use the term "Council". In fact, it goes to the Legislative Assembly.

MR. McCALLUM: That is for both territories?

MR. HAYES: That's right. It is addressed to the Legislature. The report itself is a report to the Legislature, to Council, in both cases. In the case of the Yukon we send the report directly to the Speaker. In the NWT we send it to the Commissioner. But both reports end up in the Legislature. There is no difference as far as the ultimate objective is concerned. It is the path that is followed that is different.

MR. McCALLUM: My concern was with the terminology used, not with the process, but the terminology used; use of terminology that is applicable because of the provisions of the NWT Act or the Yukon Act.

MR. DUBOIS: That's right, yes. In fact we are not entirely happy with some of the wording in the act because the auditing profession has progressed from some of the wording that is used.

MR. McCALLUM: Join the club.

MR. DUBOIS: We had to use the same words as are in the act, but we do not necessarily like them.

MR. McCALLUM: I can appreciate that.

CHAIRMAN (Mrs. Sorensen): If the Minister of Indian and Northern Affairs directed you to do otherwise, would you feel comfortable doing otherwise?

MR. DUBOIS: I believe so, yes, definitely.

Conduct Of An Audit

CHAIRMAN (Mrs. Sorensen): Perhaps this is a question for Mr. Hayes. I am not entirely familiar with how an audit is conducted. Do you audit every department every year or do you do random selection of departments, and into how much depth does your audit go?

MR. HAYES: Well, Madam Chairman, the basic approach to the audit is on a cyclical basis. There are certain departments such as the Department of Finance which you have to audit every year because that is where everything comes together. But with some of the major spending departments you may touch on two or three who have a significant portion of the total expenditures of the government or revenues of the government in any year. Those, again, could be done on a cyclical basis to give a reasonable proportion of the total expenditures of the government in any year. Then the type of examination that we do in those cases is a systems review of the systems in place within that department. Evaluating those systems is effective in identifying control weaknesses, testing the effectiveness of the controls and coming to some conclusion with regard to, say the expenditures or revenues of that particular department. An example would be with Economic Development. We may not touch Economic Development for another two years, which is a perfectly acceptable audit approach. For the departments that we do not examine in depth what we do is what we call analytical reviews of the expenditures or revenues of those departments, and satisfy ourselves in terms of variations in the expenditures from one year to another, get explanations and maybe test those explanations against documentation. But it is you might say a very high level review of that type of department, because we know that based on our materiality levels that we use for the audit you are not going to get a significant error, say of a million dollars in a department such as the Executive Office, that would have any serious impact on the total expenditures of the government as a whole.

That deals with the reviews of the systems and the testing that we do. Then when we come to the year-end audit there are different approaches that we use for confirmation of balances of banks, accounts receivable, inventories and payables. And also as part of the examination of expenditure transactions we do use statistical sampling there. That approach covers all expenditures government-wide. It could be a small department and they could be big ones.

CHAIRMAN (Mrs. Sorensen): I have another question. Both Mr. Butters and yourself have mentioned that you can see significant improvements. I take it that is generally seen in your 1983 audit that you are doing now. Is that correct?

MR. HAYES: We are now in the 1984 audit, Madam Chairman. Yes, there have been, let us say, maintained maintenance of good systems so far.

CHAIRMAN (Mrs. Sorensen): Would you say that's due, in part, to the implementation of the Financial Information System?

MR. HAYES: It has certainly had a significant impact, yes, because I do not think we would have been able to achieve what we did last year had the system not been totally effective.

CHAIRMAN (Mrs. Sorensen): So you are saying that the system is totally effective?

MR. HAYES: Yes.

CHAIRMAN (Mrs. Sorensen): That's very good to hear. I would say then we can expect your report on any other matter in the territorial accounts in early September then.

MR. DUBOIS: I was very careful to mention that we do not wish to establish new records every year. We will do our best and hopefully we will come in at the same time.

Terminology

CHAIRMAN (Mrs. Sorensen): Do committee Members have any further questions of the auditors? All right, we will move to the terminology. That is the hand-out you received this morning. For the information of those present, it has been identified by the Members of both the standing committee on finance and the standing committee on public accounts that some of the terminology that we have been using is somewhat difficult to understand. Since the report itself that we will be reviewing tomorrow contains a fair number of these foreign terms, we thought that it might be

useful for the committee and perhaps for those members of the press to have the Auditor General put together a bit of a definition of some of the terms. We will now go through these terms and I would ask that Members who have any questions interrupt when the specific term is being discussed. Please do not hesitate to do that if you are not quite sure of the explanation. I think it is important that you at least have the basic understanding of some of these terms. Mr. Hayes, would you like to proceed?

MR. HAYES: Thank you, Madam Chairman. In the report we referred to different bases of accounting: the cash basis, modified cash basis, accrual basis, accounts receivable, allowances for doubtful accounts receivable, suspense accounts and the POL revolving fund. For the average lay person they are perhaps meaningless terms of -- I will attempt to just give a quick definition of the various terms that are used within the report, so people will get a better appreciation of the meaning of them.

With cash basis of accounting the cash basis usually deals only with amounts received and paid out in cash during the fiscal year. Except when paid or received the cash basis does not take into account the amounts owing by or to an organization at the beginning or end of a fiscal year. On that basis of reporting, all that you are really showing is the financial position at any time which is basically the cash position. Another term that is commonly referred to within government is the modified cash basis of accounting which is an attempt to give some recognition to amounts owing by or to an organization, which in the accounting sense are accounts payable or accruals. As the amounts are paid or received they are recorded as cash items. The financial position at any time is the equivalent of the cash on hand plus accounts receivable less accounts payable. It gives a better feel for the financial position of the organization and is basically one step removed from full accrual basis. With the accrual basis of accounting, which is the system which is usually followed, what the system does really is record transactions as they arise and provide for proper matching of revenues and expenditures irrespective of when the accounts are settled. The objective is to provide a true picture of the financial position at any time by showing the excess of revenues over expenditures for the fiscal year and the assets and liabilities at the end of the fiscal year. It is the type of system which we find the profession most comfortable with, when they say that the financial statements presented a fair view of the financial position and result of operation. And the government is moving toward this and giving us more comfort when we express our opinion on the financial statements.

With regard to accounts receivable, they arise in government mainly in two ways: through the provision of services by the government, for which it has a fee; or by way of making loans to third parties such as loans to municipalities and school districts, your business loans fund and the like. Under the accrual basis of accounting, the accounts receivable are set up as the service is rendered or the loan is issued. In other words it is the date of entering into the transaction that influences the recording in the accounts.

With allowances for doubtful accounts receivable, they are usually provided to give some recognition to accounts that may be of doubtful collectability. The purpose of providing the allowance is to show the accounts receivable on the financial statements that are giving a fair indication of the realizable value. The allowances give recognition to amounts in dispute or to amounts that may or may not be collected because the debtor is bankrupt or his firm is in liquidation or is experiencing financial difficulty. Failing to provide an allowance for such accounts means that the accounts receivable are overstated. A provision of an allowance does not mean that the accounts are being written off; this can only be done with proper authority after it has been determined that the accounts are uncollectable. But the provision of an allowance does mean that the expenditures of the year are more fairly stated which is the ultimate objective in terms of the financial statements.

With suspense accounts, they are a generally accepted method of dealing with items that you cannot immediately post to a proper revenue or expenditure account. But these should always be used on a temporary basis until final disposition is determined. To ensure that items do not stay in suspense too long there should be a periodic review of the items to see that the items are cleared on a regular basis. The point at issue is that no item should be left indefinitely as a charge or credit to a suspense account.

With the petroleum, oil and lubricants revolving fund, first of all with any revolving fund it is really an authority to draw on the consolidated revenue fund up to an established limit, which cannot be exceeded. If it were exceeded, and came across our attention in the course of the audit

that would be a recordable item as far as we are concerned. It is similar to a line of credit with the bank. As you draw on the funds your line of credit or funds available are reduced, and as you make repayments you are then back with an increased amount available for spending.

The advantage of using revolving funds is that it does permit accrual accounting to be used in all instances. With regard to the POL itself, as petroleum, oil and lubricants are purchased through the revolving fund, the cost is charged to the appropriate inventory account and the supplier's account is credited with the amount purchased. That is one aspect of the transaction. When you pay the supplier, the advance is credited and the supplier's account is debited to discharge the liability to the supplier. Then as you issue the fuel to the consumers, the inventories are depleted by the cost of the goods sold and that is set up as the cost of sales. Then you have to bill the supplier for the fuel supplied.

The billing process includes, you might say a surcharge, covering the cost of administration of the fund itself. Then the same process applies when you bill the supplier. That is equivalent to a sale, the sale is credited, the supplier's account is debited and that becomes a receivable of the POL account. As the customer pays or settles the account receivable the money goes back into the advance account and so does the reduction of the amount advanced to the fund. At any point in time the balance in the fund should be equivalent to the net assets of the fund. By net assets I mean the inventory on hand, accounts receivable which are offset by the accounts payable and accrued liabilities. Also as part of that system, in terms of verification of the inventories, they are physically examined from time to time during the year and the physicals are compared with the book value of the inventory and adjustments are made for any variances. The variances are charged or credited against the cost of goods sold, because it means that in the first place you might say they are being based on estimates and you are getting down to actual figures. I think that covers that, Madam Chairman.

CHAIRMAN (Mrs. Sorensen): Thank you very much, Mr. Dubois. Questions?

MR. McCALLUM: Just one question. Given that suspense accounting is an acceptable practice, what is an acceptable time frame to remain in this purgatory before they are properly, then, related back to the actual transaction? What is an acceptable time frame -- two, three, four, five or six months? I recognize that there are certain factors that will have to be taken into account that may delay the proper accounting of it, but is there an acceptable time frame?

MR. DUBOIS: There really is not an acceptable time frame. A lot depends on the transaction itself. You might have a considerable difficulty in identifying what the transaction is about. It may take a considerable amount of research to establish it. On an average, a transaction should not remain in suspense for more than a month because it is a temporary account.

CHAIRMAN (Mrs. Sorensen): Questions? Do you have anything you wish to add, Mr. Butters?

HON. TOM BUTTERS: No, Madam Chairman.

CHAIRMAN (Mrs. Sorensen): Anything further, Mr. Dubois?

MR. DUBOIS: No.

CHAIRMAN (Mrs. Sorensen): Mr. Hayes.

MR. HAYES: No.

CHAIRMAN (Mrs. Sorensen): All right, that concludes the public session for today. Again, I remind you that we will start first thing tomorrow morning at 9:30 with the detailed review of "Any Other Matter". Thank you very much.

---ADJOURNMENT

YELLOWKNIFE, NORTHWEST TERRITORIES

THURSDAY, APRIL 26, 1984

CHAIRMAN (Mrs. Sorensen): I would like to call the session to order. This morning the standing committee on public accounts will be reviewing the document on "Any Other Matter" for the year ended March 31, 1983. Mr. Irving, the president of the NWT Housing Corporation, has indicated that he will be leaving town later on this morning and has asked if it would be possible for the Housing Corporation to come up first this morning, and as your chairman, I have agreed that it is possible, and therefore without further delay I would like to have the witnesses from the Housing Corporation come forward. I assume Mr. Irving will lead the witnesses. I wonder, Mr. Irving, if you could introduce the individuals you have with you for the record.

Northwest Territories Housing Corporation

MR. IRVING: Thank you, Madam Chairman. I appreciate the courtesy of accommodating us. I have on my left, Lloyd Clark, vice-president of finance and administration. Next to him, Hal Logsdon, vice-president of programs.

CHAIRMAN (Mrs. Sorensen): Thank you very much. If we could go first to the Deputy Auditor General for an overview of the first section, the financing operations, leading up to the recommendation at the bottom of page 12, which states that the corporation should endeavour to further improve the timeliness of receiving capital funding from CMHC. Mr. Dubois.

MR. DUBOIS: Thank you, Madam Chairman. In the observation we recognize that the corporation had achieved some improvement in its cash flow and in obtaining payment of claims on CMHC on a more timely basis and we mentioned that there is still a significant amount of working capital tied up. I understand that there has been progress since this observation was made. With your permission, I would like to ask Mr. Hayes if he wants to get into the detail of the observation.

MR. HAYES: Madam Chairman, in this particular paragraph we do give an outline of some of the improvements that have taken place. The main issues really, you might say, are in the last paragraph of the comments where we talk about accounts receivable from CMHC being \$7,735,000 that was outstanding at March 31. So the committee may wish to follow up as to whether that amount has been settled. And the other part is in connection with project costs. As I indicated to the committee in the briefing session yesterday, that figure of \$8,680,000 should actually read \$6,473,000 -- we're talking in terms of extra funding of \$6.5 million as distinct from \$8.7 million as originally stated in that paragraph. Again, the committee may be interested in finding out the resolution of that particular item which is not reflected in the financial statements as receivables, but is just dealt with by way of a note.

CHAIRMAN (Mrs. Sorensen): Thank you very much, Mr. Hayes. Does the committee have any questions? Mr. Pedersen.

MR. PEDERSEN: Madam Chairman, with reference to the amounts just mentioned, the report states that there are receivables from CMHC as of March 31, 1983, that include \$7,735,000. Has this amount been paid by CMHC and if so, when?

MR. CLARK: Yes, the bulk of this amount has been paid. The receivable at March 31st would have reflected expenditures to that date. CMHC shares in some 90 per cent of the amount that they would normally incur up to the point of project closure. We have closed out most of these accounts and have received the authorized funding.

MR. PEDERSEN: Regarding the bulk of the amount, could Mr. Clark indicate a dollar figure that is left or what has been paid? How big a bulk, please?

MR. CLARK: No, I do not have the specific figures for you, Madam Chairman.

CHAIRMAN (Mrs. Sorensen): If I could just intervene here. Could you make those figures available then, sir?

MR. CLARK: Yes.

MR. PEDERSEN: Madam Chairman, I have a few other questions related to this. It is also noted that, in addition to the above figures, that of these project costs at \$6.5 or \$6.473 million in excess of the amount approved, CMHC will bear \$960,000 of these and will be providing the funding for the other \$4.4 million, which I guess would be left then. I wonder what portion of that \$6.473 million was ultimately borrowed by CMHC?

MR. CLARK: The total potential is \$4.442 million and none of this has been received to date. CMHC have indicated that under section 40, the \$960,000, we should have their response in the next month. The remaining amounts relating to the section 43 loans are still under consideration by CMHC, and they have indicated that in approximately May or June of this year they will be coming up with some decisions. The first portion, the \$960,000 represents cost-shared programs where the corporation is the active partner and CMHC essentially as the passive partner in the process is required to accept our cost increases. In the loan funding they have the option, and I have no idea at this point just how much of that they will be prepared to accept.

MR. PEDERSEN: Madam Chairman, is there any indication from CMHC? You say they will be coming up with a reply. Have you had any indication, any feelings? Is it going to be negative, positive?

MR. CLARK: Probably positive, but to the extent of how much of that total, I do not know.

MR. PEDERSEN: Could you tell the committee possibly what sort of factors give rise to project overruns to these amounts?

MR. CLARK: Yes, factors that give rise to project overruns include lost supplies and the resupply problem and at times design problems that have had to be corrected at the contract state. The biggest portion of the overruns that were identified in March 31, 1983, reflects the rather disastrous 1981 season, where we had a major supplier who did not meet all of the criteria, causing extensive resupply by air, causing extensive construction contract resupply and down-time, so that the reasons may or may not be acceptable to CMHC. Certainly in the recent past the process has been vastly improved, not only in material supply area and the follow-up, but in project management and project review.

MR. PEDERSEN: When you say that they have been approved, I was going to ask you how we could guard against these things happening in the future and how we could get more realistic budgets approved in the first place. This \$6.6 million, now I am not sure exactly what percentage of the total -- could you indicate to me how that relates to the total programs, so that we know whether it was a five percent, 10 per cent, 50 per cent or whatever cost overrun?

MR. CLARK: In rough terms it would be in the order of 10 per cent.

MR. PEDERSEN: That is on capital construction only. That is a 10 per cent overrun. I did not think they had a \$65 million budget.

MR. CLARK: This covers over a three year period and includes both our own share and CMHC share, so that the total budgets for that three year period would be in the order of \$60 million.

MR. PEDERSEN: Is CMHC willing or have they in the past indicated willingness to accept interim claims for cost overruns?

MR. CLARK: Not in the past, but at present we do have an agreement with them, with our section 40 programs -- and these are the only programs we are going forward with at this time -- that interim cost changes can be reviewed by CMHC and their commitment adjusted.

MR. PEDERSEN: Regarding the status of your discussions with CMHC, as you said before, you expect a reply in June, is that correct?

MR. CLARK: That is correct.

MR. PEDERSEN: Thank you. That is about all.

CHAIRMAN (Mrs. Sorensen): Further questions from the committee on this issue? I have a question concerning your comments about lost supplies and the particularly disastrous 1981 season. Did you do an investigation with respect to these lost supplies? Was there any indication where they might have gone missing, whether it was south of the NWT border or somewhere in the North? Were the RCMP involved in this situation?

MR. IRVING: Madam Chairman, we did an inquiry into what had happened and as a result we have changed our policy but very basically the problem was that the construction contracts for public housing were in two parts. It was supply and then construct. And I would say the biggest problem is the northern supply. The corporation was responsible to get the material into the small communities and some of it disappeared either en route or at the site. It is very difficult to keep track of these materials once they get into the community before the construction starts. Maybe just to jump ahead one step, what we have done in the last two years is to change our policy to supply, ship and erect. That is, we make the contractor responsible for the material, f.o.b. the site and it takes us off the hook. What had happened in 1981, and that was before the present administration was with the corporation, is that I understand that the major supplier had problems financially. Some of the material was not shipped, it was short-shipped. New material had to go in which had to be airlifted rather than sealift. A lot of these places only have one ship or barge per year and the cost overruns were very bad. The problem arose there where CMHC, when they agreed to the original estimate, had some problems agreeing to the final price. In some cases we did look at the community but it was almost impossible to even find out whether the stuff left, say Hay River and arrived at the Arctic coast. In a good number of cases we wrote it off as just a bad operation and we have made some substantial changes, the biggest one as I have mentioned, supply, ship and erect.

MR. McCALLUM: Just on that, Mr. Irving, it is my understanding now that in the coming year, at least in the Keewatin, the Minister has indicated that he is going to go back to the business of not having supply, ship and erect, but that he is going to go back into breaking it down. If there were difficulties in the past with that policy, why the change now?

MR. IRVING: Madam Chairman, I am aware that the supply, ship and erect policy does favour the larger construction firms and with some better expediting probably on our part and with the supplier we may be able to accommodate some of the smaller firms, particularly in the Central and Keewatin areas. We believe that the best method is supply, ship and erect but we have agreed that we will look at construction for next year, and in some particular areas where there are some smaller contracts we may be able to go back to the old method. It does help the smaller contractors in the regions. We may be able to have a split but you are right, Mr. McCallum, the supply, ship and erect is, for the corporation, the best way to go but it is a matter of helping out the northern contractor as well. We might be able to accommodate a split next year.

MR. McCALLUM: Just one further to that. Is it anticipated then that the corporation is going to do the expediting, or will it be done by the contractor, if you like it, or the local person? Because if that is a difficulty in trying to determine where the supplies come in, and keeping track of them, somebody is going to have to do it. Either the corporation is going to have to do it which means taking on more people, at least so it would seem to me, or the contractor or the person that gets the contract to either supply and/or construct will have to -- there will be an increased cost in there, it would seem to me.

MR. IRVING: Madam Chairman, Mr. McCallum is right. Basically it is a split between the supplier and the corporation to see that the material is properly expedited. We have hired expeditors in the last two years in our material management office, but I see it as a split responsibility between the supplier and ourselves with the corporation having the overall responsibility to ensure that the supplier firstly ships the material and it arrives at the other end.

CHAIRMAN (Mrs. Sorensen): Going back then again to that episode. Was the original supplier, expeditor in this case, a northern supplier?

MR. IRVING: Madam Chairman, yes, it was.

CHAIRMAN (Mrs. Sorensen): So, in fact, the one responsible for major parts of this overrun was a northerner, a northern business anyway?

MR. IRVING: That is correct.

CHAIRMAN (Mrs. Sorensen): Have you had any further problems since with supply, specifically, lost supplies or misdirected?

MR. IRVING: No, Madam Chairman. In fact in the past year we have reduced the loss down to less than one per cent, mainly because we have improved the operation of our material management office with hiring proper expeditors and we have new staff. We increased the staff in that particular operation two years ago and I would say that particularly last year the supply was very successful. I think probably a certain amount of luck was involved as well with transportation, with winter roads and NTCL but it was very successful last year.

CHAIRMAN (Mrs. Sorensen): With respect to CMHC now, are you confident that from now on your funding arrangement is going to be more timely?

MR. IRVING: Yes, Madam Chairman. One of the main things is that we have changed our operation to section 40 from 43 and 42. That is one big area that would assist us in dealing with CMHC.

MR. GARGAN: Madam Chairman, I am just curious about what they mean by section 40 and section 43.

MR. CLARK: If I may, Madam Chairman. Section 43 of the National Housing Act is a section of the act under which CMHC may loan to a housing corporation funds to assist in the completion of housing. Under section 43, the CMHC loans up to 90 per cent of the capital costs at an interest rate that is reasonably comparable to the private market. They also assist in the ongoing operating deficit of the unit once it is built and occupied to the extent of 50 per cent of that cost including the interest repayment. Under section 40 of the National Housing Act, CMHC rather than being a loan agent is a partner. They own three quarters of the value of the house and they share three quarters in the value of any operating deficit with the housing corporation taking the active partner role. The main difference between the two is that under section 43 we were able to use less GNWT capital money to build our houses but the long-run cost over time was far, far greater to the GNWT than under section 40 where the government must find 25 per cent of the up-front cost but shares only 25 per cent of the continuing cost.

CHAIRMAN (Mrs. Sorensen): Are there any further questions on this section?

MR. McCALLUM: Just one. What is the amount that is now owed to the CMHC, Canada Mortgage and Housing, under section 43? Do you have a ballpark figure?

MR. CLARK: Not with me, but I can provide it.

MR. McCALLUM: Okay, and again, what amount is the government yearly putting out toward that? What is it costing the government a year?

MR. CLARK: In actual loan repayments, the current budget for loan repayments is in the order of \$10.3 million, with CMHC picking up approximately half of that.

CHAIRMAN (Mrs. Sorensen): Can I have an indication, at what point does our debt load with respect to all these loans that are outstanding become too heavy? Do we have a cut-off period where we say we simply cannot take any more loans on before we pay off some of this principal?

MR. CLARK: Madam Chairman, I would suggest that we have reached that point now. Certainly in 1981 we ceased using section 40 for new housing, and with the improved tenure that we have been able to obtain for rehabs we have ceased section 43 in the rehab as of this year.

MR. PEDERSEN: Madam Chairman, I realize it is sort of like flogging a dead horse, but I would like to go back to that 1981 season. As a result of that season, are there any policies in place now on the procedure? How would you deal with a contract where you determine that the contractor is at fault for not shipping the right material? Would you deduct that from the contract, or what is the policy, how do you handle that?

MR. IRVING: Madam Chairman, that caused us a great deal of difficulty and heartache. We ended up in a legal disagreement with that particular contractor and there were holdbacks. We did not pay everything he claimed that he was owed. There was a final settlement made with his lawyer. We have improved our operation, as I mentioned. The biggest thing was the supply, ship and erect policy.

I suppose the one biggest thing that has happened is that we do not use that supplier any longer, and with our policy we do not necessarily have to accept the lowest bidder. The performance that particular supplier gave us would negate any further entering into contracts with him. In fact, I noticed this year that that particular contractor has not come in with any tenders at all, and we are not the only department or crown agency that had the same problem.

MR. CLARK: If I may, Madam Chairman, in terms of the current process we have established the system of checks and balances required. We have a regular routinized process of checking all equipment, all materials, all supplies en route. For those projects that are not supply, ship and erect, we have an expeditor inspect the material at the point of original supply, at the point of the supplier's shipping point, at the receipt of the goods in the community. We insist on the erection contractor inspecting and reviewing those supplies, providing a report on any missing items within a set period of time and we provide to that contractor the responsibility that if he fails to note any shortages within the time element described, he is personally responsible for them.

Information In The Estimates

CHAIRMAN (Mrs. Sorensen): All right, we will move to the next section, which is information in the estimates. Mr. Dubois.

MR. DUBOIS: Thank you, Madam Chairman. The thrust of this section is to try to obtain an improvement in the quantity of information that appears in the Housing Corporation section of the government estimates. While there is information in relationship to the requirement of the corporation to be made on contributions and grants to be given by the government to the corporation, there is also significant funding available to the corporation under the National Housing Act from CMHC. The point that we are making is that the Legislature would have better information if the details of the different funding from CMHC under the different sections of the National Housing Act would appear in the estimates, and the recommendation suggests that the corporation, with the approval of the Financial Management Board, should seek to improve the disclosure in the estimates.

Now, our comments were made on the basis of the 1983-84 estimates. The comments of the corporation are to the effect that the 1984-85 estimates will include more and better information and also mention that there will be further improvement in 1985-86. Perhaps the committee will be interested in hearing from the corporation the actual improvements made to date and planned for the future. Thank you.

MR. McCALLUM: Just to follow along in that, I wonder if you would explain just what has occurred to date and the second part of it is to elaborate a little bit further on what you anticipate that you will be doing in relation to the comments that were made. You have indicated in 1983-84, that the 1984-85 estimates will include this new information. Would you explain that to us? And secondly, you are considering including information in 1985-86, will you elaborate again on what are the plans?

MR. CLARK: Certainly, Madam Chairman. In the estimates for 1984-85 the corporation provided to the Government of the Northwest Territories full details on the cost split between the corporation and the Canada Mortgage and Housing Corporation, and within the estimates themselves are two main information items; one on capital providing the details of the Canada Mortgage and Housing Corporation cost sharing in the capital program, and a section on the overall corporation expenditures showing the details of Canada Mortgage and Housing Corporation's share in that process.

For 1985-86 the corporation is prepared to provide detail to the funding section level if the Government of the Northwest Territories feels this is appropriate to place within the estimates. Certainly the information that is there now does provide to the reader of the main estimates a clear picture of where the funding comes from and what it is used for.

Work Done For Others

CHAIRMAN (Mrs. Sorensen): Further questions on this item? All right, we will move to page 14, work done for others. Mr. Dubois.

MR. DUBOIS: Thank you, Madam Chairman. Item 10 refers to one specific instance dealing with the Inuit Non-Profit Housing Corporation where the project went ahead without a signed agreement. Now this has been referred to more than once since it dates back to 1981. At the time of the audit there was still no signed agreement and the corporation was financing the total project for the INPHC. Our recommendation is really one of principle, that the corporation should not undertake work for others until agreements have been signed and financing arrangements made. This example, I think, demonstrates quite clearly the types of problems one could get into in going ahead without signed agreements. Thank you.

CHAIRMAN (Mrs. Sorensen): Does this committee have any questions?

MRS. LAWRENCE: Could the corporation explain to the committee why it undertook the construction of the housing units for the Inuit Non-Profit Housing Corporation?

MR. IRVING: Briefly that is a very difficult question to answer. Again that resulted from an undertaking by the previous administration of the Housing Corporation in 1981, but I can tell you that that undertaking, which was against the policy of the corporation at the time, and government policy, resulted in the direct dismissal of the vice-president of the construction at the time. I do not know why he did it but it has caused a considerable problem. In February of this year I went to Ottawa, along with Mr. Logsdon. We concluded a signed agreement. At that time 85 per cent of the outstanding moneys were paid to us and as of yesterday, Inuit Non-Profit Housing Corporation have indicated to us that the balance of the money owing was forwarded to us by cheque on the 16th of this month. That would indicate that the total amount has now been paid to us. I cannot give you any other information as to why it was done in the first place.

MRS. LAWRENCE: So did the corporation absorb the costs of the construction deficiencies which it corrected?

MR. CLARK: Yes.

MR. IRVING: Yes, Madam Chairman.

MRS. LAWRENCE: How much did it cost the corporation?

MR. CLARK: The corporation took a direct loss on that contract in the order of \$120,000.

CHAIRMAN (Mrs. Sorensen): The money that you will be receiving from the Inuit Non-Profit Housing Corporation or their sponsors, does that include interest?

MR. CLARK: No. It is strictly in accordance with the contract total of \$594,000.

CHAIRMAN (Mrs. Sorensen): Was there any discussion on negotiating interest payments?

MR. CLARK: Yes, there was considerable discussion not only on the question of interest payments but on the question of appropriate contract extras but INPHC and CMHC, who support them in their process, did not have additional funds to commit to that project.

CHAIRMAN (Mrs. Sorensen): Can we have confirmation, when you have confirmation, that this is paid off?

MR. IRVING: Yes, Madam Chairman.

CHAIRMAN (Mrs. Sorensen): Will you indicate to us when you receive the money?

MR. IRVING: Madam Chairman, we have already received one cheque for 85 per cent of the amount and we have been assured that the other 15 per cent is in the mail.

CHAIRMAN (Mrs. Sorensen): We heard that before.

MR. IRVING: Yes.

CHAIRMAN (Mrs. Sorensen): Mr. Pedersen.

MR. PEDERSEN: Just to relate figures to something a little easier to understand. How many units were built with this? Can you relate the per unit cost to our own type of construction? What was the end result of it?

MR. CLARK: This involved the building of one duplex, two three-bedroom units in one community, and two single family homes in another community. A total of four family units.

MR. PEDERSEN: Very high priced stuff.

MR. CLARK: Yes, it was a high priced contract. It was an experimental-type home including new technology, air-to-air heat exchange and so on.

MR. PEDERSEN: Has the corporation had an opportunity to monitor the success of it?

MR. CLARK: That project has been monitored closely by CMHC and they have promised the corporation results of the monitoring.

MR. IRVING: Excuse me, Madam Chairman, may I be excused?

CHAIRMAN (Mrs. Sorensen): Yes.

MR. IRVING: I am sure my two colleagues in the Housing Corporation can satisfy your questions. Anything else we can take under review and advise you in due course.

CHAIRMAN (Mrs. Sorensen): Thank you. I have a question regarding work done for others. Mr. Irving had indicated that when this particular project was taken on it was against the policy that existed. Is it the policy not to undertake work for others or what is the specific policy with respect to this?

MR. CLARK: The policy is that in any work that we do undertake for others, we obtain a full agreement in advance, including a financing arrangement to cover the cost of the construction.

CHAIRMAN (Mrs. Sorensen): Do we currently have any projects that we have undertaken for others?

MR. CLARK: We do have some other projects at the present time, essentially some staff housing for the Department of Public Works. They have a certain number of rural and remote houses that they are building on our behalf. We do have an agreement in place for that. We also, I believe, have arrangements in process with the Parks Canada people for some work in one of our northern communities. Again, this is being withheld until we have full and complete agreement on the financing arrangements and the work to be done.

Accounting Policies And Procedures Manual

CHAIRMAN (Mrs. Sorensen): Any further questions? All right, we will move on to the next section which is Item 11, accounting policies and procedures manual, page 14. Mr. Dubois.

MR. DUBOIS: Thank you, Madam Chairman. We referred in last years management letter to the need for the corporation to review and document its accounting policies and procedures in a users' manual. We come back to it in this report. We believe it is a very significant document to have in place, especially due to the high turnover rate of personnel. It assures the corporation that the users will follow an established way of doing things. Without that type of manual there is a risk that people get into guessing games as to what they have to do. We also comment in the second paragraph that the working papers for investments in projects were substantially better than those of the previous year. We did not note an improvement, however, because the policies and procedures are not clearly laid down. It resulted in the necessity for a number of adjustments because of flexibility of interpretation by employees.

That is why we come back with the recommendation that the review of accounting policies and procedures should be completed as soon as possible. The corporation has indicated that it had at that time anyway commenced work on the preparation of manuals. The committee may be interested to see what progress has been made since that time. We also recommend that those policies and

procedures be approved by the board of directors to give it top management support and to make sure that they are officially recognized within the corporation. And finally as the year-end procedure we are suggesting the comptroller review and sign off all year-end working papers. Thank you.

CHAIRMAN (Mrs. Sorensen): Thank you, Mr. Dubois. Any questions from the committee?

MR. GARGAN: Thank you, Madam Chairman. Mr. Clark, with regard to that detailed accounting manual, is it supposed to appear in the fiscal year 1983? With reference to recommendations one and two of the auditor's report, what is the status of that manual?

MR. CLARK: Madam Chairman, the policies and procedures document has in the main part been drafted. The individuals within the Department of Finance are fully familiar with the procedures that are required from them. The document is still to be finalized and put before the board of directors. We are working on this on a two-phased arrangement, not only in terms of the current procedures relative to the manual system, but also in terms of procedures that will have to be laid in place for computerization which is targeted for the 1984-85 period. We anticipate going into the Financial Information System of the Government of the Northwest Territories, with a parallel operation with our manual system by late fall and with full implementation by April 1st of 1985, we hope.

CHAIRMAN (Mrs. Sorensen): Can I have an indication of when you plan to take the manual to the board of directors? Do you have a specific date yet?

MR. CLARK: I expect that the manual will be going to the board of directors shortly after the end of August, at the first board meeting that follows that.

CHAIRMAN (Mrs. Sorensen): When you have completed the draft and have approval, will you indicate that to the committee?

MR. CLARK: Yes.

CHAIRMAN (Mrs. Sorensen): Thank you very much. A letter would be appropriate.

MR. CLARK: Will do.

CHAIRMAN (Mrs. Sorensen): Any further questions in this area? What about the signing off of working papers? You have indicated to the Auditor General that you will review and sign all 1983-84 working papers prior to commencement of the year-end audit. Has that been done?

MR. CLARK: Yes, this process is in place now. Our comptroller is reviewing all working papers and signing them off before turning them over to the Auditor General's people. I might add that in the mortgage accounting area and the loans area, the note from the Auditor General for the March 1983 period was that much work had to be redone because our records were not balanced to CMHC records. In the current period our mortgage accounting and loans officer has balanced all of our records to CMHC's.

Accounting System And Financial Reporting

CHAIRMAN (Mrs. Sorensen): Further questions? All right, we will move to the next section. Accounting system and financial reporting. Mr. Dubois.

MR. DUBOIS: Thank you, Madam Chairman. The comments are with a view to encouraging the corporation to computerize its systems as soon as possible. The situation with the manual system at the time of the audit created numerous problems in timing and in closing off and balancing figures. So our general thrust is that the computerization of these systems is essential if the corporation is to have accurate and timely information that would be of benefit to both senior management and the board. Now, I believe the corporation has started to move in this direction. In fact I think Mr. Clark just mentioned something in relation to this subject. Perhaps the committee would like more detail as to the progress toward the automation of the systems. Thank you.

CHAIRMAN (Mrs. Sorensen): Questions? Mr. Gargan.

MR. GARGAN: Mr. Clark, I guess the corporation is working toward automating its accounting systems and hopes to have its systems reviewed in 1983-84 to determine if the government Financial Information System can be used. I guess the question is, has the review of this system been completed, and if so, what is the possibility of using the government Financial Information System?

MR. CLARK: Yes, the initial review has been completed. We have concluded that the government Financial Information System will meet the majority of our needs. We will be working through the next six months on an implementation of a version of that system for our own purposes. We have recently taken delivery of a microcomputer which is compatible with and can be used as a terminal through the government Financial Information System. We have had a systems computer services feasibility study and cost estimate. We will be preparing a Financial Management Board submission within the next few weeks, which will seek the additional funding that will be required to provide for the computerization.

MR. GARGAN: Mr. Clark, to what extent would the corporation be using the government Financial Information System? And what would it cost the corporation?

MR. CLARK: The total costs have not yet been established. I believe our analyst in that area has some preliminary figures and I might be able to give that to the committee within the next day or so.

CHAIRMAN (Mrs. Sorensen): Do those cost include the costs of the minicomputer?

MR. CLARK: Yes, they would.

CHAIRMAN (Mrs. Sorensen): Have you had to create a special atmosphere for your computer as well in your building?

MR. CLARK: No, the minicomputer can be used in virtually any office area, it is not critical in terms of the atmosphere it uses. It will require a dedicated line to the main computer in the territorial government for terminal use.

CHAIRMAN (Mrs. Sorensen): How about staff training that might be involved, or in fact the acquisition of new man years?

MR. CLARK: I do not expect that there will be an additional requirement for staff. Staff training will be required, and is in process to some degree now. Our mortgage accounts officer has placed two of her six major mortgage portfolios on the minicomputer at the present time.

CHAIRMAN (Mrs. Sorensen): You mentioned that you, I believe, were keeping your old records as you will be moving on to computerization. Will you continue with that parallel procedure until you are sure that the computer system is working properly?

MR. CLARK: Absolutely!

CHAIRMAN (Mrs. Sorensen): That is good to hear. So you will get us those preliminary figures then?

MR. CLARK: Yes.

CHAIRMAN (Mrs. Sorensen): I wonder if I might ask the government whether the corporation's use of the system will have any effect with respect to financial cost to the government?

MR. NELSON: Madam Chairman, the cost to the government will be the use of a major computer which will be on a cost charge-back which will be added costs to the corporation.

MR. McCALLUM: Which will mean a supplementary submission? You are not budgeted for it now?

MR. NELSON: No. The GNWT computer centre has a sufficient capacity to handle the extra workload but it would be at a certain cost.

MR. McCALLUM: Do you have the capability now within government to look after that?

MR. NELSON: We have sufficient machinery but it still would be at an added cost.

MR. McCALLUM: An added cost. Granted that it would be an added cost, but which is the greater of the costs -- getting their own or using yours? In the review you must have come up with some kind of an idea.

MR. NELSON: Madam Chairman, actually the Department of Government Services would best be able to answer that part of it but the cheaper approach would obviously be to use the government computers as a service centre rather than purchase a major computer to handle their needs.

MR. McCALLUM: I guess it begs the obvious question. Why has it not been done that way?

MR. CLARK: It is the intention, Madam Chairman, that the government main computer system will be used. The only thing that we are using on our own is the minicomputer terminal.

MR. McCALLUM: Just using a small terminal in your place.

CHAIRMAN (Mrs. Sorensen): Just a further question to Mr. Nelson. Do we have additional capacity following the determination to allow the Housing Corporation to come on-line? Is there more capacity there?

MR. NELSON: Madam Chairman, at the present time we have a number of computers in the computer centre and there is an unused capacity still available. However, as it is being used it does cost more for maintenance and so forth so there is an added cost but there is sufficient capacity to bring the Housing Corporation records on stream.

CHAIRMAN (Mrs. Sorensen): Any further questions under this area? Mr. McCallum.

MR. McCALLUM: I just want to go back to the business of information in the estimates and correct me if I am wrong, Mr. Clark, but it seems to me that I recall you indicating that in the future you will provide greater information as to the contribution, if you like, program operating costs shared by CMHC. I think you said if the government deems it possible it will consider putting that information in. Is that correct? Is that the comment you made?

MR. CLARK: In actual fact, we do provide now, details by section of the National Housing Act to the government's analytical section. It has been the government's option as to just how many of those details go into the main estimates.

MR. McCALLUM: Loans and housing projects -- the land assembly and the housing projects, are those loans guaranteed by the government?

MR. CLARK: That is correct.

MR. McCALLUM: It seems to me that is the kind of information that the government should be able to provide. I think that would be more open to people if, in fact, that information is there so I would hope that the government and the Minister of Finance are taking this in because those loans are guaranteed by the government. I think that is information that should be made available to Members and I would hope that in 1985-86 that additional information would be there. You know, when we talked about this you indicated that there was additional information. There is a topic in here that talks about major information there, but I think there should be an elaboration of it as well and I would hope that that would be the government's stand in future years, to provide that kind of information to us in the main estimates.

CHAIRMAN (Mrs. Sorensen): I have just one final question. Mr. Irving several times referred to the previous administration and if I remember rightly, you yourself, Mr. Clark, brought in under a new organization the creation of vice-presidents and you are vice-president of finance.

MR. CLARK: Yes, that is correct.

CHAIRMAN (Mrs. Sorensen): This seems to indicate and Mr. Irving has spoken of a so-called "mess" that the new administration had to deal with in addition to having to carry on the normal workings of the corporation. Are you confident now that the "mess" is cleaned up and that you can carry on from now on with the normal workings of the corporation, or is there still work being done on backlog and problems associated with previous administrations in this area?

MR. CLARK: There is still some work being carried on, on backlog, particularly with some of the construction projects but they are well in hand. I anticipate that by the fall of this year our construction department will have finalized all of the projects from 1981 and earlier and virtually all of the 1982 projects.

CHAIRMAN (Mrs. Sorensen): When you say "finalized", do you mean you could walk away from them, they've been built, the contracts disputes that may have been an issue have been solved and the project is -- the books are closed?

MR. CLARK: Yes.

MR. McCALLUM: Things have improved over the last couple of years.

MR. CLARK: Quite considerably.

CHAIRMAN (Mrs. Sorensen): If I remember correctly, you said 1981 and also 1982 would be finished?

MR. CLARK: Yes.

CHAIRMAN (Mrs. Sorensen): Could I have an indication of how many outstanding issues you have for 1983 then?

MR. CLARK: At the present time we have none for 1983 that I would consider outstanding. We have works in progress still, but no major problems related to them.

CHAIRMAN (Mrs. Sorensen): Do you have any outstanding issues? I am talking about contracts or issues with CMHC now.

MR. CLARK: CMHC have met our needs in the major issues we have had outstanding. Just recently they approved both of the retrofit systems that we have in use. Just recently they approved the additional housing that was proposed in the supplementary estimates. One issue we still have with CMHC is the question of specific house price limits in different communities. We are operating on two different systems for cost estimating and their maximum unit price does not always agree with our expected construction price.

CHAIRMAN (Mrs. Sorensen): Have you found that the cost of construction has increased significantly over the past two or three years or has it decreased, particularly in the area of labour and supplies, as it has in southern Canada?

MR. CLARK: The increases are still there but they are at a lesser level. Certainly we are finding that in our material and supplies the increases have not been what one might expect with the cost of living.

CHAIRMAN (Mrs. Sorensen): Can we talk for just a minute about our own northern suppliers and northern contractors? Perhaps you are not the one to talk to about this but I do not know who else you have with you who could, with the degree of expertise. Certainly from a political perspective, the Legislature has often talked, in my experience over the last five years, of the need for competition in the North, the need for a developing supplier base, expediter base, contractor base, in the Northwest Territories. Are we seeing a growth of our own northern businessmen in these areas or, in fact, are we seeing a decrease in the growth of our own industry up here?

MR. CLARK: That is a difficult one to respond to, Madam Chairman. Certainly we do have capable northern contractors and northern suppliers. We have, through the northern preference policy, had many originally southern organizations form northern divisions and bring people into the North as permanent members of their organization, establishing northern partners, restructuring of corporate entities to provide a presence in the North. To what extent that increases the specific true northern content, I would hesitate to say.

CHAIRMAN (Mrs. Sorensen): Any further questions of the Housing Corporation? Thank you very much gentlemen, you may be excused. I would propose to the committee that we would move now to Item 1, revenues and around 11:00 o'clock we will take a coffee break. Mr. Nielsen, will you and Mr. Nelson be speaking to Item 1, revenues and Item 2, doubtful accounts receivable and loan forgiveness?

MR. NIELSEN: Madam Chairman, we will be speaking to revenues and to doubtful accounts receivable and loan forgiveness to some extent. Because some of those relate particularly to departments, it is likely that you will wish to have one or two departments present.

CHAIRMAN (Mrs. Sorensen): I am sorry, I missed the last part.

MR. NIELSEN: Madam Chairman, in the case of doubtful accounts receivable and loan forgiveness in particular, those issues are issues which relate to other departments as well and you may wish to have those departments present at that time. As far as the revenues are concerned, yes, the Department of Finance will respond to them.

CHAIRMAN (Mrs. Sorensen): With respect to the Students Loan Fund, then, I can see that we would need Education. Which is the other department, Mr. Nielsen?

MR. NIELSEN: Madam Chairman, Economic Development because of the business loan fund.

CHAIRMAN (Mrs. Sorensen): Oh yes, and I see Economic Development is here. Do we have Education here? Do you know who would speak to that in Education, Mr. Butters?

HON. TOM BUTTERS: I imagine Mr. Nutt. I will see that somebody gets over here.

CHAIRMAN (Mrs. Sorensen): Mr. Mikeli will speak with you, Mr. Butters, on that. He will do that for you. All right then, we will turn to page one, revenues. Mr. Dubois.

MR. DUBOIS: With your permission, Madam Chairman, I would like to ask Mr. Hayes to comment.

Revenues

MR. HAYES: Madam Chairman, the thrust of the comments here is to the effect that since the government in 1982-1983 had converted the expenditure system to the accrual basis, it would be appropriate to do the same for revenues, a number of which are already on an accrual basis. The objective here is to provide for proper matching of revenues and expenditures. You will note from the responses that the government is moving to full accrual basis of accounting in 1983-1984, and intends to report revenues on the accrual basis, the same as for expenditures. It also touches on the question of establishing policies, guidelines and procedures well before the year-end to ensure that all revenues and receivables accruing to the government are identified and recorded.

CHAIRMAN (Mrs. Sorensen): Thank you, Mr. Hayes. Do you have a comment, Mr. Nielsen, about this area?

MR. NIELSEN: Madam Chairman, we do not have any comments, unless you have some questions on that.

CHAIRMAN (Mrs. Sorensen): Are there any questions? Mr. Pedersen.

MR. PEDERSEN: Madam Chairman, a few questions. Could you indicate what action has been taken to ensure that all revenues and receivables that are referred to, have been identified and recorded?

MR. NIELSEN: Madam Chairman, at the time of the move to the accrual basis for expenditures -- through experience, our government has learned that it is better to phase things in. It is a new concept and we felt it was appropriate that we move to expenditures first. In doing that, we developed instructions to departments. There were difficulties encountered but essentially the move took place and was reasonably well done. In moving to the accrual basis for revenues, we have essentially followed the same procedure and that is to develop very thorough year-end instructions provided to departments and the departments, as of this week in fact, were to provide full information on all the revenues that should be accrued for the 1983-84 fiscal year. So we feel that we are essentially moving in the same direction in revenues this year as we did last year for expenditures and are hopefully going to have fewer problems.

MR. PEDERSEN: Would that then mean that all revenues will be reported on an accrual basis or only the ones referred to in the report here?

MR. NIELSEN: Madam Chairman, there will be one or two minor exceptions on the accrual, but essentially we will have all revenues accrued and those revenues that are not accrued will be identified.

MR. PEDERSEN: You mentioned that policies had been issued. Could the committee be provided with copies of these policies?

MR. NIELSEN: Madam Chairman, yes, you could be provided with copies.

MR. PEDERSEN: Are there still any policies and procedures for accruing revenues which have to be developed?

MR. NIELSEN: Madam Chairman, not to my knowledge. As far as we are concerned the policies are complete.

Doubtful Accounts Receivable And Loan Forgiveness

CHAIRMAN (Mrs. Sorensen): Any further questions on this area? We will move to Item 2, doubtful accounts receivable and loan forgiveness. Mr. Dubois.

MR. DUBOIS: I would like to ask Mr. Hayes again, Madam Chairman.

MR. HAYES: Madam Chairman, again it's tied in with the principle of full accrual and the comments here give some indication of amounts that include doubtful items, such as \$387,000 with regard to the memorandum accounts receivable, which include accounts of doubtful nature and also \$769,000 with regard to business loans. Again, if the principle of accrual accounting is followed there should be a full provision for doubtful items of this nature. The objective, really, of making a provision for an allowance is so that the financial statements will give an indication of the net realizable value of that particular asset.

CHAIRMAN (Mrs. Sorensen): Are there any questions from the committee on this issue? Mr. Pedersen.

MR. PEDERSEN: Madam Chairman, I wonder if the accounting policies and procedures needed for establishing reserves for these doubtful accounts have been completed?

MR. NIELSEN: Madam Chairman, the policies have been completed, circulated to all departments and formatted for inclusion in the financial administration manual. Although they have not been circulated in the final format as yet, they have in the draft format been provided to all departments.

MR. PEDERSEN: Would this committee be provided with copies as well, please?

CHAIRMAN (Mrs. Sorensen): The final?

MR. PEDERSEN: Yes, the final.

MR. NIELSEN: Yes, Madam Chairman.

MR. PEDERSEN: When you make the provision for allowances for doubtful accounts, will that cover memorandum accounts receivable as well as the doubtful business loans, and include the interest on them?

MR. NIELSEN: Madam Chairman, in the case of both student loans and business loans the development of the write-off amount or amount not written off, the doubtful account amount will be developed by the department on an individual account basis and will include all those accounts which are estimated to be, in the case of student loans, likely to be forgiven and in the case of business loans not likely to be collected and it will include all the interest that is applicable on those accounts as well.

MR. PEDERSEN: Do you have any idea at all what proportion of student loans we might expect will be forgiven? Is there any projection of that at all?

MR. NIELSEN: Madam Chairman, the Department of Education is here now and perhaps they would be best able to answer that.

CHAIRMAN (Mrs. Sorensen): We have joining us at the table, Mr. Nutt, Mr. Servant and Mr. Lovely from the Department of Education. Perhaps you could re-ask your question concerning that issue, Mr. Pedersen.

MR. PEDERSEN: I guess the question directed to the Department of Education is, do you have any idea of what proportion of the student loans are likely to be forgiven, provided that otherwise the loan conditions are met? What proportion? Is there any estimate of that?

MR. NUTT: Mr. Chairman, at this point in time we don't have a history of that but our best estimate is approximately 70 per cent.

MR. PEDERSEN: This 70 per cent estimate, is that based on the policy of the students returning to the NWT, and therefore earning the forgiveness through working it off, or is there anything included in this on students simply not being able to repay the loan?

MR. NUTT: Madam Chairman, it is a combination. What we did to arrive at this figure, and in fact for the committee's information, the provision we'll be making the 1983-84 territorial accounts will be \$1.08 million; that is the allowance we will be setting up. That is a combination of loans that will prove to be uncollectable, plus remissions. By that, I mean the estimate that we have determined for students coming back and working in the North.

MR. McCALLUM: You have not been able to break that down. It is including the write-offs, but it includes the business of not being able to -- for some students who will come north to the territory, they will be able to have X amount of dollars forgiven. For example, if a student borrows \$3200 and that student comes back, he will be forgiven a great portion of that money.

MR. NUTT: Madam Chairman, as I understand the regulations -- perhaps Mr. Servant could correct me if I am wrong -- over a period of time the entire loan will be forgiven. There was a provision to remit up to \$750 every quarter, every three months, but the provision is there to remit the entire loan.

CHAIRMAN (Mrs. Sorensen): The concern, though, that we are trying to establish or bring forward is there is quite a difference between not paying off your loan, but having a forgiveness under a policy for having worked up here. Will that difference be designated from the point of view of financial reporting, or will it all be lumped under one category, which has from my perspective a negative impact?

MR. NUTT: Madam Chairman, no. We will categorize the two. What we did as of the end of November, and we have just now updated it, in order to give Finance some indication of where we are going on this program and begin to qualify this, as of the end of November we had estimated remissions in the amount of \$527,000, uncollectable loans in the amount of \$167,000. So yes, in answer to your question, we are making an effort to distinguish between the two. Very definitely.

CHAIRMAN (Mrs. Sorensen): Just for purposes of background, when exactly did we start the loan program? What year?

MR. NUTT: Madam Chairman, I believe it was in the summer of 1982.

CHAIRMAN (Mrs. Sorensen): Are there any more questions for the Department of Education concerning this aspect? All right, what I would like to do since we have you here, is to proceed to page eight of the report, which deals with the Students Loan Fund, and then you will not have to come back. Can we have everyone turn to page eight of the report, at the bottom of the page? Mr. Dubois.

Students Loan Fund

MR. DUBOIS: Thank you, Madam Chairman. This section is the result of having audited a sample of the student loans that were approved. We directly confirmed 20 loans and verified 20 other loans out of a total of 207. And one of the main observations we have following that audit is that we believe there is a need for improved documentation of decisions that are taken at the Student Grants and Bursaries Board level. We feel there should be a cross reference between the minutes of the board meetings and the files that contain the documentation relating to the approval of these different loans. So we are recommending that the loan application should bear evidence of approval by cross reference to the board minutes and the comment by the department is that this situation has been rectified. We also refer in that section to a specific instance of one loan that was awarded to the amount of \$3500. According to the documentation that we have examined, there is a certain doubt as to the eligibility of this particular case and it led to the recommendation that the department should ensure that all applicants meet the eligibility requirements for student loans. Thank you.

CHAIRMAN (Mrs. Sorensen): Do you have any questions concerning this area? Mr. McCallum.

MR. McCALLUM: At the present time there is not a Student Grants and Bursaries Board but rather there are regional boards, is that correct?

MR. LOVELY: There are five regional boards in addition to a central review board. The central review board receives recommendations from the five regional boards and approves those recommendations.

MR. McCALLUM: Is it anticipated that that is what you will continue, you will have the regional boards putting their recommendations into a central board?

MR. LOVELY: Yes.

MR. McCALLUM: How often do the regional boards meet and how often then does the central board meet? Do they meet prior to the commencement of a fall semester and again prior to the commencement of a January or February semester?

MR. LOVELY: Yes, that is correct. I should go back and correct one of the statements I just made, there are four regional boards not five. They meet prior to the sessions that you mentioned. There is one meeting in July and a meeting again in November for the students who are starting school in September and those after Christmas.

MR. McCALLUM: If I might continue, I note in your comment to recommendation one, that the minutes of the central board reflected the requirements that were laid down by the recommendations, that is, they are cross-referenced. Have you established a procedure that would provide for this cross reference, or did you do this because it was brought to your attention that you should be doing it? Is there a laid-down procedure whereby this is automatically done?

MR. SERVANT: Madam Chairman, it is done at the review board meeting itself. Our recording clerk would make sure that if the student has been approved it is in fact written as approved. Prior to 1982 we would just put the name of the students who had applied, for instance, for a basic grant. We would not put approved or not approved. But since 1982 everything is in order, it is clear and there is no problem. I have proof of this with me right here. I have minutes of meetings after that.

MR. McCALLUM: But it is a set procedure now?

MR. LOVELY: Yes, we have established that procedure now.

MR. McCALLUM: If so, then I think it would be of interest to the committee to have a copy of that procedure if you have it laid down, a policy or something.

Procedures Manual To Be Developed

MR. LOVELY: We do not have it. When I say procedure it is a matter of practice more than anything else. It has not been documented as such. It is a matter that that is the way we do it. We do plan, though, because of the fact that we are now starting in June or July of this year bringing the four regional boards on, one of our main priorities is going to be a development of a procedures manual so that they will be guided by the procedures that are in use by the central board and we will be happy to provide you with a copy of that as soon as it is complete.

MR. McCALLUM: That is what I was getting at. I think it would be very appropriate, since you are bringing them in, that you do develop a procedures manual and that should be made available to us. If I might continue, Madam Chairman, in terms of the procedures, you say that you have strengthened the procedures to ensure that the residency requirements are fully documented for all applicants. It has been brought to our attention, and obviously to yours, that there has been a loan of \$3500 to a student who supposedly did not have the residency requirement. I would hope that there has been action taken to make sure that those procedures will meet the requirements that are laid down. Can you give me any indication as to why the loan was made?

MR. LOVELY: My understanding of that particular loan was that it was not so much that the student was not eligible for the loan but the documentation which was available on the file did not substantiate that. In discussions with Mr. Servant he has indicated that the individual, according

to all the documentation, was actually eligible for the loan but that did not show on the file. Therefore when the auditor reviewed it, it appeared as though the individual was not eligible. So we have strengthened our documentation so that when any individual reviews the file it is obvious whether or not the applicant is eligible.

MR. McCALLUM: It just reinforces the idea of putting down proper procedures and to make sure that the documentation will be there. I understand that the basic loan is \$3200 to a student for his degree, three years or whatever time. Is that correct?

MR. SERVANT: The \$3200 loan would be awarded to a student entitled to the basic grant.

MR. McCALLUM: But is it \$3200?

MR. SERVANT: That is the maximum.

MR. McCALLUM: Is it graduated depending upon the number of dependants?

MR. SERVANT: Yes, indeed.

MR. McCALLUM: Up to what amount?

MR. SERVANT: The first dependant may be eligible for \$800 more, which comes to \$4000, and there is \$500 for each additional dependant, and I do not think there is any limit there.

Policy On Repayment Of Loans

MR. McCALLUM: And of that amount, let us just say the basic one of \$3200, what is the amount of forgiveness that is built into it? Is it \$3000?

MR. SERVANT: No. A student may borrow -- for instance, a single student -- as much as \$20,000. This amount of money could be totally forgiven, providing that the student returns north after, at the rate of \$3000 for each year of service in the North.

CHAIRMAN (Mrs. Sorensen): How are the regulations concerning the forgiveness of their loans communicated to the students?

MR. SERVANT: Madam Chairman, we have pamphlets now explaining the program, which are sent all across the NWT to high schools and adult education centres, even elementary schools and Department of Education offices. Our counsellors across the Northwest Territories in high schools are informed and we do make a point of meeting with high school students ourselves, prior to their applying for such assistance.

CHAIRMAN (Mrs. Sorensen): Do we have any policies that surround the whole area of a student, for instance, having completed his education, returning and not being able to find a job? Has there been an accommodation made of that particular problem?

MR. SERVANT: Yes, there is provision in the regulations that students must negotiate a consolidated loan agreement with the Commissioner within six months after the day they complete their studies. If, within that six month period they are unable to locate full-time employment, the negotiation of the consolidated loan agreement can be delayed for a further six months, and therefore it gives them the time to look for work and hopefully be successful.

CHAIRMAN (Mrs. Sorensen): Mr. Servant, approximately how many students do we have now in education systems in the South?

MR. SERVANT: For 1983-84, because they are coming home now, we had, I would say, 475.

CHAIRMAN (Mrs. Sorensen): How many of those do you estimate will be asking for jobs from the territorial government?

MR. SERVANT: I would gather we will have this year approximately between 75 and 90 students that will be terminating. These people will be seeking employment in the NWT.

CHAIRMAN (Mrs. Sorensen): Those who will be finished their education and seeking employment will be 75 to 90. How many do you anticipate will be returning to, say, the capital city looking for summer jobs?

MR. SERVANT: I would not know.

CHAIRMAN (Mrs. Sorensen): Have you had any indication from applications so far?

MR. SERVANT: The Department of Personnel handles this.

CHAIRMAN (Mrs. Sorensen): Mr. Lovely.

MR. LOVELY: I know the Department of Personnel could tell us that right off the top of their heads, but we do not get actively involved in the summer employment aspect of things.

CHAIRMAN (Mrs. Sorensen): Any further questions of the Department of Education regarding the Students Loan Fund? Mr. Pedersen.

MR. PEDERSEN: Madam Chairman, the four regional boards, which are the four regions please?

MR. SERVANT: Madam Chairman, the four regions would be called Eastern Arctic, but I do not have with me all the settlements it involves; we would have the Mackenzie Valley, South Mackenzie and Kitikmeot/Yellowknife. Those are the names of the four regions.

CHAIRMAN (Mrs. Sorensen): Mr. Dubois, did you have a question?

Documentation On Specific Application

MR. DUBOIS: Yes, Madam Chairman, I would like to go back, just in a summary matter to this case of the application for the \$3500 loan. I am a little bit -- disturbed may be a strong word. We went in and examined that particular file and from the documentation, we made what I think could be considered a serious comment, and the answer from the department was that there was further documentation in existence. Now, I do not understand why that further documentation was not provided to the auditor in this particular instance. Our documentation is still incomplete and the application form shows what we have mentioned in the report, that the residency was from June 1961 to August 1962. I do not necessarily have the answer but surely if there was further information it should have been provided to the auditor.

CHAIRMAN (Mrs. Sorensen): Does the department have a response?

MR. SERVANT: Maybe I should try to give an answer. If you can bear my reading, I will read a paragraph. It may clear things. The parents of this student resided in the North from June 1961 to August 1962. Being employed by the Department of National Defence, the parents were required to leave Inuvik and take a new post in New Brunswick for the same department. In June of 1979, the parents of the recipient of the said loan were again called back to the NWT, first for a short stay in Ellesmere Island, NWT, secondly, to Yellowknife where they still reside. Since the residency of the child is not broken while attending the institution outside the Territories and at no cost to the Government of the NWT, with parents residing in the NWT, the board felt that the applicant had maintained residency from June 1979 to the date he commenced the semester for which the loan was awarded. The applicant was going for his last year of a bachelor of science, and has now returned to Yellowknife where he is fully employed. You see, we do not ordinarily consider the residency of the parents, if a student applies for a NWT loan, but in the case where the student is totally dependent on his parents, his residency is where his parents are. In this case, it appears that the applicant was entitled. This is what the board had decided.

CHAIRMAN (Mrs. Sorensen): Did you send this information to the auditors?

MR. SERVANT: This information could have been seen in the application itself, but maybe we did not consider in the audit the fact that the parents were in the NWT.

CHAIRMAN (Mrs. Sorensen): But in response to what the auditor has pointed out, did you provide this additional information to the auditor?

MR. SERVANT: I would not really be able to answer this.

MR. DUBOIS: I think one solution to this is that we could go back to the department and have a second look at this case and this time, hopefully, look at all the information and we could report back to the committee on this particular case.

CHAIRMAN (Mrs. Sorensen): Mr. Gargan.

MR. GARGAN: Thank you, Madam Chairman. With regard to that one student that maybe did not meet the residency requirement, did that in any way maybe jeopardize someone who met the residence requirement getting a loan?

MR. SERVANT: No, it did not.

MR. GARGAN: Just one more question or a request actually. Can we get a breakdown of the students that got a loan based on ethnic group?

MR. NUTT: Madam Chairman, the Student Financial Assistance Ordinance provides assistance in two categories; either a loan or a grant. People of indigenous origin are entitled to a grant, not a loan. But for the Members' information, during the year just past we issued grants to 68 people of indigenous descent.

CHAIRMAN (Mrs. Sorensen): Are you finished, Mr. Gargan?

MR. GARGAN: Yes, thank you.

CHAIRMAN (Mrs. Sorensen): Any further questions?

MR. McCALLUM: Just a comment. Indigenous people, Inuit, Dene people, anybody who applies for it gets the grant.

MR. SERVANT: Yes, indeed.

MR. McCALLUM: Non-indigenous people must apply for a loan.

MR. SERVANT: May apply for a basic grant, should they qualify, and a loan.

CHAIRMAN (Mrs. Sorensen): Thank you very much. We will take a 10 minute coffee break. The Department of Education is excused.

---SHORT RECESS

Just quickly to Item 2, doubtful accounts receivable and loan forgiveness, on the first page of the report. How long do we keep records of doubtful accounts receivable before we begin the process of moving to the next step which is to write them off?

MR. NIELSEN: Madam Chairman, if I understand the question correctly, it is how long would we take between the time that we identify an account to be included as doubtful and when it is actually written off. Madam Chairman, actually the account may be first identified through an individual review or there are two alternatives. You can do an individual review of every account and attempt to identify which accounts you feel are not likely to be collected, or alternatively, and this sometimes is just as satisfactory, simply identify a percentage of your accounts receivable that you feel is likely to be written off, based on prior years experience. If we are looking at specific accounts that are going to be identified for write-off, the action would commence immediately. In other words the minute that you have identified a specific account as being doubtful, you would immediately start collection action. The normal collection action results in a series of what we call dunning letters. Eventually if we do not get any response from that we may use a collection agency and we may even refer the account to our lawyers. That could take anywhere from several months to several years, again depending upon progress on the account. For example, if we send out a letter and get no response after three or four months, then send a second letter, this might be quite a lengthy process. On the other hand, if we send out a letter and get a very quick response indicating that the individual will not pay, then we might have more prompt action on that account.

CHAIRMAN (Mrs. Sorensen): Do we have a significant number of doubtful accounts then that are in the process of action being taken?

MR. NIELSEN: Madam Chairman, the history of the government has been that in recent years we have been attempting to bring our accounts up on a much more current basis and have actually been writing them off fairly well. The major new areas of doubtful accounts are going to be in the business loan fund and in the student loans. Those are the major areas of doubtful accounts at this point in time.

CHAIRMAN (Mrs. Sorensen): Can you give us an idea of the numbers that we are talking about?

MR. NIELSEN: In the area of business loans we would be looking at around two million dollars for 1983-84. In the area of student loans, as Mr. Lovely identified earlier, about \$1,080,000.

CHAIRMAN (Mrs. Sorensen): Are there other doubtful accounts, say in the POL area?

MR. NIELSEN: Madam Chairman, as identified in the report, in the case of doubtful accounts receivable for petroleum products, those have been reasonably well written off on an annual basis. The total amount for government for other accounts is likely to be in the order of two million dollars.

CHAIRMAN (Mrs. Sorensen): Once you have written off an account, do you keep a black list, I was going to say, but do we have records of the individuals who are involved in this non-payment of a debt?

Individuals Involved With Unpaid Debts

MR. NIELSEN: Madam Chairman, once an account is written off that simply identifies that it is no longer carried as an account receivable. There are memorandum accounts retained within the Department of Finance which can be resurrected at any time. Obviously, and this is the same policy the Government of Canada follows, obviously if an account is 20 years old it is not likely to ever be resurrected but there have been instances where an account has been written off and it has subsequently been determined that the debtor has become more solvent so there has been an opportunity for subsequent collection.

CHAIRMAN (Mrs. Sorensen): Do we have a policy, or a procedure, or an understanding that if an individual or a company has incurred a debt with the government, has not paid that debt, that we will not proceed, for instance, if it is a contracting company or a supply company, to give that company another contract until that debt has been retired? Is there any kind of administration process we use for that?

MR. NIELSEN: Madam Chairman, in fact the government has what we call the right of set-off. That means if, for example, we did decide to give a contractor a second contract and there was money owed on a previous one then we would have the right of set-off, so the first action that would be taken is that before we paid him any money the previous account would be paid up first. That works for employees as well. If, for example, an employee leaves the government service and owes the government a debt the first thing that happens is that debt comes off any moneys due to him in salary.

CHAIRMAN (Mrs. Sorensen): What if a company dissolves itself, owes money in the process to the government, then forms another company either related or not related, but another company which goes after a government contract, do you follow the principals through to any degree? The principals being the owners of the first company -- and perhaps the second company -- who may have owed the government money.

MR. NIELSEN: Madam Chairman, we are talking, I think, in this case of construction contracts or supply contracts. In both cases if it was a major contract, the Department of Government Services and the Department of Public Works would evaluate that particular supplier or contractor. If there was any doubt in their mind as to whether or not they could undertake the project or had past bad experiences, even if they were the lower tender that would be identified to the Executive Council and the Executive Council would have to decide whether or not they wanted to do business with that particular supplier or contractor. To my knowledge we have not got a record of serious problems in that area. Legally, there is certainly nothing to prevent the government from dealing with the same principals but in a separate company.

Business Loans And Guarantees Fund

CHAIRMAN (Mrs. Sorensen): Are there any further questions under this section? We'll move to Item 3, Business Loans and Guarantees Fund, Department of Economic Development, on page two. We have joining us at the witness table for the government, Mr. Lee Horn. Mr. Horn, could you identify the official that you have brought with you?

MR. HORN: Yes, Madam Chairman. Seated to my left is Mr. Bill Graham, our financial adviser for our department.

CHAIRMAN (Mrs. Sorensen): Thank you very much. Mr. Dubois.

MR. DUBOIS: Thank you, Madam Chairman. The Business Loans and Guarantees Fund is available for loans and guarantees to applicants who have exhausted all other avenues for obtaining funds and as at March 31, 1983, the outstanding amount was \$5.5 million. The approved ceiling for the period terminating March 31, 1983, was seven million dollars and this ceiling is to be increased annually by one million, up to 1987, bringing it to a maximum of \$11 million, so we are talking about significant funds. During our audit of the year ended March 31, 1983, we did a thorough review of the Business Loans and Guarantees Fund and the overall result was that we noted a significant number of control deficiencies in the operations of this fund. I thought we should take the time of the committee to go through all the details. In fact, we have nine different areas where we have observations and more detailed recommendations dealing with different aspects of the management of the fund. Now, the comments from the department are that they have undertaken a complete review of the Business Loans and Guarantees Fund. They state that a work plan -- and this dates back to the time of the audit -- is now being prepared for a review of the ordinance and regulations and development of policies and procedures in order to improve the situation, and the message is that all of these deficiencies will be corrected. I do not want to take more time of the committee. If you wish, I could go through the details but that would be my comment for the time being.

CHAIRMAN (Mrs. Sorensen): All right, we will take them section by section and if you have any specific comments when we get to each section then you can make them there. The first area then is the first couple of paragraphs and the loan register. Mr. McCallum.

MR. McCALLUM: I do this with a little bit of trepidation, Mr. Horn. The first area that was identified in the audit, as has been indicated, is the loan register, that gives the detail of loans pending and issued. But it has been noted that the register is not updated and that it does not show complete details for each loan such as offer, acceptance, security, nor does it segregate the loans issued from the loans guaranteed and again distinguish between loans issued from loans pending. Since the register obviously is a very useful tool to determine the status of pending or new loans and guarantees I guess the concern that has been raised is that you have indicated that in January of this year you commenced work on a work plan for a review of the ordinance and the regulations. There are obviously questions that come from there such as how far has this work progressed? When are you likely to finish it? Can we, as a committee, get details of the plan itself and the time frame? Why begin a review now? Since the department has had responsibility for the administration of this particular division, for the Business Loans and Guarantees Fund, why was it not taken sooner? Subsequent questions may come from there. If you would like to take those in sequence, if you will.

MR. HORN: Yes, Madam Chairman, if I can start at the end first, as to why action was not taken sooner, I do not know. You would have to ask the people who were there sooner than I was. I do not know why action was not taken sooner. Nothing seems to have ever come to anyone's attention. Everyone was proceeding normally but when the situation was brought to our attention, things were started. Basically, I think the major problem with that, and I think it partially answers the last question, was that the management and the administration of the business loan fund within the Department of Economic Development and Tourism rested with a group that was primarily vested with the responsibility of serving the business community and not therefore primarily concerned with internal controls and some of those things. What obviously should have happened -- and what we are doing now -- is that those responsibilities should have been separated out so that those who are serving the interests of the business community can in fact get on with that business, and people who are in the business and have the necessary experience and knowledge to apply and deal with internal control matters, do in fact do that.

CHAIRMAN (Mrs. Sorensen): Can I just interrupt at this point? Maybe for my sake, you could explain to me what the structure was. You say the group vested with the responsibility was perhaps serving the business community more than the administration part of the responsibility. Maybe you can describe what the set-up was.

MR. HORN: The business loan fund and all of the responsibility for it, including the financial responsibility rested within a division, at that time called the commerce division, now called the business development division and within that division, rested specifically with a section called financial services. Their primary duty, as I said before, was to provide services to businesses. The people in that division were oriented in that way and that obviously was the way they chose to go as opposed to -- they had no accounts, they had no people in there who were primarily concerned with control and the administration aspects of the fund.

MR. McCALLUM: Was there a reorganization of the department to rectify the situation?

MR. HORN: Yes, the department has since been reorganized. The program responsibility for the operation and maintenance of the fund has been removed from that division and rests with Mr. Graham's division. During this time we are looking at all the procedures and whatnot. You see this is an interim arrangement only. Eventually the program aspects of this will go back to the newly organized business development division, however the accounting responsibility will remain with finance and administration where the expertise and inclination to do this type of work rests.

CHAIRMAN (Mrs. Sorensen): Mr. Horn, if I could interrupt again, did proper policy and procedures exist for these civil servants within this division of the department? If so, then it would be these procedures and policy that they did not follow. Did this exist and did they not follow it, or were they left on their own to administer this without policy and procedure?

MR. HORN: Policy and procedure did not exist, certainly not current policy and procedure. There were some outdated ordinances and regulations associated with that ordinance.

CHAIRMAN (Mrs. Sorensen): And who in the Department of Economic Development is responsible for the policy and procedure development?

MR. HORN: That again has changed with our recent reorganization which has just taken place.

CHAIRMAN (Mrs. Sorensen): But in any organization, who ultimately is responsible for policy and procedure?

MR. HORN: Ultimately the deputy minister of the department is responsible for policy.

CHAIRMAN (Mrs. Sorensen): Do you think the lack of policies and procedures governing this very important area, with a fair amount of public dollars being spent, had anything to do with the problems associated with finding a deputy minister that stayed longer than a few months?

MR. HORN: That is possible, Madam Chairman. However I think it is probably more a case of not really understanding it and perhaps not understanding by virtue of the fact that they were not around long enough, but they really did not understand what was required. I do not think anyone really ever got into how this thing works and how it should work and really understood it. So no one ever undertook to assess the problem and it is a very large problem and a very complex problem and I think it was avoided in the past.

CHAIRMAN (Mrs. Sorensen): So what we have determined then is that it was a lack of administrative capability and a lack of policy and procedure within the department itself concerning this division?

Departmental Task Force

MR. HORN: I would believe that. I would say that is a true assessment. If I could just continue to answer Mr. McCallum's questions then. As I said, the program responsibility for the operation and maintenance fund has been temporarily transferred out of that division and into the financial adviser's controls, during which time management practices and controls and procedures are to be firmly established. We have established a departmental task force that is developing the corrective action required. Their objectives are to review and evaluate the Business Loans and

Guarantees Fund program for the purpose of revising the Business Loans and Guarantees Ordinance itself to accommodate the current economic climate and to reflect the policy of the government in providing assistance to business; to address the revising of the regulations in accordance with this revised ordinance; to establish operating policies and procedures which will provide assistance and guidance to the loan board and departmental staff in the review of loan applications and the granting or refusal of loans; and to establish accounting policies and procedures for the good financial administration and control of the loan fund which are consistent with the Financial Administration Ordinance and Business Loans and Guarantees Ordinance and their respective regulations. This task force was established in December of 1983.

To this point in time, a policy for the operation and administration of the fund has been drafted, both a new ordinance and revised regulations thereto have been drafted; and five operating procedures have been drafted, those being procedures covering loan applications, regional evaluation procedures, application submission procedures, board review of applications and the implementation of board decisions. Now these are in draft. They will be reviewed at a departmental meeting of senior people, including all of our regional people early in May. After any necessary revisions are made it is expected these will then go to the policy and planning committee, a subcommittee of the Executive Council, in late May. The draft ordinance will be placed on the order paper in May for the winter session. The ordinance will be placed on the order paper for the winter of 1985 and the Commissioner's regulations will follow assent to the ordinance. The procedures will be put forward to the Financial Management Board following these approvals.

In the interim, for the procedures to not conflict with the existing ordinance and regulations, the drafts are serving as guidelines. There are still a number of things yet to be done by the task force. These are to complete the development of operating procedures for the loan process and there are more procedures that have to be developed; to develop procedures for guarantees; to develop operating guidelines for the loan board which are acceptable to the board and are consistent with the ordinance; to develop accounting procedures consistent with the Financial Administration Ordinance and the manual; and to develop a software package for the automation of the loan fund accounting process, which will utilize existing hardware and will permit interface with the FIS. We anticipate that it will take another six months to a year to complete this task. Does that answer your question, Mr. McCallum?

MR. McCALLUM: Yes, Mr. Horn, I think it does. I think you have given us an indication of what has gone on and we can overlook the past as long as there has been something that is being undertaken and we are given an idea of how it is going and when it would likely be finished. I recognize that it is a considerable period of time. Nevertheless, I think that what has been undertaken, at least as far as I am concerned, will meet the concerns that have been raised by the auditors. I would hope that when these come about, they will obviously be public because it will be legislation and regulations to the legislation will go along with it at the same time, so people out in the field are at least working from the same music sheet and things are all going the same way.

The Loan Register

May I continue along just on the business of the loan register. You have indicated in response to the recommendation that the loan register should be kept current, that the study under way will correct that deficiency. Is the loan register up-to-date at the present time? Does it now provide the information that it should provide?

MR. HORN: Madam Chairman, the register at the current time is -- we are still writing the procedure for that aspect of the operation. However we do now produce the report on a monthly basis, but the extent of the information is somewhat limited by the automated system, by the computer system. We do not have a full interface of the loan program with the FIS system. There is no provision at this time for the placing of an application on the loan register so that you can trace, from the time we receive the application through to the loan actually being approved, moneys actually in the hand of the borrower and these things. That system will have to be put in place before the loan register itself can do that. We are endeavoring to keep that information manually and our updating is on a monthly basis, but the computer-produced register does not because the computer cannot accept that information at this time.

CHAIRMAN (Mrs. Sorensen): But you can produce information to anyone who has the authority to ask, that reveals to them the status of each loan, to whom it has been made and how much is owing.

MR. HORN: Yes, and we update that on a monthly basis at the present time.

MR. GRAHAM: If I may, Madam Chairman, Mr. Horn has been referring to a computer. What we have is an electronic accounting machine, which is a bit antiquated and just will not accept the information that we would think should be on another register. So it is not a computer that we have.

CHAIRMAN (Mrs. Sorensen): And what are you doing about that then?

MR. GRAHAM: I propose to enter into discussions in late May with the Department of Finance about getting the system automated and interfaced with the FIS.

Previous Refusals On Applications

MR. McCALLUM: As this is a fund of last resort, obviously you are going to get some dead beats in it, because if I am being refused by everybody else for money to get into business so I go to you and get this loan, you run the risk of not getting it back as it were. But one of the prerequisites should be that I should give you some indication of just to whom I have gone previously to try to get financial backing. It has been identified by the auditors that evidence of refusals by financial institutions have not accompanied these applications as they should have before consideration of a loan is begun and that information should be placed on the relevant loan files.

You have indicated that new procedure will do this. I guess it begs the question of why it was not done in the past, a relatively simple procedure? If it has not been done in the past, what procedures have been developed now and what requirements are you going to have in your new procedures to meet that? I guess there is not much sense going back over why these procedures were not developed in the past for whatever reasons. I can appreciate and I know the department has gone through at least six deputy ministers or directors in the last eight or nine years and at least five Ministers or Executive Members responsible, but could I get an idea of what procedures you are talking about that will indicate that this information will be there? What are you doing about it?

MR. HORN: Madam Chairman, the existing ordinance requires us to document a refusal by the FBDB, Federal Business Development Bank, and in the last few years they will not give an applicant a written refusal unless the applicant pays one per cent of the amount that he wishes to borrow. So if you want to borrow \$100,000 it will cost you \$1000 to have them tell you no. Therefore, they are not getting written refusal. We are looking at a change in the ordinance so that we do not base it on a FBDB refusal. We can accept evidence of refusal from other lending institutions as well. We are also looking, in our regulations and in our application procedure, at having the application form itself authorize the lending institution that the borrower may have gone to in the first instance to, in fact, release the details of that application to us, so that we can in fact follow through and get some documentation.

CHAIRMAN (Mrs. Sorensen): We will meet back here at 2:00 p.m. this afternoon.

---SHORT RECESS

We will call the session to order. The Business Loans and Guarantees Fund, on page four of the report. We are discussing the issue of loan files. Actually I think we were still on the issue of the lack of documentation on the files from financial institutions showing evidence of refusal. Mr. McCallum, you are in the process of questioning. Would you like to proceed?

MR. McCALLUM: Thank you. If I could just go back for a moment to Mr. Horn. You said you have a task force or a group that are doing this review. You talked about a time frame involved as well. I indicated that I was pleased to see that things are progressing but I have raised concern about the length of time. I guess I still have some concern as to the suggestion that it might take another six months to a year to go through it. It was also indicated that you would be involved with Finance to get things compatible with the FIS. I guess the questions that arise out of that are, why do you think it will take so long, and could you indicate to me what is the status of your discussions or dealings with Finance about getting involved there? And could you maybe indicate to me who is working on the review?

CHAIRMAN (Mrs. Sorensen): Or at the same time.

MR. GRAHAM: As soon as it is assented to, they only require approval of the Commissioner, so there is no long delay I would think.

CHAIRMAN (Mrs. Sorensen): The experience has been, as revealed in this audit report, that regulations do not, sometimes, come forward immediately.

MR. GRAHAM: The policy is written, the ordinance is written, the regulations are written and some procedures are written. It is just a matter of getting it through the approval process.

MR. McCALLUM: I wonder if I might ask Mr. Butters, who is the Minister of Finance within the Executive, has the legislation gone through the subcommittee at the Executive level and has it been transmitted to the standing committee on legislation, or does he know?

HON. TOM BUTTERS: My recollection is that the proposal has been examined and it will come back when it is developed.

CHAIRMAN (Mrs. Sorensen): Besides the actual approval of the legislation and the regulations, can you list what things still have to be done by the task force? What is still outstanding?

MR. HORN: Yes, I can, Madam Chairman. We still have to complete the development of the operating procedures for the actual loan process, the issuing of money to the borrower and the subsequent operation of the loan, collections, follow-ups and things of that nature. We still have to develop procedures for loan guarantees. We still have to develop the operating guidelines for the loan boards. That, of course, cannot be done until the final drafting, if you will, of the ordinance has been completed because it has to be compatible with the provisions of the ordinance. The final accounting procedures have yet to be developed and the software package which will allow for automation of the loan fund accounting, the interface with FIS.

CHAIRMAN (Mrs. Sorensen): Maybe then you could list what you have finished completely besides the approval that is needed in the ordinance.

MR. HORN: We have developed a policy for the operation and administration of the fund. We have developed a new ordinance and revised the regulations thereto. We have developed five operating procedures, the loan application procedure, regional evaluation procedure, an application submission procedure, a board review of applications procedure and the implementation of board decisions. As well, we have actually instituted those procedures where the present ordinance allows us to do so. So they are actually being used as guidelines at this point in time.

CHAIRMAN (Mrs. Sorensen): The terms of reference for the task force that you were reading from this morning, would you table that with the committee, please?

MR. HORN: Yes.

Remittances

MR. McCALLUM: To move on to a fourth topic that was identified in the audit and that is the remittances. Perhaps I should ask the Finance people first, what are the requirements for the turning over or forwarding of loan repayments? What are the requirements according to the Financial Administration Ordinance or manual to do that? Is there a time limit when they should be turned over?

MR. NELSON: Madam Chairman, generally there is a limit of about \$250. Large amounts are expected to be turned over within 24 hours if they can be, but in no instance should they exceed a week.

MR. McCALLUM: Well I guess one of the things that I will have to raise is what has been identified by the audit, that there have been amounts as accumulated receipts -- maybe not just one but accumulated receipts -- identified up to \$15,000 being held over that period of time. Obviously somebody must be involved with that. Are there procedures that are laid down within the department, other than the financial administration manual, that says \$250 and if they say \$250 and the amount is not supposed to be carried on for a period of time, why in fact was it carried on? As far as the department is concerned, who is ensuring that this person who is involved is doing the work, and why has it been allowed to occur?

MR. GRAHAM: This was the case before and why it was allowed to occur, I do not know. The direction that is given now is that the cash receipts will be turned in daily when they reach the level of \$250 or greater, and that does not only apply to the loan fund.

MR. McCALLUM: Is that a memorandum of instruction or is that a procedure of policy?

MR. GRAHAM: It is a direction that they will follow the financial administration manual.

MR. McCALLUM: Who ensures that it is being done?

MR. GRAHAM: I am accountable for it.

MR. McCALLUM: You are.

MR. HORN: Madam Chairman, all mail received by the department is opened in our finance section and any cash received is listed on a daily cash receipts register. A copy of that thing goes to the loans clerk who can determine which loans have received payments and she can make the necessary entries in a ledger. The cash now leaves our departmental finance officer, it goes directly from us to revenue.

MR. McCALLUM: I guess what you are saying is that there is an internal control now where there had not been in the past and that leads into the next, I think, one or two recommendations. Where you have an individual who is involved in mail opening, does that same individual prepare the receipt and record loan repayments? Is it the same individual that does that?

MR. HORN: I will let Mr. Graham answer that.

MR. GRAHAM: No, that is segregated. The mail is now opened by my secretary and a budget clerk from the finance section. The loan records are maintained by the loans clerk in the loans section. So it is completely segregated.

MR. McCALLUM: I had asked you whether you had these procedures laid down. I perceive in your answer, you were following the financial administration manual.

MR. GRAHAM: As to the distribution of the cash, the mail, it is a written instruction that I issued and it was circulated throughout the department as to how to mail.

MR. McCALLUM: It is a written instruction that you issued?

MR. GRAHAM: And it was circulated throughout the departments as to how the mail was going to be handled and it was concurred with by the deputy minister.

CHAIRMAN (Mrs. Sorensen): If you were to leave the government, would the person taking your place know that they are accountable for this and know what their responsibilities were with respect to this?

MR. GRAHAM: I would expect that any senior finance officer in the department should know what their responsibilities and accountabilities are.

CHAIRMAN (Mrs. Sorensen): Well, this audit report does not reveal that.

MR. GRAHAM: Of course the loans were not the responsibility of the finance officer, they were the financial services section of a program division. The reorganization has moved it into finance. Now this was formalized really on April 1, but it was slowly being done from the time that I arrived in mid October and was in reality completed about the middle of February.

CHAIRMAN (Mrs. Sorensen): Mr. Horn, did you have something to say?

MR. HORN: It is just that with the reorganization there are job descriptions for senior officers and for every position which spell out exactly what it is they are responsible for, and each new employee would get a copy of that.

MR. McCALLUM: So there is a segregation now in terms of getting these receipts. It was noted that there is no review of these general receipts to ensure that they are correctly classified and properly allocated. You are indicating to us now that within reorganization and with job descriptions and everything else and under your direction that that is now in place?

MR. GRAHAM: On the issue of the second review of the general receipt we had initially agreed to that, but in looking at it I have not implemented that because the calculation of the distribution between loan principal and interest is done by the accounting machine. Our loan records are reconciled monthly to the FIS printouts and in my opinion another review is not required. Now a subsequent audit may disagree with that or it may not.

MR. McCALLUM: How does that grab you, Ray?

MR. HAYES: I think, Madam Chairman, that that procedure particularly in view of the mechanization is suitable because it is really tied in with the repayment schedules associated with the loans and it is really a split between the interest and the principal portions of the payments.

MR. McCALLUM: I would just carry on, if I may, because I think that covers that, at least to some degree, whatever the extent of that will be will remain to be seen. Certainly in terms of internal control, again I would like to go into the business of doubtful accounts. At the audit March 31st, 1983, there were loans amounting to roughly \$650,000, for principal and \$120 for accrued interest that were considered to be of some doubtful collectability. Some were past the maturity date, some were way back in time. What action has been taken to delete these accounts, or to make provision for the doubtful accounts or to, if you like, foreclose on any of those secured loans?

MR. HORN: Madam Chairman, the answer to that is really in two parts. We have now made a provision for loans of doubtful collectability and as of March 31, 1984, that provision has been established at two million dollars. Now this includes both principal and interest. As to the procedures taken for the collection or the write-off of those that are, as the observation mentions, as much as nine years past maturity date there is a schedule of loans that has been submitted to the Financial Management Board for write-off. I understand it will be dealt with at their meeting of May 2nd.

MR. McCALLUM: You determined an amount of two million dollars. How?

MR. GRAHAM: At the end of February I had all the loan files that did not record a payment from December 31st forward, pulled. They were reviewed by myself, the previous secretary to the loan board, the current secretary to the loan board, a previous loans officer and a member from the revenue section, the collections portion. We made subjective judgments on each of those files as to which we thought were collectable, were not collectable and those that should in fact be written off.

In the course of that, we identified, including principal and interest, almost \$400,000 that should be submitted for write-off, another \$1.2 million which we thought there may be some problem in collecting and we allowed another \$350,000 -- that doesn't add up -- for which we thought we may have missed something in the existing loans. That is how we determined. It is very subjective and we did not allow in the allowance for bad debts, for any possible recoveries or realization on securities. We do not have a statistical data base or any quantitative information on the loan fund as to the bad debts over time. What we have taken is essentially 14 years of what we think are bad debts.

MR. McCALLUM: What is the proportion of that to the total loans outstanding?

MR. GRAHAM: The loans balance principal outstanding at March 1984 was \$6.8 million. The portion of principals submitted for write-off was \$266,000 or 3.9 per cent of the outstanding balance. The amount established for bad debt is \$1.7 million of the outstanding principal or 25 per cent. I said it before, the principal does not take into account anything we may realize on collection action or through the disposal of securities.

If I may proceed just a little further, the Federal Business Development Bank has estimated their allowance for bad debt as 4.2 per cent in 1982 and 4.8 per cent in 1983. Now those ratios are based on estimated recoveries after foreclosure, or court action, realizing of securities. I have taken a flyer and said that I think that 10 per cent would not be a bad range for bad debts on a loan fund, once we get it all sorted out, given the fact that we can reissue loans that the FBDB refuses.

MR. McCALLUM: The only one that will agree with 10 per cent. I just do not mean myself, but other Members -- because it is a last resort, as I said in the beginning, you are going to run through that.

MR. HORN: Madam Chairman, just to follow up on what Mr. McCallum is saying, it is not that we are dealing necessarily with bad customers, it is that FBDB may only go so far on a loan because of the security factor. We will then go that little extra without any security, so it is very much at risk and that is the reason for us being a little more vulnerable.

MR. McCALLUM: Regarding these doubtful accounts, and the procedures that have been developed or are being developed, I would hope that we would be able to be provided with a copy of those procedures. Are you still working on those as well?

MR. GRAHAM: We have not yet developed the procedures for collections of these accounts but they will be in conjunction with the Department of Finance. There will be a point in time that this department will realize or recognize that it will not be able to collect a debt. At that point in time we propose to turn it over to the Department of Finance and have their collection section follow through to the extent of realizing on the securities or court action or recommending write-off, whatever they should so decide.

MR. McCALLUM: Are the details of information on the write-offs public?

MR. GRAHAM: They will be once they are approved by the Legislative Assembly.

MR. NIELSEN: Madam Chairman, I might answer that. Individual items if in excess of \$20,000 require legislative authority to delete the debts due; amounts in excess of \$5000 will report in the territorial accounts.

CHAIRMAN (Mrs. Sorensen): Do you have any more questions on this section here? Mr. Pedersen.

MR. PEDERSEN: Not specifically on this but I would like to clear a little confusion in my mind at least. You keep referring to 14 years back. Are we talking about only one loan fund, the one we used to know as the Small Business Loan Fund? We are not talking about the Eskimo Loan Fund or any of the other loan funds that you administer as well?

MR. HORN: This is the Small Business Loan Fund, yes. We are not talking about the Eskimo Loan Fund. That is still resident in Ottawa.

MR. PEDERSEN: Is it not administered from your office here?

MR. HORN: No, sir.

MR. PEDERSEN: Are there other loan funds administered, or is this the only one that you have?

MR. HORN: This is the only one. Incorporated into this I think, are some loans we took over from -- at one time there was a program to finance fishing boats for fishermen. That has been incorporated into the Small Business Loan Fund, at the time of takeover from the federal government. So from that perspective I suppose there are two very old loan funds within the one, but they are two kinds of loans.

MR. PEDERSEN: Now, of those amounts that you would classify as bad debts right now, are most of those the very old ones, the earliest ones, or more recent?

MR. HORN: I really could not answer that right off the top of my head and I do not have information with me. I did look through them this morning and last night and most of them are, to my recollection, fairly old.

Suspense Account

CHAIRMAN (Mrs. Sorensen): We will carry on then with suspense account.

MR. McCALLUM: Have you, or are you developing procedures for charging payments relating to specific loans to the applicable loan balance that was referred to in the recommendation?

MR. HORN: Madam Chairman, the audit observation makes reference to a suspense account totalling \$77,000. That suspense account has been closed. There is instruction that it not be resurrected and third party payments that were in that fund have since been and any new ones are being charged to the loan. These are in the nature of insurance purchased by ourselves to guard our securities when the lender in fact is not purchasing insurance. Things of that nature.

MR. McCALLUM: Can you give me an idea why the suspense account was being used rather than making it applicable to the loan itself?

MR. HORN: There seems to be some misunderstanding that they could not in fact add it to the loan. It is our understanding that you can in fact add it to the loan.

MR. McCALLUM: I do not have the list of them, but are these procedures that are now in place and are used as guidelines? Are the procedures not definite yet?

MR. HORN: This is a definite procedure that is in place and has been used and is being followed.

MR. McCALLUM: If so, then that is one procedure I think that we would be interested in seeing if it is already in place.

MR. GRAHAM: This procedure has been found acceptable by the Department of Finance in their year-end procedures and we can provide you with a copy if you wish.

CHAIRMAN (Mrs. Sorensen): You said that you had completely closed out the suspense account. Do you have a suspense account at all then?

MR. HORN: No, there is no suspense account at the present time.

CHAIRMAN (Mrs. Sorensen): So every payment or money that comes in, you immediately identify where it belongs then?

MR. HORN: That is correct, plus we have assigned those costs that were in the old suspense account to the proper loans.

CHAIRMAN (Mrs. Sorensen): But if I remember correctly in the briefing that we had, a suspense account is really normally used for those payments or those moneys that are received where you cannot immediately identify to whom they belong or what file they belong with. What do you do now if you receive a cheque or a payment or money that you cannot immediately identify? What happens to it?

MR. HORN: Okay, the suspense account I was talking about is an expenditure expense account. It was expense money that we paid. The suspense account you are talking about is revenue moneys received that we cannot identify. I will let Mr. Graham take it further.

MR. GRAHAM: The suspense account was set up to deal with expenditures that were attributable to the loans and the idea was that when a payment was received from the client it would be applied into the suspense account first. All the past payments that were in that suspense account have been journal vouchered out and have been charged against the loan fund or the individual loan and accrued interest from the date the payment was made. That suspense fund no longer exists. There is occasion when funds come in, and maybe Mr. Nelson may want to expand on this, but when money does come in and we cannot identify it, because of the policy that we were talking about before where money must be turned in immediately to revenue, it does occasionally end up in the suspense account until you can identify where it should be distributed, but that is an internal control to safeguard those funds so that they are not sitting around until somebody makes a decision. They actually get in the bank and are recorded in the accounts, although perhaps not the exact account where they should belong.

CHAIRMAN (Mrs. Sorensen): And do you have a policy or procedure that governs that account?

MR. GRAHAM: We follow the procedures in the financial administration manual. There is no need for separate procedure within the department because there is...

CHAIRMAN (Mrs. Sorensen): The Financial Administration Ordinance, Mr. Nielsen, was proclaimed two years ago.

MR. NIELSEN: Yes, 1982.

CHAIRMAN (Mrs. Sorensen): The procedures with respect to a suspense account, is that something new in the financial ordinance or had it already had these provisions, had they already been evident somewhere else?

MR. NIELSEN: Madam Chairman, a suspense account is a way of handling accounting transactions. There is no reference to that in the Financial Administration Ordinance. The financial administration manual of the government, which has been in existence for some period of time, provides for the handling of suspense accounts and, in general, suspense accounts are discouraged. It is only as a last resort that suspense accounts are used. In the case at hand, the amounts are identified in the suspense account and our revenue section investigates those accounts as quickly as possible and tries to clear them. The sorts of things that you run into in a normal suspense account, as an example, might be where a cheque comes in and there is absolutely no identification on the cheque as to what it is paying. There is a requirement to search out where the cheque came from, which account it came from and then to subsequently attempt to apply that to the correct account. But that is not something that can perhaps take place within a few days and the essential ingredient is to get the cheque deposited and into our consolidated revenue account as quickly as possible. But as far as the procedures are concerned, they are well defined in the financial administration manual and as I indicated, the use of the suspense account is discouraged and it is only utilized as a last resort.

MR. McCALLUM: You are talking about receivables, remittances, are you not? Mr. Horn was talking about fees or costs associated with loans which is not the same thing. It may be in a suspense account but the rationale for the suspense account would be, in this case, two different things. Yours is for something that is coming in. You are talking about a suspense account dealing with costs associated with a loan, legal fees.

MR. HORN: Legal fees, insurance.

MR. McCALLUM: Insurance, you said. Where do you draw that money from, where does it come from? You say you are associated with the loan, now you are attributing it to the loan itself.

MR. HORN: That is correct.

MR. McCALLUM: Where, in the past, did it come from? Where did you pick this, what tree did you get to?

MR. HORN: It came out of the loan fund, it was charged to the loan fund.

MR. McCALLUM: In general.

MR. HORN: Yes.

CHAIRMAN (Mrs. Sorensen): Is it an administrative cost?

MR. HORN: Yes.

MR. NIELSEN: Madam Chairman, if I may. The principal way is what I was getting at. The principal is the same. It is the issue as to where this is eventually charged to. Is it going to be charged to the client or is it going to be charged to the general fund? How is it going to be charged? And that is the normal reason for the use of a suspense account, to determine exactly where it is eventually going to end up.

MR. McCALLUM: How long is it going to be suspended?

MR. HORN: The difference was that under the old system when the need came to pay insurance, insurance was paid. It was put in a suspense account. When that loan customer next made payment on his loan, the money came right off the top to retire the charge in the suspense account; the rest of it went to his loan. Now we just take it directly to the loan and the payment comes off. He ended up paying for it anyway, it was just an accounting treatment.

CHAIRMAN (Mrs. Sorensen): This raises the issue of having procedures and policies and manuals and ensuring that they are used, and I guess I would want to know from the Department of Finance whether they can assure the committee that even though they have a financial administration manual that it is indeed being honoured by each of the departments. What kind of safeguards have you built in, what kind of checks and balances have you built in?

MR. NIELSEN: Madam Chairman, the financial administration manual does indeed provide the guidelines and the requirements for assistance and procedures recording transactions throughout government. In no organization do you have 100 per cent assurance that every employee will follow the rules of that organization. The types of checks that we have in place are, number one, an internal check unit within the Department of Finance which does periodic reviews within each department as to the manner in which transactions are recorded and we have our own little routine that we go through in each department. There is an internal audit group within the GNWT and that internal audit group does the same thing and reports on any departures from the financial administration manual, the procedures required. And in addition to that you have the external auditors, the Auditor General of Canada and the sorts of procedures that we are going through today, so you do have checks and balances but you will never have 100 per cent assurance that every employee is going to make himself aware of the manual and requirements and that he is going to follow those requirements.

MR. McCALLUM: But in the line of responsibility, somewhere down the line somebody must be checking all the time or should be.

MR. NIELSEN: Madam Chairman, well, as I mentioned there are the checks in the case of the Department of Finance internal check unit. Those reports go to the management of the Department of Finance and if there are any concerns, serious concerns, they are brought to the attention of the management of the department. If those concerns are not responded to they are brought to the attention of the Financial Management Board. By the same token, in the case of internal audit, there is an internal audit committee, the concerns are identified to that committee and in the case of not being responded to should be brought to the attention of the Financial Management Board. And when they become serious, as has been identified in this case, they will be reported by the Auditor General of Canada as "any other matter".

Loan Guarantees

CHAIRMAN (Mrs. Sorensen): Any further questions on suspense accounts? Okay, we move on to loan guarantees.

MR. McCALLUM: It has been indicated in the audit that the department does not obtain from banks, on a periodic basis, statements for loans that they made to businesses and guaranteed by the fund. As a result then you do not have an up-to-date status report, if you like, on the loans or the disposition of any guarantees. Have you procedures in place now, or are they some of the new procedures that you are talking about that will more accurately reflect the current status of the loan?

MR. HORN: Madam Chairman, this is one of the procedures we have yet to develop. We do request a status on an annual basis from the banks at the present time.

MR. McCALLUM: Then will we be provided with details if you can speed the process up for these procedures?

MR. HORN: When a procedure is written, yes, we will file it with you.

MR. McCALLUM: I am not sure if I want to ask why it is taking so long.

CHAIRMAN (Mrs. Sorensen): You said that you require a status from the bank on an annual basis?

MR. HORN: Yes, we request of the banks the status of any loans that we are guaranteed on, and they forward that information to the Department of Finance.

CHAIRMAN (Mrs. Sorensen): So that it could, in fact, be 12 months, after 12 payments have been missed that you hear about it from the bank.

MR. HORN: No. The banks tend to look after the money a lot better than we do, and if the banker had not obtained payment on a loan for 12 months, he would have been to us long since. We are guaranteed, so basically if the payment is missed we are notified.

CHAIRMAN (Mrs. Sorensen): What is our track record in this area of having to pay out on a guarantee?

MR. HORN: We have paid out on a number of guarantees, Madam Chairman, but generally because there has been a subsequent decision made that we will in fact pay out this guarantee and treat it as a contribution.

CHAIRMAN (Mrs. Sorensen): I do not understand what you mean.

MR. HORN: Well, rather than request them to pay back, which obviously they could not do, we pay out the money to the bank and that is treated as though it is a contribution to the borrower. I can think of one in particular to the Slave River Sawmill, for instance, where that indeed happened.

CHAIRMAN (Mrs. Sorensen): Do we assume though that the bank would have gone through the process of trying to collect that, or because it is guaranteed are the banks somewhat relaxed on collection rates and come back to the government?

MR. HORN: Generally we have to guarantee a loan because the loan is not secured by any security, so the bank does not have any security, in fact, to rely upon. There is no doubt that they rely on a government guarantee and I don't imagine they spend a great deal of money or effort in trying to collect, but that indeed is the purpose of the guarantee, to allow the borrower to obtain credit because he cannot provide those other assurances.

CHAIRMAN (Mrs. Sorensen): Do you have figures available to the committee then of guarantees that you have had to act upon and pay out in addition to the Slave River Sawmill? Do you have those figures available?

MR. HORN: Do we have them now?

MR. GRAHAM: The department has paid out guarantees other than those which have been offset with contributions to the amount \$142,482.08.

CHAIRMAN (Mrs. Sorensen): Is that a number of loans?

MR. GRAHAM: That is a number of loans ranging, I think, from the smallest of about \$1400 or \$1500 up to about \$55,000 which I think was the largest one.

CHAIRMAN (Mrs. Sorensen): Over what period of time?

MR. GRAHAM: Over the history since 1977. Since we took over the fund. That particular information is included in our write-offs submission that is going forward to the FMB next week.

CHAIRMAN (Mrs. Sorensen): Now with respect to these guarantees that have been paid out, will they be considered contributions then, or will they go down on our books as a write-off under the normal way we do a debt owing to our government?

MR. GRAHAM: These guarantees should have been set up as loans when they were paid out. They were not. So we are identifying these as an information item to the Financial Management Board that they had been paid off from the appropriation of the department over the years. It is redundant to seek approval for write-off when it is already a foregone conclusion. So we have identified an information item as to what the department has done.

MR. HORN: These were not paid out of loan funds. These were paid out of departmental appropriation.

CHAIRMAN (Mrs. Sorensen): Under what approval?

MR. HORN: There probably was not any.

MR. GRAHAM: What the department has done is honoured their agreement with the bank. The process that we are going to put in place on guarantees is that when the guarantee is paid out it will be set up as a loan, bear interest at the rate and the effect of the time. If it is not collectable it will then be put forward as a request for write-off.

CHAIRMAN (Mrs. Sorensen): Now, with respect to these numbers of loans that have been paid off by the government, obviously there are individuals and companies involved. What will happen with respect to them? Will we make any attempt ourselves to have a return on that money?

MR. GRAHAM: With one or two of them there is a possibility of legal action and that will be put forward on them. But for the rest of them, there is just no hope. For one, there is a boat sitting with a broken back on the beach; that is the security. So there isn't anything to realize, there is no other income for that particular individual. Those kinds of things. It will stay, as Mr. Nielsen said earlier, as a memo record and if there is a possibility of collecting something then that would be done.

MR. McCALLUM: You have agreed that in the coming time and I hope within the last while, that the business of paying out to financial institutions for default of loans that are guaranteed by the government will now be done under the direction of the Financial Management Board.

MR. GRAHAM: Claims paid pursuant to guarantees should be referred to the Financial Management Board for direction on the action to be taken. But we make the payment based on a contractual arrangement with the bank, so that the government has the obligation. The Auditor General's staff may wish to expand on this, but our understanding of this observation is that once we should pay it any subsequent action we take should be referred to the Financial Management Board for a decision.

MR. McCALLUM: It has been identified that \$94,000 was paid out to financial institutions for defaulted loans in the year of this audit. This was charged directly to expenditure without direction from the FMB. Are you saying that because of the contractual arrangements the department will pay it out and after the fact get an okay from the FMB, or are you saying before you actually pay out, even though there is a contractual agreement, that it will be raised in FMB and then the direction will come?.

MR. GRAHAM: What I am saying is that when we receive a demand from the bank for payment we will make the payment and set it up as a loan. We will then try to collect on that loan. In the event that it is uncollectable then we will refer it to the board. Under the new process uncollectable loans will be first referred to the Department of Finance for them to attempt. Eventually if a loan is uncollectable, it will end up before the board for request for write-off. Because the ordinance gives us the authority to make these guarantees and we are obligated to the contracts and arrangements with the bank, then if we do not make the payment on demand, we incur a penalty interest.

MR. McCALLUM: Okay, copacetic in the process, but in the accounting of it all the amount then becomes an expenditure of the department.

MR. GRAHAM: Only when it is written off. We will set it up as a loan and as a charge against the loan fund and carry it as a loan until we receive approval to write it off or it is collected.

MR. McCALLUM: Once it is written off it then becomes an expenditure?

MR. GRAHAM: Then it becomes a charge.

MR. McCALLUM: But prior to it being written off it becomes a receivable?

MR. GRAHAM: Receivable.

MR. McCALLUM: So you are doing that? It was not done in the past?

MR. GRAHAM: That is correct.

MR. McCALLUM: Okay, got it.

CHAIRMAN (Mrs. Sorensen): You said that you have the authority to make guarantees. "We have authority." Who is the "we"?

MR. HORN: The financial loan board can make a recommendation for a guarantee. That recommendation then goes to the Minister for his concurrence. The department then enters into an agreement with the bank.

CHAIRMAN (Mrs. Sorensen): Is it easier to get a loan from the fund or a guarantee?

MR. HORN: I really do not know. I do not think there would be a great deal of difference. You would probably have to provide, in fact, extra information if you are going for a guarantee as to why a guarantee was necessary as opposed to a loan. About the same I would say basically.

MR. GRAHAM: The advantage to the government on a guarantee is that we are using the bank's cash and not the government's cash.

MR. McCALLUM: Well, I guess I don't have anything further on that area. I think that things are, as I said before, in hand. Once we get the procedures down then we would be able to have a better idea of what is going on when they are made available to us.

Regulations

I still have a difficulty with the sequence of time from the very beginning, but we're talking legislation which runs into regulations and I see that in the comment you have made the statement that, yes, you agree that regulations should accompany legislation. Having had some experience, I am not too sure. It is nice to be able to hope for but in certain instances, especially here where we are dealing with the public, where you have people working at a regional level, I think it makes a great deal of sense in this instance to try to ensure that regulations accompany the legislation. Otherwise, you have got four or five different regions quite possibly interpreting legislation or having the legislation interpreted by individuals who are scattered throughout the Territories in different areas and may play the game a little bit different with their own ground rules. They have different ball parks, and though the game has certain set rules, every ball park has its own set of ground rules. Because we do have a fair amount of transferring or trading, if you like, of individuals who are responsible from one region to another, one would interpret what was appropriate in X region and having then moved to Y region may try to lay on the same kind of ground rules and it just does not work, so I think, again in my opinion, the regulations should accompany the legislation in this instance, because you are dealing with people trying to help people with public moneys and I would not want to see the legislation simply being left to the interpretation of individuals. Not that I am saying anything derogatory about the individuals concerned, but it must be consistent and I am afraid that in the past, as with a number of other instances and other departments, the interpretation of the legislation is sometimes wanting. It is not consistent and it would seem to me even though you say that the regulations should be consistent and be established, or a procedure set up be established, that you agree a procedure should be set up that regulations are done, and even amended, concurrent to amendments to the ordinance. For example, the Small Business Loans and Guarantees Ordinance was amended in 1982 as I recall. I am not too sure that the regulations are in place even at the present time. Are they?

MR. GRAHAM: The regulations were set in May 1978 based on the original ordinance. The revised ordinance was assented to March 1982 and there was no amendment done to the regulations at that time.

MR. McCALLUM: That presents some problem then. That is where the difficulty occurs. Then you have different people playing to different music all the time and I think that again emphasizes the idea that you going to have to do something in this respect where you are providing a service to people. It requires regulations being amended and being consistent with the amendments to the ordinance, because you can't play the game according to old rules. It changes. And I think it is commendable that you are thinking of trying to do it, but I would like to see some kind of procedure. I don't think it will happen with all legislation, but certainly in legislation that affects people directly because you are providing a service to them. This is not the only instance. I can think of a number of others in other departments but basically in finance I think a requirement rests on the government not to introduce that legislation until the amendments are in place.

MR. GRAHAM: We can develop both the ordinance and the regulations at the same time. We can not guarantee once they leave our department that they are going to go forward together or in a reasonable time frame together.

MR. McCALLUM: Get the pig prod. Get it going.

CHAIRMAN (Mrs. Sorensen): Are there any further questions on this final section on regulations?

MR. McCALLUM: Just the one. I think that you have indicated just on this whole thing that the regulations will be amended sometime during 1984-85. Can you break it down lower than that total year?

MR. GRAHAM: We have developed them as we think they should be, but we cannot put them forward for the Commissioner's signature until the ordinance is approved. We have to wait for the Legislative Assembly to approve the ordinance.

MR. HORN: That will be the winter of 1985.

MR. McCALLUM: But you are not talking about the regulations that should have accompanied the amendment to the Small Business Loans and Guarantees Ordinance, that was done in 1982. You are not talking about amending those issues. That is the way I read it in the comments. Is that not correct?

MR. HAYES: Madam Chairman, we are really talking about the amendments arising from the amendments in the legislation in 1982.

MR. McCALLUM: So that is what I understand, that you have said in reply that you are going to make those kinds of amendments to the regulations sometime this year, this fiscal year, 1984-85. Is it going to be in 1984, in the next eight months, or is it going to be in the first three months or nine months, if you like of 1985? When are you going to get those amendments to the regulations? Have you developed those amendments?

MR. GRAHAM: We had not intended to develop revised regulations for the ordinance amended in 1982 because we have done a major revision of that ordinance that we are putting forward in January of 1985. The amendments that were assented to in 1982 were not, I think, that significant that the existing regulations could not -- they changed the name from Small Business Loans and Guarantees Ordinance to Business Loans and Guarantees Ordinance.

MR. McCALLUM: I guess I have to take some issue with that. It has been raised by the auditors. If the external auditors raised it as an issue then it is left to us to determine why it may be that there is a difference of opinion. Certainly it has been raised in the report to the Commissioner that this is a particular issue and the recommendation is that the regulations should be amended as soon as possible. The response from the department of the government is, yes, we agree to that, that it be done during 1984-85. Now I understand that you are not going to because you have contemplated or you have started on a new ordinance, so you are going to leave that in abeyance. That is a three year abeyance, as I see it, or close to a three year abeyance of regulations that are not amended to reflect the legislation. I have a little difficulty in that.

CHAIRMAN (Mrs. Sorensen): Perhaps we could have Mr. Hayes respond.

MR. HAYES: Madam Chairman, there are really two points at issue here. The one deals with the amendments as they relate to the Small Business Loans and Guarantees Ordinance itself. They may have been minor, but there were also consequential amendments arising from the new Financial Administration Ordinance as well. The committee will probably recall there were significant changes to the Financial Administration ordinance, which had a significant impact, really, on all the government regulations. And that is more the point of issue, I think, in this particular case.

MR. McCALLUM: Is the difficulty with, not with the department, but in terms of Justice and Public Services? That is done within the department itself, not just ...

MR. GRAHAM: We would have the regulations available prior to the 1984-85 fiscal year-end, if the ordinance is approved in the winter session of 1985. If the ordinance is approved in January of 1985 the regulations will be approved prior to March 31, 1985, providing that timing allows. We had not proposed to put forward two sets of regulations, one dealing with an ordinance that we feel is redundant and doesn't meet our needs to begin with and then another set for a revised ordinance.

CHAIRMAN (Mrs. Sorensen): But as I understand what the Auditor General has just said, the regulations relate more to the new Financial Administration Ordinance, rather than the Business Loans and Guarantees Ordinance. Is that correct?

MR. HAYES: That is correct. Well, Madam Chairman really what we are saying is you have the basic regulations as they relate to the Business Loans and Guarantees Ordinance, but you also have to evaluate the impact of those regulations of the changes to the Financial Administration Ordinance, which were significant.

MR. HORN: We could develop regulations. However by the time we got them through Justice and Public Services and got them up, I doubt that they would be much faster than the new regulations to the new ordinance. I think we are talking pretty well the same time frame.

MR. McCALLUM: Well, that may very well be. I can accept what you are saying in terms of a new ordinance and having the regulations go along with it, and as I say, I commend that. My only problem is that if that is what you are going to do, that is not what the comment said. Now if there is a change in the comment on the part of the government, fine, just so that it coincides with the concern that was raised by the auditors, because of the implications of the financial management. And I think again we are talking about that, not so much the regulations as they pertain to the loan and guarantees, but so that they are reconciled with what demands are being placed by the financial management. That is where the difficulty is. I can understand that if you are coming in with something new, then you might as well come in with the whole thing new and then that is great as long as it comes together. But the concern, because it is an issue that has been raised, was how to reconcile it with the subsequent changes as they relate to other pieces of legislation, that was the concern. And, you know, I know that things take time to get done but...

MR. GRAHAM: Mr. McCallum, we had agreed to this recommendation prior to the task force being put together and knowing what we had to do.

MR. McCALLUM: I recognize that.

MR. GRAHAM: First off there was no policy so we had to develop a policy to begin with and then a whole new ordinance to meet our requirements. This comment is no longer valid. If I had known at that point that we were going to change the ordinance and so forth, I would have stated in here that we would have developed regulations based on the new ordinance and not on the amendment of March 1982. The Auditor General's staff may have taken exception to that, but that would have been my position.

CHAIRMAN (Mrs. Sorensen): Mr. Dubois.

MR. DUBOIS: Madam Chairman, I have a little bit of a problem with the management practices being discussed in a certain sense. This ordinance was assented in March 1982. The Financial Administration Ordinance, if I am correct, also came in in 1982, in July 1982. Since that time the department has been managing with outdated regulations. Now, one can argue about the minor or major changes but still the regulations are outdated and they have not been updated to the new ordinances. From a management and practice point of view, I have problems with the principle involved. Surely regulations should be brought up-to-date through legislation as quickly as possible. It may be that today Mr. Graham's point is valid, that since they are now revamping the total situation the time that it would take to review regulations would probably come just a few months apart, at the most. But if we back off to 1982, the question is, why was it not done in 1982? Well, we are now two years later than that, and now the time has passed and it may not be valid to do it any more. But in the future the hope is that whenever legislation is modified that regulations be modified at the same time or as soon as possible afterwards.

CHAIRMAN (Mrs. Sorensen): Yes, and from a public accounts point of view, I guess I would ask the Department of Finance then, what other pieces of legislation do we have on the books including regulations, which have not been amended to reflect the new Financial Administration Ordinance? Are we up-to-date on all other pieces of legislation except this current one that we are talking about?

MR. NIELSEN: Madam Chairman, I am not aware of any other pieces of legislation that have not had their regulations changed or that would require changes to the regulations to accommodate the requirements of the ordinance.

CHAIRMAN (Mrs. Sorensen): Does that mean there are none or does that mean you are just not aware of any?

MR. NIELSEN: I am not aware of any. I cannot say if there are or are not. I am not aware of any.

CHAIRMAN (Mrs. Sorensen): Whose responsibility is it to see that when you have a major change from a financial point of view in an ordinance that all other ordinances agree?

MR. NIELSEN: Madam Chairman, the Department of Justice and Public Services legal draftsmen go through all the other ordinances and try to make sure that each ordinance is amended, or alternatively, as in the case of the Financial Administration Ordinance, there was a section following the ordinance identifying all the ordinances that were affected by that ordinance and the changes that were appropriate.

CHAIRMAN (Mrs. Sorensen): And was this particular ordinance, the...

MR. NIELSEN: Madam Chairman, I believe in this case it was regulations and the regulations were under consideration at approximately the same time as the Financial Administration Ordinance.

CHAIRMAN (Mrs. Sorensen): So the list only included ordinances, it did not include regulations?

MR. NIELSEN: That is correct.

CHAIRMAN (Mrs. Sorensen): But one would assume that it would be ordinances and the regulations as well? No.

MR. McCALLUM: Bad term to "assume".

MR. HORN: The amendment to the loan ordinance went through about the same time as the amendment to the Financial Administration Ordinance. The two went through about the same time. So, I suppose it was assumed that because they went through at the same time the implications of the new Financial Administration Ordinance were reflected in the re-written small business loans ordinance.

MR. McCALLUM: But again, I would have to say because the bills were assented to, they all have a coming into force clause in them as well. So it does not necessarily follow because they have been assented to that these new ones would come into force all at the same time or at the same time as they have been given assent. I don't know. I am not trying to give you an out, I am simply saying that there is this clause that would be in it and because an ordinance has been passed and assented to in the House, it does not necessarily mean it comes into force at the same time.

MR. NIELSEN: That is correct.

MR. McCALLUM: Looking back I think that we found that there were difficulties, even with the policies related to there, and they had to be revamped and done over again. And once having found that there were difficulties there, it was easier then to do a total re-write on the Small Business Loans and Guarantees Ordinance, which is what you are talking of doing now. I don't know if that helps or not.

CHAIRMAN (Mrs. Sorensen): I would like to get back to the Department of Finance. Could we ask the Department of Finance to assure the committee, I guess, by letter, that all the ordinances and/or regulations that are affected by the Financial Administration Ordinance have been amended? It would seem to me that, while Justice and Public Services are responsible for drafting and changing, it would be in the best interest for the Department of Finance, from a financial management point of view, to make sure that these regulations and ordinances have been amended to reflect that very basic ordinance.

MR. NIELSEN: Madam Chairman, we will certainly undertake to review this with the Department of Justice and Public Services. As I indicated earlier, that department definitely does look at all legislation, all ordinances, at the time they are drafting new legislation to determine the impact, to try to identify any areas that should be amended. I do not know what their procedure is with respect to regulations. We will have to check into that.

MR. McCALLUM: That is the essence of it all, that there has to be a procedure set up, government-wide if you like, because the department can say, sure we agree with that, apple pie, motherhood and whatever. You agree there should be a procedure but it must be a government one. You know, I can ask the department how you are going to comply with a recommendation, if you like, that would ensure that a procedure is set up so that regulations are amended at the same time as an ordinance is amended. What I am concerned about is that it then becomes government-wide, not just

the responsibility of the department. What is the government doing to ensure that there is a procedure set up whereby regulations are amended at the same time as ordinances are amended? That is the essence of it all. Sure we can do our part, but if there is no procedure set down whereby this can be done, then the assurance given by any and all departments does not matter. But there has to be something, and I wonder if, in fact, the government is looking at it globally, if you like, and saying, yes, we recognize that is a difficulty with the passing or coming into force of legislation, new or amended, and the regulations are going to come later on. You know, there must be a procedure. How long after? Who is going to do it? Is it the responsibility of the sponsoring department? And because the ordinances in a lot of cases overlap and have consequential effects with other pieces of legislation, there must be some type of procedure set up. And I guess what I am asking is, is the government looking at that in total? Because I suspect that there has been very little done in amending regulations over the last number of years. If you recognize that then surely there must be a requirement to set up a procedure. I do not know who I am going to get a comment from. Mr. Butters? All right.

HON. TOM BUTTERS: Madam Chairman, if I may. The point is very well taken and very well made and I will certainly raise it with the Executive Council and see what is being done. I think that the simple procedure would be that that legislation not be put into force until the regulations are out.

MR. McCALLUM: I'll buy that, with difficulty.

CHAIRMAN (Mrs. Sorensen): We would have had trouble with the Young Offenders Act. Are there any further comments or questions in this area? Thank you very much, gentlemen. We are now ready for the petroleum, oil and lubricants revolving fund and we will take a 10 minute coffee break.

---SHORT RECESS

Petroleum, Oil And Lubricants Revolving Fund

I will call the session back to order. We are on page seven of the report, Item 4, petroleum, oil and lubricants revolving fund. Mr. Dubois.

MR. DUBOIS: Madam Chairman, I would like to ask Mr. Hayes in.

CHAIRMAN (Mrs. Sorensen): Before you proceed, Mr. Hayes, I should introduce Mr. Quirke, who is the deputy minister of Government Services. Proceed, Mr. Hayes.

MR. HAYES: This is basically a perennial subject as far as we are concerned, or an annual. In the paragraph we have indicated a number of deficiencies that we have commented on in previous years that continue to exist and are still causing some problems but maybe not to the same extent. The main part of the comment relates to the systems review and the enhancement project which indications are will address most or all the issues that have been raised in the past. The committee may wish to concentrate on that particular aspect of the comments.

The other part deals with the write-offs in 1982-83 related to the variances arising in 1980-81 and 1981-82. It was our view with regard to those write-offs that it would have been appropriate to get the approval of the Financial Management Board before the write-off took place.

CHAIRMAN (Mrs. Sorensen): Thank you, Mr. Hayes. Does the committee have any questions?

MR. GARGAN: With regard to recommendation one, what is the current status of the enhancement project as referred to and when is it likely to be fully implemented?

MR. QUIRKE: Madam Chairman, the enhancement project is finished as of March 1984. What we are doing right now is a parallel run of the new project versus the old to make sure that everything is balancing when we enter into the old way versus the new way. So the parallel run is proceeding and I might say it is proceeding very well.

MR. GARGAN: So it addresses all the deficiencies that were referred to by the Auditor General?

MR. QUIRKE: Madam Chairman, yes, as far as I am concerned. If I may be permitted, a recent letter from the Auditor General's office indicates from a preliminary review that proposed enhancements appear to adequately address the issues raised. They have recommended that there be five other

areas that we look at. The letter was timely in that there was a meeting of the steering committee of the enhancement project this morning. I passed the latest letter from the Auditor General to them to have them examine it and come up with a program to address these five small issues they brought up.

MR. GARGAN: What is the project likely to cost and does it involve any major system changes?

MR. QUIRKE: Madam Chairman, the final cost of the project will be approximately \$350,000, perhaps \$375,000. The project was approved by the Financial Management Board and it did entail, to a degree, a rewrite of parts of the system or just technical adjustments to the system, a combination of both. I would imagine by the end, when the parallel run is finished, the total cost of the project will be less than \$400,000.

MR. GARGAN: Could the department provide us with details of that?

MR. QUIRKE: Yes, there is no problem with that.

MR. GARGAN: My other question is, will it still be a separate system with an effective interface with the Financial Information System?

MR. QUIRKE: Madam Chairman, that was one of the major deficiencies of the POLARIS system and that enhancement project makes POLARIS interface with FIS.

CHAIRMAN (Mrs. Sorensen): You had mentioned that there were five more issues that the Auditors had identified. Were these in addition to the issues that have been identified in the audit report? Are these new issues?

MR. QUIRKE: I am looking at the five points that they felt should be expanded upon and I would say that the first one for example, issue and control of the addressograph cards, is a new system we are implementing in the regional centres, so I would consider that to be a new issue. On the second issue, recording and reconciliation of prepayment accounts, they are asking us to expand upon the administration order procedures on that, so I would say that is an old issue. They are just asking for a little more detail. Issue three, actual procedures to be followed in settlement of interdepartmental charges, I would believe, and correct me if I am wrong, but I believe this is a new issue. I do not think we have ever had a procedure to settle disputes between departments or clients. Issue four is documentation necessary to support any adjustments. I would say that that is not a new issue; it probably is requirement to expand on it. And the fifth issue, year-end reporting requirements for POL accounts and results of operations for consolidation with central accounts, again I see as an old issue but we can expand upon it. And as I mentioned, the letter was timely in that I was able to table it to the steering committee this morning and they are now examining those issues.

CHAIRMAN (Mrs. Sorensen): In response to Mr. Gargan's question concerning the enhancement project, you indicated that it had been finished and that you now had a parallel project running and early indications were that it was doing well. When do you feel that you can do away with the old system and fully implement the new?

MR. QUIRKE: Madam Chairman, not being a finance officer myself, I think I would go at least to the end of May before I would sign on the bottom line, press the button. That would give me until the end of May, and I would ask the advice of the comptroller general if he were satisfied too. If we both agree, I think the end of May at the earliest. If there were one or two minor problems it would be June.

CHAIRMAN (Mrs. Sorensen): You indicated there will be an interface with the FIS. What does it involve, terminals, your own computer?

MR. QUIRKE: Madam Chairman, basically what it involves is that, in simple terms it is a type of transfer of accounting information into the FIS. Right now we have to do it from manual work to the journal vouchers. So now basically the systems can talk to each other, in a sense, and we can transfer, by pressing buttons, our information to the FIS. Like I mentioned before, we did do this through manual journal vouchers.

CHAIRMAN (Mrs. Sorensen): Then what is it that cost close to \$400,000?

MR. QUIRKE: Madam Chairman, the rewrite of the technical stuff is one cost. There are many minor deficiencies in the POLARIS that required fixing. For example, you can post a credit and you would never see the debit and the system would lose it. Many of the subsidiary reports would not balance in totals. All of these things have to be fixed, and in fact the total package to be fixed is all presented in this document. This results in approximately a \$400,000 report.

CHAIRMAN (Mrs. Sorensen): How much did POLARIS cost?

MR. QUIRKE: Madam Chairman, I really don't know. I have to go back to the files. It came on stream in early 1980 and I could be just guesstimating, perhaps less than a million dollars. I will have to check and bring that information back.

CHAIRMAN (Mrs. Sorensen): So POLARIS is now being dumped, so to speak, or for the most part has been rewritten?

MR. QUIRKE: POLARIS has been rewritten in some areas and subsystems but the basic system called POLARIS, as the original core, is still there. We have modified it and improved it.

CHAIRMAN (Mrs. Sorensen): Were there different individuals involved with the new or were they the same ones that developed POLARIS?

MR. QUIRKE: Madam Chairman, the POLARIS system transfer project was done by internal staff only and the regional system was done with outside consultant work with a combination of government staff. The government staff at that time have long since left us. I do believe that in our own staff one previous employee of the consultant firm was hired back on as a term position.

CHAIRMAN (Mrs. Sorensen): This \$350,000 to \$400,000 charge, was that budgeted for?

MR. QUIRKE: Madam Chairman, in a way yes, and no. It was partly a revolving fund. The expenditure would come out of our \$25 million plus fund. What we did do is bring it forward to the Financial Management Board. Because it amounted to a significant amount of money we asked for permission to proceed on the project, identify the cost but say that it would be absorbed within the fund itself. We were not really budgeted for but it came within the \$25 million fund, and we sought the proper authority to proceed.

CHAIRMAN (Mrs. Sorensen): So it came out of your profit?

MR. QUIRKE: I imagine it came out of our working capital.

Inventory Variance Charges

CHAIRMAN (Mrs. Sorensen): Poor consumer, paying for all these inadequate systems that have been developed. I have no more questions concerning this area. Does anyone else? All right, we can move on to variances, inventory variance charges. Mr. Gargan.

MR. GARGAN: With regard to inventory and variances here, the committee noted that \$1,148,000 in respect of variances in 1980-81 and 1981-82 were deleted from accounts receivable in 1982-83 without the approval of the Financial Management Board, but that the department will obtain such approval in future as referred to in recommendation two. What was the rationale used for not obtaining Financial Management Board approval for the 1982-83 write-off and will the department provide the committee with details and explanations for the amounts written off in 1982-83?

MR. QUIRKE: Madam Chairman, I do not know whether the terminology "write-off" is appropriate in this case. It was an adjustment to the inventory accounts and, to explain it, a variance is really defined as the difference between what value of your inventory is on your books and the value of your inventory out in the field and a difference in those figures represents a variance. These adjustments to inventory were set up originally as outstanding accounts receivable with the contractors but Members will recall that the department, to much horror, discovered that variance also occurred because our tanks were not measured properly or there were a lot of meter tickets lost in transit. At the same time, after extensive inventory taken in previous years, we also have on the other side of the ledger about \$2.2 million of surplus variances and from a logical point of view the department felt that it had \$2.2 million surplus on one side, and with the \$1.1 million deficit on the other side, there had to be a relationship between the figures. All that was done

was to find out what the relationship was, so we took the surplus into profit and kept the outstanding variances on the books for another year and came to the conclusion that while there was a connection, we could not pinpoint it litre by litre, and so the adjustment to the inventory did occur to the accounts receivable. In terms of the procedures we followed, yes, we will take such accounts to the senior financial officer who I believe at that time will decide whether it is appropriate to go to the board or not. When we did it we felt there was more of an accounting entry since it did not really result in the layout of cash or things like that so we did make a small error. In future, we will take it to the senior financial officer who, I believe, will decide whether it goes to the board or not. In terms of the second part of the question, providing you with the details on what made up the \$1,148,000, yes, I can table that document.

CHAIRMAN (Mrs. Sorensen): Do the auditors have any comments? The deputy minister has indicated that it will not necessarily go to the Financial Management Board but rather to the senior financial officer for a decision. You have indicated in your recommendation that you feel significant adjustments should receive the approval of the Financial Management Board.

MR. HAYES: Madam Chairman, it is our view from the standpoint of good control, that be it an inventory variance or call it what you will, there should be some overriding authority made to be a party to the decision to make the adjustment. That is really the point at issue as far as we are concerned. Under the system as it presently exists, if I understand it correctly, even if there are variances in inventories which have to be adjusted for, that adjustment still has to be approved by some other authority, besides the department itself.

MR. QUIRKE: Madam Chairman, I do not want to give the impression that we would not be going through the board. We would submit any future write-offs to the board. I am just interpreting the ordinance that it requires first the review of the senior financial officer, but they will go forward to the board in the end. We will not make any internal decisions in terms of write-offs without going to the proper authorities.

CHAIRMAN (Mrs. Sorensen): Did you have a comment, Mr. Nielsen?

MR. NIELSEN: The point made by Mr. Quirke is essentially the point that I was going to make, and that is that the way this comment reads is not that they would be considered by the senior financial officer for referral but rather that they will be referred to the senior financial officer and that they will be considered by the Financial Management Board, so every one would be referred.

CHAIRMAN (Mrs. Sorensen): I am still not clear whether we ever did determine why the variance. Is that still an outstanding issue?

MR. QUIRKE: Madam Chairman, the variance that we encounter throughout our 43 distribution communities is missing product, basically, and missing product can occur in many ways: lost meter tickets, for example, a leaking pump in the fuel truck, tremendous variations in temperature, particularly where we deal resupply in the middle of winter on the winter roads. Other possibilities occur when we could in error, do a double bill or do a key punch error. Instead of punching in 15 litres you could easily punch in 15,000 litres.

CHAIRMAN (Mrs. Sorensen): Surely the computer would squawk if you did that.

MR. QUIRKE: Madam Chairman, the computer would only squawk, to use that terminology, on an individual's house account because we do have in the system a message that says if a fuel tank is fueled up in excess of 250 gallons -- since most houses have 250 gallon tanks -- there is something wrong with this meter ticket. But when you are transferring thousands and thousands of litres to NCPC, for example, the system ignores that. But for the individual customer, yes, there is a flag that says there is something wrong. Those are the types of things we can catch, but not massive transfers between us and NCPC, since we are their main supplier of fuel.

Other variances can occur when you find out that your flow meters in your tank farm all of a sudden are not working, there is some water in them, et cetera. It all boils down to the department, on a continuous basis, stressing to our contractors in the regions to send in very timely reports and when we don't get them it is a matter of follow-up. Again, with the tremendous distances we have to deal with, a lot of these things do come crashing down sometimes at one time.

CHAIRMAN (Mrs. Sorensen): Is there a possibility that this could affect the small businessmen then that are working to deliver this fuel for us?

MR. QUIRKE: Madam Chairman, yes to the point that if a contractor is not sending in his reports in a very timely manner, and for example, our staff go into the community and do a dip on the tank, and we reconcile the records and we find there are about 20,000 litres of product missing, the question is why. Now, the contractor could have mailed in the meter tickets and they are lost in the mail or the fuel has been sold and unaccounted for. Yes, there could be hardships placed on the contractor because we have a mechanism or means of stopping payments to him through the commission rate structure.

CHAIRMAN (Mrs. Sorensen): Do you ever have instances where the person would say, you have all the meter tickets and I cannot identify why there is a difference of thousands of litres missing? Do you have situations where you have to deal with that?

MR. QUIRKE: Yes, and depending on the size of the variance, we have gone even as far as having two if not three audits done on the contractor. We have contracted our own internal audit bureau to investigate some of these outstanding variances where there is a tremendous discrepancy.

CHAIRMAN (Mrs. Sorensen): How many would you have outstanding now, related to a difference between your contractor and yourself?

MR. QUIRKE: Madam Chairman, I would say that each individual contractor has a variance with us and it could go anywhere from 2000 to 41,000.

CHAIRMAN (Mrs. Sorensen): Dollars or litres?

MR. QUIRKE: Litres. But our approach to these things now is that we keep on top of them as much as we can and try to find out what has caused the problem, whether it is a combination of the wrong temperature charts being used or meter tickets being lost or serious leaks in the meters or the trucks themselves. Every litre spilled eventually does add up when you are talking about 43 communities and an average of three different products. So it eventually does pile up.

CHAIRMAN (Mrs. Sorensen): Is any of this inventory variance related to the quality of tank farm that we have in some of these communities?

MR. QUIRKE: No, in that we do not have any of our tanks leaking for example. We have a very massive construction program in tank farms and the great majority of our tank farms are up to the territorial standard, practically exceed our standards. So I believe we have done a pretty good job in building tanks. The only mistake made, which no longer occurs, is that we never did receive the proper dimensions of the tanks so when we put the dimensions in the system, not realizing there was a mistake, a one inch mistake on a 250,000 litre tank means a lot of fuel. This is where we ran into a problem in one community and then we did a whole audit on all our tanks and we found out that there were a lot of discrepancies in the size of tank which would affect the total amount of fuel in the system.

That does not necessarily mean that there was fuel missing because we have gone through a detailed examination on all our discharge certificates from NTCL and the shipping companies to find out what actual product had gone in and then reconciled everything all the way back. We are at the stage now where we will be doing a certain amount of adjustments to our present inventories. The key in our variances is to realize that we cannot manufacture fuel so we have positives and this is something to be looked at very seriously.

CHAIRMAN (Mrs. Sorensen): What kind of controls do we have with respect to the transfer of the fuel from the barge to the tank farm? Do we depend on the barge to tell us how many gallons or litres we have received, or do we have our own method of calculating that?

MR. QUIRKE: Madam Chairman, we have a basic procedure. In the Eastern Arctic, for example, we use surveyors out of Montreal to complement our own staff who will practically live on the tanker when it leaves Montreal and does the whole Eastern Arctic resupply. They will oversee the discharge from the refinery in Montreal to the tanker and then from the tanker to the community. All these discharge certificates will be matched up. Hopefully, they will balance the total invoice from the supplier less any backhaul. In the West it is basically the same thing, except in the West we have most of our own staff on the barges doing the same type of work.

CHAIRMAN (Mrs. Sorensen): And is this something relatively new or have we always done this?

MR. QUIRKE: We have always done this but I would say about two or three years ago we never went back to the meat of the reconciliations or the discharge certificates. We now do that as normal operating procedures for the past two or three years. I would say in 1980-81, no, there was no serious attempt to reconcile the figures, but we certainly do that now.

CHAIRMAN (Mrs. Sorensen): And have you had differences during the reconciliation of the figures?

MR. QUIRKE: As of this year, nothing has come to my attention that indicates that we have a major dispute with any of our oil companies. I know of a few minor ones where we are talking about a couple of thousand, but no major dispute on the quantities of fuel delivered, and seafight is just over, in terms of the invoices coming in from the oil companies in October and November. No major controversy has been brought to my attention. I do not believe there is any at all.

CHAIRMAN (Mrs. Sorensen): Any further questions on the inventory? Mr. Pedersen.

MR. PEDERSEN: I thought you said early on when discussing the variance, that there wasn't just this one million and something short variance but in fact there was a two point some million dollar overage variance as well. Is that correct?

MR. QUIRKE: Madam Chairman, that is correct.

MR. PEDERSEN: Now, you explained quite well to us before how you account and what causes shortages. Can you explain what causes overages in that amount, because I do not notice anything in the audit report on that?

MR. QUIRKE: Madam Chairman, the inventory adjustment of \$2.2 million was reported, I believe, in the auditor's report of the fiscal year 1981-82. And like I said, at that year-end we have done the most extensive inventory taken in the POL organization, which is now continued on year after year. So, when the staff went out and did all these tank dips themselves, it was determined that we had more fuel on hand than was recorded on the books and that's where the positive variance came in. And from that year on -- that was our base year, and we proceed from year to year from pretty accurate inventory levels. The only hitch in the program was the incorrect measurements.

Grants And Contributions

CHAIRMAN (Mrs. Sorensen): That appears to conclude the POL revolving fund. Thank you very much, Mr. Quirke. We will move on then to grants and contributions on page nine. Mr. Nielsen, will you be speaking to this?

MR. NIELSEN: In the area of grants and contributions from a government policy standpoint, yes. With respect to some of the specific questions, I believe officials are here from the Department of Local Government.

CHAIRMAN (Mrs. Sorensen): Could we have DPW and Local Government come up now and take a place at the table? Mr. Moore, would you introduce the officials you have brought with you please?

MR. MOORE: Yes, Madam Chairman. Myself, Mike Moore, the deputy minister of Local Government and with me Joe Kronstal, who is the manager of finance and administration in Local Government.

CHAIRMAN (Mrs. Sorensen): Okay, it appears that the DPW comes up immediately following this, so we will talk to you about that shortly. Grants and contributions. Mr. Dubois.

MR. DUBOIS: Yes, Madam Chairman. The grants and contributions area constitutes a significant portion of total government expenditures and for this reason we feel that there should be in existence very good controls, and during the course of our audit we observed serious control deficiencies that we believe should be corrected. One of the comments we make at the top of page 10 is that approved grant and contribution program applications were outdated in all departments that we audited. In the next paragraph we mention that payments to communities to undertake water and sewer projects were not supported by an approved grant and contribution program application. According to the officials these payments were made under authority of a 1974 Treasury Board minute. So the recommendation is that all departments should ensure that current approved program applications are on file to support these payments.

We then go on and through an example, make the point that contributions should not be made in advance of need. The example cited is a payment of \$835,000 to the city of Yellowknife to cover the cost of a boiler at a pump station, and as of June 1983, at the time of the audit, the project was not completed.

Finally, an analysis by the Department of Finance of outstanding accountable advances for contributions revealed that advances in excess of six million dollars had not been accounted for as at March 31, 1983. Some of these advances had been outstanding for five years. So we are recommending that all departments should ensure that procedures are in place for monitoring contributions deemed to be accountable advances, to ensure they are accounted for on a timely basis. Thank you.

CHAIRMAN (Mrs. Sorensen): Thank you very much, Mr. Dubois. Does the committee have any questions in this area? Mrs. Lawrence.

MRS. LAWRENCE: The committee notes that the financial administration manual is being amended to stress the need for proper documentation in support of payments, as referred to in recommendation one. I am going to ask you several questions. Has the financial administration manual now been amended? If so, how does it ensure that annual submissions are required for each and every grant and contribution program administered by government departments? Number two, that no grant or contribution will be paid by a department unless there is a program approved by the financial management board; number three, that the terms and conditions associated with the grants and contributions are adequately defined in the program applications; four, that procedures for follow-up on contributions, for example, audit, are executed on a timely basis; can you answer that?

CHAIRMAN (Mrs. Sorensen): Mr. Nielsen.

MR. NIELSEN: Madam Chairman, I think before proceeding further, it might be useful to have an explanation from the Auditor General's staff as to exactly what the term "program application" refers to, because I think it is important that we are all talking about the same thing. There are a number of different terms used in government and program application is a term that is not used normally by the government. Madam Chairman, I would like to ask Mr. Kimmel to provide the information.

MR. KIMMEL: Madam Chairman, I would just like to quote directly from the financial administration manual. "Grant and contribution program applications must be approved by the Executive Committee or the FMB before any funds are disbursed." That is where we get the term, program applications, and that is what we are referring to. And that is out of your own financial administration manual.

MR. NIELSEN: Madam Chairman, what is a program application in the view of the Auditor General's staff? What does that really refer to?

MR. KIMMEL: That refers to the submission from the department to the Financial Management Board for approval.

MR. NIELSEN: Madam Chairman, individual approval or overall approval of?

MR. KIMMEL: Individual approval of every type of contribution, whether it be to hunters and trappers or to schools, to any class of recipients.

Payment Directives

MR. NIELSEN: Madam Chairman, the procedure in the government is that we have what we call a "payment directive". The payment directive is an overall document -- and in effect it is an internal policy document -- which must be submitted to the Financial Management Board before any payments can be made. If an issuing department wishes to approve an individual grant or contribution payment and there is not an approved payment directive in process, then that department should be obtaining the approval of the Financial Management Board before any payments are issued and that would be an individual process.

At this point in time there are approximately 85 or 90 grants or contributions, not individual grants and contributions but rather payment directive grant and contribution policies. And of that 85 or 90, there are only about 15 which presently do not have approved payment directives. Over the last year an extensive program was undertaken across government and with the exception of these 15, all of those payment directives have been put into place.

CHAIRMAN (Mrs. Sorensen): With respect to the actual terms and conditions associated with the giving of these grants and contributions, is that in place now too?

MR. NIELSEN: Madam Chairman, the terms and conditions are outlined in the payment directives.

CHAIRMAN (Mrs. Sorensen): In every case?

MR. NIELSEN: In every case, Madam Chairman.

CHAIRMAN (Mrs. Sorensen): How are these terms and conditions established?

MR. NIELSEN: Madam Chairman, the terms and conditions will, of course, vary with each grant and contribution, but essentially the manner in which it is done, is that there is a standard format. Each department will evaluate its own grant or contribution requirements, develop a submission, forward that through the Financial Management Secretariat for vetting purposes, and assuming that it generally meets all the criteria, it will be brought to the board and the board will review it, and if they agree with the terms and conditions they will approve the payment directive.

CHAIRMAN (Mrs. Sorensen): This payment directive format, how new is that? When was that implemented?

MR. NIELSEN: Madam Chairman, the payment directive format was introduced several years ago. I would have difficulty identifying the exact year, but I would say it was four or five years ago.

CHAIRMAN (Mrs. Sorensen): And what was the problem? Payment directives have always existed. Were they not honoured, were they not completed, or what happened?

MR. NIELSEN: Madam Chairman, payment directives were developed by departments. I think the issue identified by the Auditor General's staff, or the major issue, was that they were outdated. They were originally developed by departments, but perhaps current payment directives were not on file.

CHAIRMAN (Mrs. Sorensen): Do you have any comments with respect to that response?

MR. HAYES: Just a general comment, Madam Chairman. I think you have to bear in mind that we are talking about annual programs. At least there should be a procedure in place, that you might say each year calls for annual review of the payment directive to see that terms and conditions, or the like, are up-to-date and current. And if there is no change, well, you know that that particular payment directive has been subject to a review but we have not got that assurance at this point in time.

CHAIRMAN (Mrs. Sorensen): Mr. Nielsen, can we get assurance that they will be updated every year then?

MR. NIELSEN: Madam Chairman, the Financial Management Board, in reviewing these payment directives, have found that really the information is current on all the payment directives. Perhaps the major problem with them was that they identified specific payments for the years, and essentially what they have done is directed that the specific reference to individual years not be included in the payment directive and that effectively the payment directive, once established, will stand for an indefinite period, and there is no need for an annual review.

CHAIRMAN (Mrs. Sorensen): So then you have no procedure in place to follow up these payment directives to see whether, in fact, the money was spent as the terms and conditions outlined?

MR. NIELSEN: Madam Chairman, the payment directive provides the overall framework for the issuance of grants and contributions to a number of organizations. It provides, for example, the level of audit requirement so that in some cases for major payments under a contribution there will be a requirement for an independent verification by an external auditor. In other cases, for items of a

less material amount, a lower level of audit requirement will be provided for. Once the framework has been established and approved by the Financial Management Board then the responsibility for the monitoring of the individual payments is at the departmental level, so each year an application form, for example, would be filled out. In a number of cases the application form would be reviewed by the department. As a requirement there would be attached to that the audited financial statements, perhaps a letter indicating what has happened, or at least how the funds were utilized and an evaluation made by the department as to whether or not those funds would be provided in the following year. This would be an annual routine done within each department.

CHAIRMAN (Mrs. Sorensen): Did you have a comment, Mr. Hayes?

MR. HAYES: Madam Chairman, I am a little confused. Mr. Nielsen is talking about payment directive. I've just quickly skimmed through this document that we have, which is an extract from the Financial Administration Ordinance, and I do not see any reference to payment directives in it. All it does is just talks about the grants and contributions program application.

MR. NIELSEN: Madam Chairman, the payment directive procedure for grants and contributions is outlined in the Financial Management Board manual.

MR. HAYES: Well, Madam Chairman, for clarification it may be perhaps appropriate for the committee to have a look at the payment directive just to get an understanding and see how it relates into the requirements of the financial administration manual.

CHAIRMAN (Mrs. Sorensen): Can you provide us with a copy of a payment directive, Mr. Nielsen?

MR. NIELSEN: Yes, Madam Chairman. In fact, the easiest reference perhaps would be the Financial Management Board manual which I think you already have a copy of on file, but I'll obtain another copy for you.

CHAIRMAN (Mrs. Sorensen): So what you are saying, if you'll bear with me, is that you could, there is a possibility of having a payment directive that could go on indefinitely as long as the request comes from the department. Does there have to be a request from the department in order to pass out that money, whether it be a grant or a contribution, or would it be sent automatically year after year?

MR. NIELSEN: Madam Chairman, it would depend on the individual grant or contribution. There are cases, for example, which Mr. Moore would be perhaps more able to address. Per capita grants to municipalities -- I'm not sure specifically what the procedure is on that; whether the department does require a letter of request or whether it is automatic, based on population statistics. There are definitely cases where there are individual applications required and there are other cases where the initiation would come from the department.

CHAIRMAN (Mrs. Sorensen): But each payment directive would outline that criterion? Would it be clear from the payment directive what was required in order to give the money the second year or the third year?

MR. NIELSEN: The payment directive may not specifically say whether it is done on a basis of an application but it would certainly identify the criterion on which the grant was given. Perhaps again I would suggest Mr. Moore be asked in relation to a couple of specific types of grants. A good example of issues might be the settlement of per capita grants, recreation administration grants and cultural organization contributions. Those are three perhaps that might be addressed and Mr. Moore could address those better than myself.

CHAIRMAN (Mrs. Sorensen): Mr. Moore.

MR. MOORE: All three are very different and they're a good cross section. The first one is a per capita grant which we pay out automatically to a settlement, based on the population from our own statistics. The second, administration grant, is a fixed amount to every community to provide them with a basic fund from which they can administer their recreation programs. And that is fixed and has not changed for many years. The third one you mentioned, the cultural grants and contributions, are on an individual basis judged by the Minister within the general criteria, which roughly speaking, permit him to make grants to organizations which are sponsoring cultural organization events. Another small total amount involved is the \$35,000, I think, for the whole

government. Those individual grants are treated on their own merit by the Minister who takes an application, usually a letter of request, from the organization and deals with it himself within the appropriation of about \$35,000. So, if it helps at all, those are three very different examples of grants and contributions.

CHAIRMAN (Mrs. Sorensen): In the administration end, it has been made clear that there is a difference between a grant and a contribution. When we provide a grant to a municipality or to a hamlet or settlement council, is there any provision that we make that their books balance at the end of the year?

Grants And Contributions To Local Governments

MR. MOORE: There is, Madam Chairman. It is something that, if I may, I would like to speak to. I was going to ask if I could anyway, and that is that whole question of grants and contributions to local governments. So I am not speaking about other grants and contributions from other departments, but I think there is a tendency for people to take the point of view that local governments are inherently irresponsible and that they are not accountable. I sense that very much. I think you know, Madam Chairman, and I think the Members of your committee know that that is not true. The municipalities in the NWT are very responsible people. They are not only responsible, I think, in the way they conduct their business but I think they are also regulated up to their eyebrows by the Municipal Ordinance and they have very little opportunity to be irresponsible. If they do become irresponsible they know perfectly well that the government moves in and takes them over and all that is laid down in the ordinance.

As for accountability, and I think the committee will appreciate what I am saying here, they are as accountable as any elected government is to the people who elect them. Added to which they are very accountable to the public through an annual audit which is laid down and required in the ordinance and which is made public and is part of our requirement through the Municipal Ordinance so that we can keep a check on the way the money is spent.

I am saying all that because I think we fail as a government, and perhaps with respect, I think maybe the Auditor General's staff fail to distinguish between these grants and contributions which are payments from one level of government to another level of government. We do not distinguish clearly enough between those things and the grants and contributions which are made to bands of strolling players or whatever else besides. Municipalities are not irresponsible, they are not fly-by-night and they are not rag-tag and bobtail organizations. They are responsible governments. And I say that because I think the tendency to lump everything together under grants and contributions, I think reflects very badly on this government's attitude toward local governments.

Could I make one point about a specific? If I could just answer it, because I think the criticism -- it's not invalid, I don't mean that, the criticism that we were relying on the 1974 Treasury Board minute for the payment of very large sums of money to municipalities under water and sanitation policy for capital works and so on. I think just to put it into perspective, that 1974 minute by Treasury Board was a minute which authorized this government to start and enter into and carry out a 10 year program and it is just about to be renewed under our own authority. So just to put it into perspective, in every year the Legislative Assembly reviewed every one of the projects which was being authorized under that ongoing 10 year program and gave specific authority for that project to proceed. So I just want to dispel any possibilities the board might think or the committee might have thought, that we were being so sloppy as to use a piece of paper which was stuck in the back of files since 1974 and we never bothered to look at it or review it.

CHAIRMAN (Mrs. Sorensen): Thank you, Mr. Moore. Do you have any comments, gentlemen?

Requirement For Proper Documentation

MR. HAYES: Madam Chairman, I don't disagree with what Mr. Moore is saying. It is very difficult from a standpoint of audit because we are basing the audit, to a degree, on the estimate and if there isn't adequate disclosure in the estimates of the various types of grant and contribution programs that are in existence, it is very difficult for us, as auditors, to ensure that those grants and contributions do meet the established policies of the government.

CHAIRMAN (Mrs. Sorensen): So you are talking about documentation.

MR. HAYES: That is correct.

MR. McCALLUM: But as I understand it, the thread that runs through the financial management manual is to stress the requirement for proper documentation. That is what the Financial Management Board manual is doing, is that not correct? That is the basis of it, and I guess the questions that come from it, that if it is being amended to stress that, the concern would be, how does it ensure that this proper documentation goes on? I do not think it is necessarily a question of lumping it all together. I think that if the financial management manual requires documentation to support payment, however it is done, I think that is the information that will have to come out. If it is not there then I think you get it on the side but I do not think it is overt enough. It is not being open enough, I think that is what you are saying.

MR. HAYES: That is correct, Madam Chairman.

MR. McCALLUM: So I guess if that is what you are stressing, what are the procedures that are involved that would ensure that the proper documentation is being put forward?

MR. NIELSEN: Madam Chairman, the Department of Local Government has developed grant and contribution policies for all of its operating and maintenance grants and contributions. We are talking in this particular case of the capital area, both in terms of road and sidewalk construction, in the case of school districts for the Department of Education and in the case of water and sewer for the Department of Local Government. I think the point raised by Mr. Moore is a very valid one and while we have in place a requirement for a grant and contribution policy, there may very well be an adequate system and documentation procedure in place for these particular types of capital projects. In the case of payments for school districts, that does not fall into that category. The payments for school districts, payment directive has subsequently been developed and is in place at this time.

CHAIRMAN (Mrs. Sorensen): I am still not clear. It says in the second paragraph at the top of page 10, "We also noted that payments to communities to undertake water and sewer projects were not supported by an approved grant and contribution program application." And from what I gather, it is the Financial Administration Ordinance that calls for a program application before money is given out. I also understood you to say, Mr. Nielsen, that your program application takes the form of a payment directive which appears in the Financial Management Board manual. Now, is that adequate for the purpose of the auditors, the program application takes the form of this payment directive?

MR. HAYES: I think, Madam Chairman, until I have really had a look at the payment directive, I really am not in a position to say one way or the other. It seems to me there is some confusion here and we should attempt to clarify the situation and perhaps report back to the committee on that.

CHAIRMAN (Mrs. Sorensen): Instead of giving that payment directive information to us, would you give it to the auditors and they will report back to us whether that is indeed adequate for the purposes of their audit?

MR. NIELSEN: Madam Chairman, in the case of the water and sewer projects, there has not been a payment directive developed specifically for that, because as I mentioned earlier, that was a capital project and there has not been a review made of those kinds of payments. But certainly there would be no difficulty for the Department of Local Government to develop a payment directive on the water and sewer. It would simply be a repetition of the material contained in the Treasury Board submissions.

CHAIRMAN (Mrs. Sorensen): Well, okay. But let's refer to the comments by the Office of the Commissioner to recommendation one, that all departments ensure that current approved program applications be on the file to support payments of grants and contributions. The government's response was that they agreed and that the financial administration manual would be amended to emphasize the need for proper documentation in support of payments. Are you backtracking from that now and saying you already have proper documentation and therefore you do not need to amend your manual?

MR. NIELSEN: No, Madam Chairman. That is one of the reasons why I requested clarification of the point in the beginning. At the time we made up this response, we interpreted the program application terminology to mean the types of application forms that would be developed within

departments. I had subsequently learned that that apparently was not the case and that was one of the reasons why I wanted it made very clear that the issue apparently is the payment directive issue, the overall policy approval for certain types of grant and contribution payments.

So you will see that the way that is worded is that it will be amended to emphasize the need for proper documentation in support of payments. We had been given to understand that a payment had been made without, for example, an application form being attached to the cheque requisition and that was the original interpretation of the question. So when we were responding to that, we had indicated that we would amend the manual to include that type of requirement to ensure that before a cheque is issued the cheque requisition would require a certain level of documentation to be attached to the cheque requisition.

CHAIRMAN (Mrs. Sorensen): So we will have the information given to you then, Mr. Hayes, and you will report back to us.

MR. HAYES: That is correct, Madam Chairman.

CHAIRMAN (Mrs. Sorensen): Thank you. Mrs. Lawrence, recommendation number two.

MRS. LAWRENCE: Recommendation two. Have instructions now been issued to departments to ensure that contributions are made in the year the service is provided and in accordance with the needs of the organization, as referred to in recommendation two? If so, can the committee be provided with a copy of the instructions?

MR. NIELSEN: Madam Chairman, a letter has been circulated to all departments and regions identifying that and we can provide you with a copy of that letter. I also believe we have that in a "timing of payment" directive or in our year-end instructions and I will provide you with a copy of that as well.

CHAIRMAN (Mrs. Sorensen): With respect to the particular issue that raised the whole identification of this recommendation, do you have any comments, Mr. Moore? Has that pump station been built?

MR. MOORE: These are the boilers, the Yellowknife boilers?

CHAIRMAN (Mrs. Sorensen): Yes, boilers, sorry.

MR. MOORE: Mitigation, the circumstances were unusual.

CHAIRMAN (Mrs. Sorensen): They always are.

MR. MOORE: The boilers were due to be replaced in about two years time at that stage and our own boiler inspectors from this government descended on the city and condemned them. You may know the importance of those boilers; they heat up the water that circulates throughout the town. Without the boilers, the town has no water system. The fact is that at that stage we did have the means within the department to provide the funding to the city to do that. They were not going to start the work until the boilers arrived over the highway and that would start sometime during the winter and it would go on throughout the summer because they had to build a new building as well to put the new boilers in.

So we knew that it was going to spread over more than one year and I suppose we were wrong to issue the full amount of money. The money was then available. And according to my original theme, that as the money was transferred from one area of government to another, I still doubt in my mind whether we should insist that the city of Yellowknife or the hamlet of Broughton Island necessarily follow our accounting procedures. That is, the accrual procedure that we are using in this government, which incidentally, is being adopted on our advice by most of the municipalities. But I am not sure that we should, as a government, jump on the city of Yellowknife and say at the end of a year, what have you done with our money? Have you spent it all? If you haven't spent it all, are you going to give it back to us or what are you going to do? In other words, I am not sure we should extend our regulations and our financial standards into the city of Yellowknife. What we are doing and what we do is insist that the city of Yellowknife and all the other municipalities abide by the Municipal Ordinance and are audited accordingly.

I think in this particular case, it is an extreme example and there will probably not be another one like it. But the implication of the point was raised, and that is quite a serious one to us, that we should inquire of each municipality at the end of each year as to whether or not they have spent all the money that we gave them for a particular project, that we should ask for it back if they have not and that we should start again and give it to them next year. I would have thought, from the point of view of the Legislative Assembly, that having granted money or approved the transfer of money from this government to another government, whether it is a hundred thousand dollars or a million dollars to do a project that everybody, including the Legislative Assembly, agrees has to be done, and has agreed that our share is that amount of money, that to be hounding them after that for anything other than a final accounting, seems to me to be going to extremes and to the point of almost creating a make-work project. But I have a very biased point of view, I realize that.

CHAIRMAN (Mrs. Sorensen): Do you have a comment on that? Well, I guess I would be sympathetic with what you're saying. I don't think that what the auditors are talking about is hounding individual municipalities but surely if you take the example, \$835,000 could have been kept in our own bank account, gained us interest and then been turned over to the municipality when they had to make payment on their boilers. Surely that is in our own best interests and we have an obligation to taxpayers of the NWT and the country to make the best use of funds that have been given to us to operate a government. So, while I can appreciate the fine tuning of what you are saying, certainly we have to be very careful in addition, that the money we are turning over to any group or organization or including municipalities is in fact used for what they applied for. We have the examples at the federal level of the federal government turning money over to the provinces which indeed appears not always to be used for that which was intended by the federal government; education and health. I would see that, as a Member of the Legislature I would want to make sure that when we agree to turn over money to anyone that they in fact did use it for that which it was intended. I don't see that as hounding them, I see that as being responsible to those that have turned the money over to us to use responsibly. Getting back to this \$835,000, do we have new boilers at the Yellowknife pump station?

Accounting For Grants To Major Municipalities

MR. MOORE: Madam Chairman, they were put in that summer because they were condemned. By the end of the summer they were in place building and all. There was another aspect of it and I think it is important to make a distinction between capital and O and M. We are making grants to major municipalities for capital things such as the boilers which of course, under the circumstances, were not approved by the Legislative Assembly. So nothing was really correct in that whole situation, nothing was done according to the book but the projects normally are accounted for quite thoroughly.

Generally speaking, a capital project in a place such as the city of Yellowknife or Pine Point and such as the water line, being replaced right now, the money is issued on a scheduled basis according to the construction schedule and is accounted for at the end and that is being done at the moment. I think it is probably being done too slavishly, I think there is a danger that we run them so close to the wire that they may in some cases -- and they are always afraid of this -- be stuck with bills from contractors they can't meet or might have to meet from their own reserves. And I don't think we should ever get them into that state.

On O and M, the O and M grant, for instance, that we make to tax-based municipalities, the equalization grant as it is called, is a fairly substantial grant of O and M unencumbered by any conditions whatsoever. Now, the accounting for that is done in the normal process through the auditing of the municipality's accounts at the end of the year and that is a very public process.

I think it would be wrong for us to do what I think perhaps we might be advised to do and that is to cease to issue that as a grant and make it a contribution and insist that that amount of money is separately accounted for to this government in addition to being accounted for within the normal audit process of the municipality. I think that would be going too far.

CHAIRMAN (Mrs. Sorensen): Well, perhaps we could just stop there and ask the auditors whether in fact that is what they are leading up to in the future. And specifically using that because it is a good example; the grant that is turned over to municipalities based on per capita to be used obviously for the administration of the municipality.

MR. DUBOIS: Madam Chairman, our position and I stated that yesterday is that grants should be rare -- now that is a relative term -- and that most payments should, if at all possible, be termed contributions so that one can attach a certain type of accountability system to the payment. I have also said that there may be good justification to call something a grant as long as it is quite clear to the Legislature as to what they are getting into, including the lack of accountability under some grant systems. Now, if it is the wish of the Legislature to give general operating grants to municipalities we have no, certainly no objection to that. We would assume that under a case like that, the objective for the general operating grants is quite clear to the Legislature and there is some type of follow-through to see if the funds distributed annually do something toward the objective that presumably was established when the grant program was established.

I'll go back to one of Mr. Moore's comments. When we make these comments we are not hinting or suggesting anything as to the quality of the recipient. We are talking about control systems within the GNWT. That has nothing to do with the quality of the recipient. But I would like to comment on one of the types of grants that was mentioned and one of them is -- I believe the term was "fixed grants" in relationship to recreational activities within, I believe, municipalities. Now, in my mind I have a slight problem with utilizing the term "grant" in that circumstance because the funds are given for a specific purpose which is termed "recreational activities". Now, while I acknowledge that municipalities are subject to audit the auditor will give a generic opinion. There is no automatic feedback, at least not under a normal audit process from the municipal auditor to the GNWT, that the funds that were given were in fact used for recreational activities and that is the type of thrust that is in the back of our comments. In a case like that I guess one can argue on the terminology of grants and contributions but our understanding would be to call those a contributions and without meaning that that will mount a massive red-tape machine. All this would mean to us is that under a contribution program there would be some sort of accountability from the municipality stating that the funds are in fact used for recreational activities because I presume that is the objective of the government. Now, that is really the point we are trying to make and this has nothing to do with the quality of the recipient. It has to do with the managing of public funds.

CHAIRMAN (Mrs. Sorensen): Thank you very much. Mrs. Lawrence, recommendation number three.

MR. McCALLUM: Just if I may, Madam Chairman. I guess the concern I would have is that if there is not some kind of accountability somewhere along the line that you run the risk of giving very few contributions out and giving a lot of grants. And because of what is required of a contribution as opposed to what is required of a grant and I know we have a fairly substantial grant system that covers a number of departments throughout the government not specifically Local Government or whatever but there are a number of them and the concern that I would have is that we get into too many of those without getting proper accountability of it all. It just seems to me that everybody has a hand out looking for it, being besieged by these demands for things. We as the government of the Territories have to be accountable and I guess we should expect those who receive from us to be accountable as well. What's sauce for the goose maybe should be sauce for the gander. Just a comment.

CHAIRMAN (Mrs. Sorensen): Okay, Mrs. Lawrence.

MRS. LAWRENCE: Okay. Have instructions been issued to departments to ensure that proper procedures are in place for monitoring contributions as referred to in recommendation three?

MR. NIELSEN: Madam Chairman, yes they have. They were in the year-end instructions for the fiscal year 1983-84 and a copy of that can be provided to the committee.

MRS. LAWRENCE: Have departments advised the Department of Finance of the procedures they have established?

MR. NIELSEN: Madam Chairman, I am not sure that they were required to do that. I think that we have issued the instructions and we will be pursuing action on that. We have identified this year that there has been a substantial reduction in accountable advances, I think the amount has moved down from six million dollars to approximately \$600,000 as of March 31, 1984.

CHAIRMAN (Mrs. Sorensen): You have created the procedures, or have the departments, upon your instruction?

MR. NIELSEN: Madam Chairman, we have developed procedural instructions which are included in our 1983-84 year-end procedures, and essentially what we are saying to the departments and what this recommendation really should be interpreted as saying, is that the instructions are there and the departments should be following them. The job of the Department of Finance then would be to ensure that those procedures have been followed for the year-end.

MRS. LAWRENCE: Would the Department of Finance obtain explanations as to why there were advances of more than \$6.1 million that had not been accounted for as of March 31, 1983?

MR. NIELSEN: Madam Chairman, to my knowledge there have not been specific explanations requested on each of these. I think the fact is that these were simply old outstanding contributions which had not been accounted for. Because of the nature of the way they were set up, there is an accounting required and I think there simply had not been that accounting provided. Accounting has subsequently been provided and I think that is why the accountable advances have been reduced down to \$600,000.

CHAIRMAN (Mrs. Sorensen): We have all these procedures. Why was it not done?

MR. NIELSEN: I cannot answer that.

CHAIRMAN (Mrs. Sorensen): Who is responsible for seeing that it gets done? Which section of government?

MR. NIELSEN: The individual accountable advances would be the responsibility of each department. The procedures for accounting for that are the responsibility of the Department of Finance. We identify the procedures and the following of those procedures is the responsibility of each individual department.

CHAIRMAN (Mrs. Sorensen): And it is through your internal audit that you find out whether they are not being followed then?

MR. NIELSEN: As the external auditors have noted in this particular case, in fact the analysis was done by the Department of Finance. It was first identified by us as a concern and the auditors have picked up on that and felt that it was important enough to identify in this report, and we agree with them. We have undertaken to monitor that more carefully in the future.

CHAIRMAN (Mrs. Sorensen): Thank you very much. We can move on to "irregular recording of expenditure charges". Mr. Moore, did you have a comment?

MR. MOORE: Madam Chairman, I thought I should comment because I know we are guilty of a large part of that six million dollars. But I just wanted to make the point that although we fully establish an accrual accounting system in this government, that the seriousness or the point of closing the books on accountable advances at the end of the fiscal year was nothing like as obvious to us. I would like to say that in our case it is mostly a question of calling to account municipalities who have money of ours outstanding on projects in which they are engaged. Just to explain why, from their point of view, this is not all that easy of an operation to go through, our year-end is March 31st and we close everything, as you know, and you know the procedure we go through. The municipalities have a different fiscal year and with the best will in the world it is difficult for them to understand why, on this curious date, March 31st, we should suddenly ask them to account for all the money they have in the middle of all the projects, halfway through the work. We do it now and they are now being very good about it and I think we are practically current at this moment. From the municipalities' point of view, it is a most unnatural exercise to go through, three months into their fiscal year, to suddenly have to stop everything, add all the money up and get the bills in and send them to the government. I am not saying it is wrong to do that but it partly accounts for why we have so many outstandings. There really didn't seem to be any particular reason, to a municipality, to halfway through a project, to suddenly draw a line and account for everything. I am sure they still don't see the reason. Really, they are co-operating now and we have it not only under control but I think it is practically eradicated as a problem.

CHAIRMAN (Mrs. Sorensen): Is there a reason why they need to have a calendar year-end or would it be easier for them to move to ours?

MR. MOORE: It is a subject for discussion under the new legislation but it is mainly to do with taxation. Throughout Canada the natural taxation year for property tax is a calendar year. Frankly, it would be very helpful to us if they would shift. It is only the tax-based municipalities incidentally. If they would shift to our year, it would help enormously. The difficulty we have with them is the difficulty we would have with the federal government if we had a different fiscal year from the federal government. Life would be very difficult for both of us.

Irregular Recording Of Expenditure Charges

CHAIRMAN (Mrs. Sorensen): Any questions? We will move into the very last section because we have already done the NWT Housing Corporation and that section is entitled "Irregular Recording of Expenditure Charges" and we have asked DPW to be here because of the reference to an engineering services agreement with Canada. There may be some questions from Members concerning that. We have joining us at the table, Mr. Barber and Mr. Murray. Mr. Dubois, Mr. Hayes, do you have a comment?

MR. HAYES: Madam Chairman, this refers to examples of instances where in our audit we found that the departments had, in the absence of approved budgets and project codes, charged expenditures to wrong projects where free balances existed, for the sake of expediency. Of particular concern were those Vote 4 projects under the engineering services agreement. Much of the work had been done prior to obtaining Financial Management Board budget approval and establishing proper codes within the accounting system.

The point at issue is really if you don't have proper controls it does distort government expenditures and weakens the budget control over expenditures. While these were corrected in the course of the year, it is a concern to us that this is a deviation from what would be recognized as a reasonable level of control over a project from the initiation to completion. The purpose of the recommendations is that we are saying that the budget approval should be obtained prior to incurring the expenditures and that accounting officers should not authorize payments until budgets have been approved and project codes established.

CHAIRMAN (Mrs. Sorensen): Thank you, Mr. Hayes. Do Members have any questions at this time? Mr. Gargan.

MR. GARGAN: Comments made by the Office of the Commissioner with respect to recommendation one mention that funding for Vote 4 projects was delayed because of budget documentation requirements. However, verbal and telexed approvals were received prior to initiation of payments. Who provides funding for Vote 4 projects? Who is responsible for the preparation of budget documentation?

MR. NIELSEN: Madam Chairman, if I may explain Vote 4 very quickly. Vote 4 essentially are those projects which the GNWT takes on behalf of the Government of Canada and those may be taken at the initiative of our government or perhaps at the initiative of the federal government. They are projects that are funded 100 per cent by the Government of Canada. In this case in the engineering services agreement, there is a standard annual agreement which provides for certain types of projects to be undertaken. There are times when, in the course of the year, negotiations between our Department of Public Works and the Government of Canada identify specific projects which should be undertaken with reasonable expediency and it does take some time to get the documentation approved, submitted from Ottawa through the machinery of government in Ottawa, as well through our machinery of government.

The Government of the NWT, in the past year and a half, has substantially improved its internal procedures in this area. We did recognize that it was taking some time to process this. As a result, the Financial Management Board has delegated responsibility for certain types of Vote 4 projects, the engineering services agreement being one of them, to the Financial Management Secretariat for signing authority and there has also been a chairman's list developed, whereby the chairman of the Financial Management Board may approve certain projects in advance of Financial Management Board meetings, provided that they meet all the criteria and that there is not expected to be any difficulty in obtaining approval of the board. The board has identified specific projects so the machinery of government in the NWT has improved substantially. I would hope there would be no reason for this type of occurrence to happen in the 1984-85 fiscal year.

MR. GARGAN: How long does it take departments, on an average, to prepare budget submissions for the approval from the Financial Management Board and how long does it take, on an average, for the Financial Management Board to approve projects?

MR. NIELSEN: Madam Chairman, I will answer half of that question, that is how long does it take for the Financial Management Board to approve it. The Financial Management Board is currently scheduled to meet every two weeks. We have cut-off days identified, such that if a submission is received it must be received 10 days in advance of the Financial Management Board meeting to allow for a satisfactory analysis. In the event that it is a very complex submission and requires substantial reworking with departmental co-operation, that period could be extended. On average, I would say our submissions are between 15 and 30 days within the Financial Management Secretariat, and in some cases they are within the secretariat for a matter of one week and in other cases they are within the secretariat and back and forth to the department for a period of over a month. I believe the department will answer the question with respect to how long it takes to develop a Financial Management Board submission.

MR. BARBER: Madam Chairman, the first part of the question is a little more difficult to answer. It depends, of course, on the complexity of the job. I was going to say that it could take anywhere from a day to about two years to properly accommodate all the necessary paperwork that goes into it. Perhaps an example would be in order. There were projects done this winter that took approximately one day to prepare the complete documentation, and in fact get approved DEX copies back from Ottawa. And on the other hand, the reconstruction of the Mackenzie highway south of Enterprise, was in the mill for approximately two years to prepare full documentation to get it to the point where we could actually present it to the Financial Management Board.

CHAIRMAN (Mrs. Sorensen): So it varies, is that your response?

MR. BARBER: Yes, Madam Chairman.

CHAIRMAN (Mrs. Sorensen): Are you finished, Mr. Gargan?

MR. GARGAN: On recommendation number two, if the financial accounting officers are instructed not to authorize payment unless the appropriate budget is approved and adequate budgetary controls in place, why is it that they still authorize payments as referred to in recommendation number two?

MR. BARBER: Madam Chairman, there are several reasons. I recognize the instructions in this regard. The basic reason for performing the work without the necessary documentation in place, is the fact that the engineering services agreement projects were all performed to the benefit of the Northwest Territories and in fact paid by the federal government. The very short construction season necessitates taking some liberties in preparing the job before the documentation. If at all possible, the documentation will be done prior to doing the job. In this particular instance there were considerable delays in receiving formal federal approvals on these engineering service agreement projects. The delays created logistical problems, as you can appreciate, so the jobs were commenced in advance of it. In all cases, formal approval had been received before the jobs were started. Formal approval could have been in the form of a telex or a DEX copy of the actual project authorization. The problem was getting the proper Northwest Territories documentation in place before the project was started.

There was also a change in the Financial Management Board processes in gaining documentation for the Vote 4 projects. In the past, DEX approvals or telex approvals were adequate but the process was changed in that the formal copy of the approvals were necessary, so this of course had added other delays. Some other rather minor instances caused major delays, such as the DEX copy chopping off the signature blocks and taking three months to actually receive in the mail a readable copy with signatures.

There were delays in the Financial Information System input in some cases, in that the data entry was incorrect and had to be redone. The irregular expenses in this context were made in order to pay contractors because obligations had been made on the part of this government and payments were simply due. To avoid potential claims these payments were made on the basis of where an account actually had a free balance and that was pending the actual formal accounts being set up in the computer to make payments legal.

CHAIRMAN (Mrs. Sorensen): So you found yourself between a rock and a hard place. You had formal approval but you did not have the proper codes nor the budget established, yet you had proceeded with the work and were being leaned on, so to speak, for the payments. Did you get tacit approval from your higher-ups to do this?

MR. BARBER: Well, Madam Chairman, I cannot say we were leaned on. I believe the financial people in this government were most amenable to what we were doing, fully recognizing that what we were doing was not the correct way. It was an expeditious action to get the work done, which of course was to the benefit of the Northwest Territories. And in point of fact our own financial staff did do these irregularities. We are certainly not questioning that fact.

CHAIRMAN (Mrs. Sorensen): It kind of blows our whole controls, procedures and policies, doesn't it? I mean, why have all these wonderful policies and procedures, if all it takes is a little bit of ingenuity and you can do whatever you want?

MR. BARBER: Well, Madam Chairman, I would say yes, but this certainly has stopped. I believe one of our major problems in the past was an inadequate financial management portion of our department. In the last year and a half, we have consolidated our financial management into a division and Mr. Murray is the chief of that division. The individual divisions no longer keep accounts, so I would say very strongly that we certainly have resolved the problem of these irregular accounting measures.

CHAIRMAN (Mrs. Sorensen): But could similar things still happen in your department? Could you still, using a code of a different project, input and pay to another project moneys that are in a free balance?

MR. BARBER: Madam Chairman, I do not believe that would be possible today, no.

CHAIRMAN (Mrs. Sorensen): Mr. Murray, you looked puzzled.

MR. MURRAY: Do you mean technically within the computer system, or do you mean as a payment authority or as a finance officer reviewing the document? If you mean the computer system, it is possible for the wrong index code to be put on a payment and have it go to the wrong account, but that would be because of human error. In 1981-82 we had a staff of four people in the finance division of Public Works at headquarters here. That has since grown over the last year and a half with reorganization and consolidating all the little pieces to a staff of 12. Basically, back in 1982-83 with the staff of four growing and new people coming in, these things happened but once we found out about them they were fixed and going into 1983-84 they were all stopped. To my knowledge, none of this has happened in 1983-84.

CHAIRMAN (Mrs. Sorensen): Thank you. Any further questions from Members of the committee? Thank you very much. There appear to be no further questions. That concludes the review. Are there any concluding remarks from the Auditor General regarding "any other matter"?

MR. DUBOIS: No, Madam Chairman.

CHAIRMAN (Mrs. Sorensen): Thank you. Any further comments, Mr. Nielsen?

MR. NIELSEN: No, Madam Chairman.

CHAIRMAN (Mrs. Sorensen): Thank you. We will begin again tomorrow morning at 9:30 with the review of the territorial accounts, section by section. This is under Tab E in your books. Who will be here to speak to that tomorrow?

MR. NIELSEN: Madam Chairman, Mr. Nelson and I will be here.

CHAIRMAN (Mrs. Sorensen): Thank you very much.

---ADJOURNMENT

YELLOWKNIFE, NORTHWEST TERRITORIES

FRIDAY, APRIL 27, 1984

CHAIRMAN (Mrs. Sorensen): I will call the session to order. This morning we were reviewing the annual report of the territorial accounts for fiscal year 1982-83 and you will find that under Tab E in your binders.

I would like, first, to go to the government to give us an overview of what the purpose of this book is and to quickly walk through it for the Members of the committee. We will then go to Mr. Dubois to give us the audit opinion of it and then we will go into the review on a page by page basis for any questions that the Members may have. Mr. Nelson, I assume you will do that? Proceed.

Annual Report Of Territorial Accounts

MR. NELSON: Yes, Madam Chairman. The annual report of the territorial accounts is a set of financial statements and schedules which represents a picture of the financial status of the government at the end of the fiscal year.

Starting with the various statements in the book, if you turn to the table of contents on page three, then I'll refer you to each of the individual pages where the statement is. We have our statement of assets and liabilities which outlines the total assets of the government and the total liabilities; in other words, all things owned and all things owed. The next statement on page seven is our statement of revenues and expenditures which is an overview of the income and expenses for the fiscal year. On page eight we have a further schedule or statement of surplus which is the net balance, plus or minus, of the revenues versus expenditures in a fiscal year on a cumulative basis. This is the total amount of surplus, over time, that the government has. Page nine, we have a statement of changes in financial position which indicate where the basic money came from and where funds were applied, which shows the changes in our working capital which is the net of assets over liabilities current.

Following these basic financial statements, which are pretty well common in the accounting profession, we have a set of notes which outlines the accounting policies and gives further description to the items in those statements. You will notice in the statements, if you read through them, they are showing various note numbers and if you read these notes they will explain what that means. They talk about things like the basis on which these statements are prepared under the Northwest Territories Act, the very basic process of accounting that we follow, a statement on inventories, on our assets, how we handle our trust assets and various other items that provide greater clarity to the financial statements.

Starting on page 15, we provide additional detailed information for individuals who wish to learn more about the kind of payments or assets of the Territories, including schedules; for example, on page 15, schedule of debenture loans to municipalities in a summary form and these loans are providing funds to municipalities for capital purposes, which are all repayable. Pages 16 through 23, details of those loans. Page 24 indicates the basic financing that we received to provide the loans to municipalities and this is schedule of loans from Canada. These moneys were borrowed to provide the funds for the loans to the municipalities. Schedule of these loans continues through to page 27.

On pages 28 through 35 are the details of revenues or, as we call them, gross receipts by department which provides greater detail of revenues received. Starting on page 36 in Schedule VI we provide a schedule of disbursements by activity. That was by division in government, which

breaks down by department the main appropriations, any supps that have been provided, transfers from and total appropriation by each activity within each department. Next to that, we have the total expenditures of the department. And finally, the free balance at the end of the fiscal period. I might add that this schedule was changed following requests of the committee last year. The details continue, to page 43, including the capital items.

Schedule VII on page 44, is a very quick summary of the Business Loans and Guarantees Fund showing the balance opening and the balance closing at the end of the fiscal year. On pages 45 through 54 we detail the grants and contributions by department. Page 55, we indicate the write-offs in excess of \$5000 as indicated the other day. Page 56, we have a schedule detailing the surplus, breaking it out between the loan funds, capital funds and operating funds, which provides a greater detail of where the funds are. On pages 57 and 58, we provide the outstanding travel advances for employees of the government that were outstanding at the end of the fiscal year. On page 59, we provide the schedule of special warrants by activity. These are warrants issued by the Executive Committee during the fiscal year. And on the final page, page 76, we show a schedule of our revolving funds, all the inventories that we hold. Are there any particular questions on any of the pages? We can answer them.

CHAIRMAN (Mrs. Sorensen): Thank you very much, Mr. Nelson. Mr. Dubois.

MR. DUBOIS: Thank you, Madam Chairman. I would like to start off by referring to the Northwest Territories Act, section 23 subsection (4), which is the basis for the work that is done by the Auditor General's office. That specific subsection requests that the accounts and financial transactions of the Territories shall be examined by the Auditor General who shall report annually to the Council the result of his examination and the report shall state whether, in his opinion, proper books of accounts have been kept by the Territories. Also, that the financial statements of the Territories -- and I'll come back to this one a bit later -- were prepared on a basis consistent with that of the preceding fiscal year and are in agreement with the books of account. Secondly, that in the case of the statement of expenditures and revenues the statements give a true and fair view of the expenditures and revenues of the Territories for the fiscal year. Thirdly, in the case of the statement of assets and liabilities, the statements give a true and fair view of the affairs of the Territories at the end of the fiscal year. And finally, that the transactions of the Territories that have come under his notice have been within the powers of the Territories under this act and any other act applicable to the Territories.

Now, this opinion covers the financial statements which are the first part of what Mr. Nelson was explaining. In fact, if we go back to page three, the opinion covers the statement of assets and liabilities, the statement of revenue and expenditures, the statement of surplus, the statement of changes in financial position and also the notes to the financial statements. The opinion does not cover the various schedules that appear in the territorial accounts. These are added by the government to give further explanation and the schedules are added as the act requires under section 23 subsection (2) that the territorial accounts shall be in such form as the Commissioner may direct and the Commissioner may vary the contents that he adds to the territorial accounts. Our opinion only covers the first part.

Now, for the year ended March 31, 1983, if you go to page five, we have given what we term "a clean opinion" and the opinion follows the different parts of section 23 subsection (4). And as we go down, first of all, the first paragraph says that we have examined the statement of assets and liabilities and the statements of revenues and expenditures, surplus and changes in financial position, which are the first four. It then states that the examination was made in accordance with generally accepted auditing standards, which are established by the Institute of Chartered Accountants, and accordingly, it includes such tests and procedures as considered necessary in the circumstances. This is mostly regular auditing verbiage; these are standard sentences that are used in audit opinions. Then the second paragraph gives the opinion itself, that these financial statements, the four of them, give a true and fair view of the affairs of the Territories as at March 31, 1983. Then it also states, in this case there is one exception, that the statements are developed on a basis consistent with the previous year. In this case there is a reference to Note 2, and if you go to Note 2 which is on page 11, Note 2 mentions that the government has changed its policy of accounting for expenditures from a cash basis to a full accrual basis. This created a problem of comparison between the two years and that is why there is a slight variance in the opinion, just to highlight the fact that there has been a change in accounting policy.

In the last paragraph of the opinion, which is again required by the act, the Auditor General reports that, in his opinion, proper books of accounts have been kept, and finally, the financial statements are in agreement therewith and the transactions that have come under his notice have been within the statutory powers of the Territories, which is the authority part of the opinion. If you have any questions, we would be glad to answer them.

Statement Of Assets And Liabilities

CHAIRMAN (Mrs. Sorensen): Thank you very much, Mr. Dubois. Are there any general questions from Members of the committee? All right, we will move to page six, which is the statement of assets and liabilities. Any questions? Mr. Pedersen.

MR. PEDERSEN: One question to clarify in my mind, there is obviously good rationale for it but what is the reason that fixed assets are shown at a nominal value of one dollar and not at a realistic value?

MR. NIELSEN: Madam Chairman, governments generally do not record their capital assets for the very simple reason that they are funded normally out of current years funds. For example, we receive a capital grant in one year. The full amount of that grant is provided to the assets in that year. In industry, to reflect an appropriate charge in an appropriate revenue and to reflect the bottom line operating results, a charge for depreciation of assets is shown and that therefore provides for the annual reflection of the use of those assets. In government, the only time that that might be applicable would be in the case of profit centres where assets are being used, and perhaps to reflect the bottom line operating results, a charge for the use of assets should be reflected in the profit centre statements. But for government operations, all that is reflected here is that there are fixed assets. They are shown at a nominal value. The government does keep a record of all the fixed assets for insurance purposes, but to show them on the balance sheet really would not be providing any more useful information.

MR. PEDERSEN: If a fixed asset was sold, where would the revenue be shown then?

MR. NIELSEN: The revenue would be shown under capital recoveries.

MR. PEDERSEN: Thank you.

CHAIRMAN (Mrs. Sorensen): Any further questions? A question under both assets and liabilities concerning this section called "trust assets" and "trust liabilities", could you explain that please?

MR. NELSON: Madam Chairman, the trust assets referred to here are assets held in trust for third parties, such as the public trustee and moneys now held in trust for special purposes and they are not actually assets owned by the Territories. The reason we show the same number on both sides is to reflect that it is "in and out" if you like. It is a way of recording and controlling assets held on behalf of third parties.

CHAIRMAN (Mrs. Sorensen): Can you give us an example other than the public trustee money?

MR. NELSON: The inmates trust funds from the corrections.

CHAIRMAN (Mrs. Sorensen): So it is mostly money? It wouldn't be buildings or anything like that?

MR. NELSON: No, it would be money.

CHAIRMAN (Mrs. Sorensen): What kind of money would be in the public trustee's purse? There is a significant amount in there.

MR. NELSON: The largest, by far, would be estates held in trust until the finalization of the estate.

CHAIRMAN (Mrs. Sorensen): It would be interesting, I think, to have a breakdown of those dollars, how much we are holding for trust. Could you table that with the committee?

MR. NELSON: Yes, Madam Chairman.

CHAIRMAN (Mrs. Sorensen): I also notice that there is a significant decrease from 1982 to 1983 in the cash and short-term investments. Could you explain that please?

MR. NIELSEN: Madam Chairman, the position at the end of the year in cash and investments is a reflection of the position at the end of the year and does not necessarily reflect things like operating results. The reason for the reduction is simply that the amount shown in 1982 was higher than normal, and the reason it was higher than normal is that the Government of the Northwest Territories had, in fact, received some moneys during the course of the year which had to be paid back. The major area here was in our fiscal arrangements with the Government of Canada. We make estimates prior to the year as to how much will be received by grant and how much will be received by income taxes, and then during the course of the year there are adjustments and we must repay that. For example, we repaid, by cheque, to the Government of Canada close to \$10 million.

Statement Of Revenues And Expenditures

CHAIRMAN (Mrs. Sorensen): Further questions on page six? All right, we will move to page seven which is a statement of revenues and expenditures. Questions? I notice that there is a significant decrease under revenues under interest on investments. Is that related to the declining interest rate?

MR. NIELSEN: Madam Chairman, that is related to the combination of the reduced interest rate which dropped close to 10 per cent over the course of the year, between five and 10 per cent, and as well the reduction in cash balances.

CHAIRMAN (Mrs. Sorensen): Under revenues, economic development projects, we have generated revenue from them. What type of revenue are you talking about there? Is that pay-back?

MR. NIELSEN: Madam Chairman, these would be things like the Inuvik parka factory, the Delta Fur, that sort of thing, prior to becoming Delta Fur. And the reason for the reduction in the revenue there is the fact that there were projects that were privatized during the course of the year and therefore both the expenditure side and revenue side were taken out.

CHAIRMAN (Mrs. Sorensen): No further questions in this area? We will move to statement of surplus. Questions? Page nine, statement of changes in financial position. No questions.

Notes To Financial Statements

Pages 10 through to 14, notes to financial statements. In the first paragraph under accounting policies it is noted that the financial statements of the NWT Housing Corporation and the Workers' Compensation Board of the Northwest Territories have not been consolidated and have been reported on separately. It is the role of the public accounts committee to review these annual reports and so in the future the committee would like to serve notice that along with the review of the territorial accounts and the review of "any other matter", the committee will also in future have the annual reports of the NWT Housing Corporation and the Workers' Compensation Board available and could, not necessarily, but could call witnesses from the NWT Housing Corporation and the WCB to speak to their annual reports. That is just a statement.

Do any of the Members have any questions concerning these notes? On page 10, under grants from Canada, it says the operating and capital grants are negotiated annually with the Government of Canada. It is my understanding that we are moving into formula financing and the negotiating of a base for formula financing. I wonder if the department could bring us up-to-date on the status of these negotiations?

MR. NIELSEN: Madam Chairman, the status at the present time is that there is a submission that is being developed within the Department of Indian and Northern Affairs. It is expected that our government will have an opportunity to examine that submission within the next few weeks and that the Executive Committee will have an opportunity to examine the aspects of formula based financing and to indicate their acceptance, assuming they do make that decision, and provide that acceptance or whatever other conditions are applicable, to the Minister of Indian and Northern Affairs, so that when the submission is taken to cabinet, they will be fully informed. But at this time it is really no different than it has been for the last couple of years. There has not been any formal acceptance at the federal level.

CHAIRMAN (Mrs. Sorensen): So it is anticipated then for next year, and possibly even the year after, we will be proceeding along the same lines as we have been in the past?

MR. NIELSEN: We are proceeding under the assumption that it will be approved by cabinet and will be approved by our Executive Council within the next several weeks. On that basis if all goes well, we will be implementing formula based financing for the 1985-86 fiscal year.

CHAIRMAN (Mrs. Sorensen): I wonder, Mr. Butters if I could ask you a question?

HON. TOM BUTTERS: Yes, Madam Chairman.

CHAIRMAN (Mrs. Sorensen): The whole concept of formula financing is of interest to both the standing committee on finance and the standing committee on public accounts. And by way of perhaps learning more about it, if the decision is taken to proceed to formula financing -- and I understand from what Mr. Nielsen has been saying, the Executive has not discussed it by way of acceptance or rejection yet -- I wonder if there is a possibility of having the committee briefed on formula financing at some point in the near future, once the decision has been taken.

HON. TOM BUTTERS: Yes, Madam Chairman. In fact, I have had developed a briefing presentation which I expect to present to the combined committee of public accounts and finance in Fort Smith. This briefing has not been presented to the Executive Council yet, but I hope to provide it to them next week. As Mr. Nielsen said, while we are still in the same position as we were two or three years ago, there is a possibility that something could break very quickly, and if it does, we should be prepared for that. And to be prepared requires approval and understanding not only of the Executive Council but approval and understanding of the Assembly itself. So we are taking steps to have that information prepared.

CHAIRMAN (Mrs. Sorensen): Could I ask Mr. Dubois and Mr. Hayes if moving toward formula financing will have any effect on the auditor's role and the job the auditor does for the Territories?

MR. HAYES: Madam Chairman, I don't think it will really have any impact in terms of the audit. It is presumably a different set of principles that will be established and all the auditor is concerned with is compliance with those principles. It is the same really. At the moment the principle is that there is an operating grant and a capital grant and that is taken into consideration in financing the expenditures of the government. We know, under the procedures established for the payment of the operating grant, that certain estimates are taken into consideration for the established programs financing contributions and also income tax and that is subject to adjustment. Now, if there is anything similar to that under the formula financing, that again would not affect the audit at all. I think, based on my understanding of formula financing, it is a more realistic approach to financing the operations of the government.

CHAIRMAN (Mrs. Sorensen): Can I ask, Mr. Nielsen, whether it will mean any amendments or changes to our Financial Administration Ordinance and the financial administration manual?

MR. NIELSEN: Madam Chairman, it should require no changes to the Financial Administration Ordinance and if there are changes to the financial administration manual they would simply be for information purposes.

CHAIRMAN (Mrs. Sorensen): Thank you very much, Mr. Butters. Any further questions? Page 11.

MR. McCALLUM: Under Business Loans and Guarantees Fund, the rates of interest went from five to 22.25 percent. There has been a change in the government's position as regards interest rates in that the Minister has reduced those rates on some of those loans. I wonder what that does in terms of the estimated revenues to the government and if, in fact, the government has set up a policy to look at when it will change those rates. That is, are they charged on a scheduled basis or was it simply determined that they be dropped down? I am not sure whether I am coming across properly to it, but it seems to me that there should be in place a procedure of some kind that would review or look at interest rates on some kind of an annual basis, six months basis or whatever. I think what has been done is good, but if they are to be reduced then surely if interest rates go up there should be a corresponding time when they would correspond to whatever rates have been set and I am not sure what rate has been set for these loans. I wonder who could give us any indication as to what is happening there?

MR. NIELSEN: Madam Chairman, at the time that this was considered by the Executive Council it was agreed that this would be done this time on the specific accounts and all accounts were brought to the Executive Council and they were fully informed of the interest rates on each account and the Executive Council did agree to the reduction of the rate. As Mr. McCallum has indicated, the point was made that there should be established a policy and it is my understanding that the Department of Economic Development is developing an interest rate policy on this fund to accommodate precisely the concerns that were expressed.

MR. McCALLUM: Well again, I think it is something that would be of interest to the committee and if the policy is developed we should have it.

CHAIRMAN (Mrs. Sorensen): We will ask the Department of Economic Development for the policy. Any further questions in this area?

MR. McCALLUM: On page 14, there are in the contingencies the loans by chartered banks to commercial fishermen and businesses and the pending and threatened litigation. Can you explain what litigation to the amount of possibly \$1.5 million?

MR. NIELSEN: Madam Chairman, I do not have a specific list of what litigation is in process but it is quite normal for governments to have ongoing litigation and it is quite normal for government financial statements to have identified, as a contingency, the items in that litigation. The way this works is that our legal services division is requested to provide a summary of all the cases and to evaluate the potential or contingent loss that might occur as a result of that litigation and that figure is provided to the auditors and included in a note.

MR. McCALLUM: I would agree that you would have something set aside. I would have thought that the figure would have been \$1.4 million or \$1.5 million, but \$1.438 million seems to reflect that there is something going on that really is -- that may be coming close to it. It could be in contracts, I guess, and a lot of other things.

MR. NIELSEN: Madam Chairman, this is an accumulation of a number of accounts. It is not one account and to the fact that it is perhaps as precise as is indicated, it is rounded off to thousands of dollars and it does simply represent the accumulation of a number of possible cases.

Schedule Of Debenture Loans To Municipalities

CHAIRMAN (Mrs. Sorensen): Any further questions in this area? All right, we'll move to the schedules. The first one appears on page 15 and continues on through several pages. On page 15 we have the schedule of debenture loans to municipalities, which is a summary.

I wonder if you could just give me an overview of how we handle our loans to municipalities, what kinds of terms and conditions go with them, do they pay back on a yearly basis, what happens if they cannot pay back, what kind of a procedure or policy do we have to allow them to have a time span or waiting period. We'll start off with that then.

MR. NIELSEN: Madam Chairman, under the Municipal Ordinance, villages and towns and cities are able to borrow funds for capital purposes. The GNWT provides the capital funding through debentures, and each debenture is actually listed here, the number of the year of issue, the maturity date, the interest rates, et cetera, for the details. The process is, as municipalities determine that they require capital funds for the purchase of a grader or for road construction or for whatever it may be, they will transmit their information to the Department of Local Government and there is a committee in government, including the Department of Finance, that will review the assessed revenues for the community and determine whether or not the community can afford these moneys. The committee will then pass its recommendations on to the Commissioner and the Commissioner will notify the municipality that it can proceed with a by-law for the municipal borrowings indicating that funds will become available as required. Once the funds are loaned, and we loan the money at the rates that we can borrow or the rates that we can provide from banks or whatever source of financing that we have, they usually make payments on an annual basis, and if for some reason they cannot meet the payment, then the Department of Finance and Department of Local Government will meet with the municipality to discuss the problems. And if for some reason it appears that there is no likelihood at all that the community may make the repayments, a submission will go forward to the Financial Management Board and ultimately to the Legislative Assembly requesting the deletion of the borrowing of the debenture. In most cases these are very rare happenings. The kinds of debentures that were written off in the past are mainly in the area of land development.

CHAIRMAN (Mrs. Sorensen): What about a delay in a pay-back hoping that better times will come, or in the case of land development, hoping that at some point the land will be sold and revenue will be generated in order to pay back?

MR. NELSON: Madam Chairman, we have had very little occurrence of a delay in most capital items, for example, the purchase of a tractor, grader or something like this. The land development area has been a problem for the last few years and in many instances we have renegotiated with the community, for example, Yellowknife, to set a new schedule of repayments if we can determine a long-range plan of land sales and so forth, to try and match the actual revenues the community now perceives. But the government has been fairly flexible in that area.

CHAIRMAN (Mrs. Sorensen): Are we aware now of any pending problems in the area of pay-back on our loans?

MR. NELSON: Not at this point.

CHAIRMAN (Mrs. Sorensen): Any further questions on schedules themselves, the detail? Mr. Pedersen.

Schedule Of Other Long-Term Loans

MR. PEDERSEN: On page 23, schedule of other long-term loans. These are loans to non-governmental agencies. There are only the three. The one that went to the Canadian Arctic Co-operative Federation, do I read that right, that there is no interest charge on that loan?

MR. NELSON: Madam Chairman, there is an interest on that loan. It is just that there was no repayment during the year.

MR. PEDERSEN: But would the balance not normally increase by the interest levied during that year then?

MR. NELSON: The government, in prior years, did not establish accrued interest on its loans, and did not build up the amount of interest on interest, if you like, in terms in the schedules and the accounts. In 1983-84 that would reflect the actual interest payable.

MR. PEDERSEN: The second one, the second mortgage to contractors, I don't quite understand that. Could you explain how the government gets involved in a second mortgage to contractors, some examples?

MR. NELSON: Yes, Madam Chairman, this reflects a mortgage to a local developer in 1968 or 1967 in Yellowknife, for the construction of housing on 50A Avenue and 57th Street. It is a very unusual situation and it is the only time the government entered into this kind of situation.

MR. PEDERSEN: So this is one loan?

MR. NELSON: Yes.

MR. PEDERSEN: I was just wondering because it says "to contractors", and I thought there was an accumulation. And the last one, again could you briefly explain what that one is, please?

MR. NELSON: Madam Chairman, this reflects the net amount payable from the sale of a government project from the Department of Economic Development and Tourism, which was established as a loan payable.

MR. PEDERSEN: Would that be the Bay Chimo store, by any chance?

MR. NELSON: Yes.

MR. PEDERSEN: Thank you.

CHAIRMAN (Mrs. Sorensen): Who is Bathurst Inlet Development Limited?

MR. NELSON: I do not know the composition of the shareholders.

CHAIRMAN (Mrs. Sorensen): Could we be given that information?

MR. NELSON: Yes.

CHAIRMAN (Mrs. Sorensen): I would like to go back to the second mortgage to contractors and perhaps get a more in-depth explanation. Just repeat what you said: "We gave a second mortgage to the contractors." This would have been several years back?

MR. NELSON: Yes. In the financing of the 50A Avenue and 57th Street subdivision, the developer required additional funding beyond what he could be provided through his bank financing, and the government undertook to provide a second mortgage which provided the additional funds required.

CHAIRMAN (Mrs. Sorensen): Was the contractor then the owner of the houses and then the government leased them?

MR. NELSON: That is correct.

CHAIRMAN (Mrs. Sorensen): Have we not since purchased those houses from the owner?

MR. NELSON: I am not sure if the contract is finalized but there were negotiations along those lines.

CHAIRMAN (Mrs. Sorensen): I remember seeing somewhere in some report a payment of a fair amount of money. I do not know where it was, whether it was in a supplementary estimate or what, but I have seen the dollars.

MR. NELSON: I could find out and provide the information.

CHAIRMAN (Mrs. Sorensen): If we have paid the contractor for this money, why would we not attempt to get a repayment on our mortgage, or are we assuming this second mortgage? How does that work?

MR. NIELSEN: Madam Chairman, this is a 1982-83 financial statement. At the time that this was printed it does not reflect the sale of those houses or the repurchase of those houses, so that will be examined during 1983-84, and obviously if we are repurchasing we would expect to have the mortgage cleaned up.

CHAIRMAN (Mrs. Sorensen): It would be interesting for the committee to learn what the interest rate on that second mortgage was.

MR. NELSON: We will have to get the debenture and find out the amount.

MR. McCALLUM: You paid \$7800 on a loan of \$116,000. It cannot be that difficult for you people to figure out what the interest rate is. You have paid the interest on the principal. The principal is \$116,000 and you paid interest of \$7800.

MR. NELSON: It is in the six per cent range, but I am not sure what the exact amount would be.

MR. PEDERSEN: The first and the third item on this page give names. Could I have the name of the contractor on the second one too, to keep it consistent?

MR. NELSON: Wilson Realty.

CHAIRMAN (Mrs. Sorensen): So you will provide us with that additional information?

MR. NELSON: Yes, Madam Chairman.

CHAIRMAN (Mrs. Sorensen): All right, we move to page 24 then, if there are no questions on the debenture loans to municipalities and schools.

MR. McCALLUM: There are no villages, towns that are above their limit in debentures?

MR. NELSON: No, Madam Chairman.

Schedule Of Loans From Canada

CHAIRMAN (Mrs. Sorensen): All right, page 24, schedule of loans from Canada. Questions? Did I understand you to say that we basically loan to municipalities and schools at the interest rate that we have been able to borrow at from our lending agencies?

MR. NELSON: Yes, with a qualification. The loans provided by the Government of the Northwest Territories for 1982 and prior, were provided through borrowings from the Government of Canada. Those loans were on a one to one basis, and as a result we provided the exact same rate to municipalities as we were able to borrow. Because of changes in the way we will be financing in the future, those federal funds are no longer available to us and for the last two years we have had to provide loan money from within our own resources, and we have provided those moneys at approximately our own cost. We have tried to come up with a rate that would be close to what we would be able to borrow in the market or whatever estimate we could come up with that was fairly close to the market rate.

CHAIRMAN (Mrs. Sorensen): So we are using general revenue money?

MR. NELSON: We are using working capital and surplus funds, yes, at the present time.

CHAIRMAN (Mrs. Sorensen): How long can we continue doing that?

MR. NELSON: At the present time we are looking at alternative sources of financing. This is a temporary measure only and once we have secured alternative sources we will be utilizing those.

CHAIRMAN (Mrs. Sorensen): And what measures are you taking to secure alternative sources?

MR. NELSON: We have been discussing with various fiscal agents and banks in terms of debenture borrowings, bonds and those kinds of financing tools.

CHAIRMAN (Mrs. Sorensen): Will that entail an amendment to the NWT Act? It is my understanding that we cannot borrow.

MR. NIELSEN: Madam Chairman, the act provides us with the ability to borrow but only under the specific approval of the amounts by the Governor in Council and we are proceeding with that approval at the moment.

CHAIRMAN (Mrs. Sorensen): Why has Canada decided not to loan money any more?

MR. NIELSEN: Madam Chairman, we cannot speak specifically for the Government of Canada but I think at the time this decision was taken was the time that the Government of Canada was doing a very thorough and vast examination of all of the subsidies that it was incurring and all the areas in which restraint could be exercised. The fact is the Government of Canada was subsidizing loans to us and therefore subsidizing loans indirectly to the municipalities, and I think they simply felt that for the purposes of their own accounts and for purposes of developing responsible government in the NWT it was time that we took on this responsibility ourselves.

Schedule Of Loans From Canada Mortgage And Housing Corporation

CHAIRMAN (Mrs. Sorensen): Any further questions in this area? All right, we'll move to schedule of loans from CMHC. Why do we have loans from CMHC or are they old loans?

MR. NELSON: Madam Chairman, these are fairly old loans. The large one refers to a loan from CMHC for the townsite construction at Nanisivik and the other two I believe were development loans for the Yellowknife area.

CHAIRMAN (Mrs. Sorensen): We're no longer getting loans from CMHC. That is done now through the Housing Corporation, I take it.

MR. NELSON: Yes. Just a correction on what I suggested before, those are all Nanisivik loans.

CHAIRMAN (Mrs. Sorensen): All right. We'll move to schedule of gross receipts, schedule V. Can you just perhaps give me an explanation of this specific section? What do you mean by this "gross receipts"?

MR. NELSON: Madam Chairman, these are all the revenues, recoveries and transfer payments that have been received by the government by department. We call it by the term "gross receipts". These are the gross amounts received by the government or the total amounts received.

CHAIRMAN (Mrs. Sorensen): Are there any questions? We'll move to schedule of disbursement by activity. Schedule VI. Questions? We'll move to schedule VII, Business Loans and Guarantees Fund, statement of operation, page 44. Questions? Mr. Pedersen.

MR. PEDERSEN: Not related to these figures, but while we are on that subject of business loans, how is the interest established on those loans when we give them out?

MR. NIELSEN: Madam Chairman, in terms of the rate of interest, I honestly cannot answer that question but I can certainly find that information out.

CHAIRMAN (Mrs. Sorensen): Schedule VIII, schedule of grants and contributions by department. First is the Executive. Questions? Continuing on pages 46 and 47, 48, 49, 50 and 51. No questions? Page 52, carrying on with Economic Development and Education on page 53. Page 54 and page 55 -- you notice page 55 is the schedule of write-offs in excess of \$5000, schedule IX. Questions? Schedule X, surplus, and schedule XI which is the schedule of outstanding travel advances. What do you do to collect these outstanding travel advances or would you say that most of them have been collected?

MR. NELSON: Most of these have been collected. These are items that were outstanding over the 30 day period ending April and actually this year the Commissioner has introduced a policy whereby if these advances are not collected within a certain time frame, there will be an automatic pay roll deduction so these should be almost all eliminated.

Schedule Of Special Warrants By Activity

CHAIRMAN (Mrs. Sorensen): Any questions? Schedule XII, schedule of special warrants by activity. Could you explain "special warrant" please?

MR. NIELSEN: Madam Chairman, the Legislative Assembly passes an appropriation ordinance at the beginning of the year which provides the legislative authority for the administration to make expenditures. During the course of the year when the Legislative Assembly is not in session and it is identified that it is in the public interest to make expenditures for which authority has not been provided, the Financial Administration Ordinance provides for the Commissioner, on the recommendation of the Financial Management Board, to present special warrants. Those special warrants are automatically taken forward to the next session of the Legislative Assembly in the form of supplementary estimates.

CHAIRMAN (Mrs. Sorensen): Any questions?

MR. McCALLUM: Why wouldn't the transfer of the motor vehicles function from Justice and Public Services to Government Services jibe? I note that the total -- no, I shouldn't say that. What's a paltry \$17,000? Is that half a man year that didn't go?

MR. NIELSEN: Madam Chairman, whenever there are transfers between departments there is normally the identification of resources in the transferring department that were used for that and they would automatically go to the department in which they were transferred. In this particular case, it was identified that the resources required to do the job within one department meant that that department was loaning part of its resources from another area of responsibility and it was felt that that department could not give up those resources, therefore there would have to be some additional resources provided in the recipient department.

CHAIRMAN (Mrs. Sorensen): Any further questions? We are moving on then to pages 69, 70, 71. We are into capital now. Questions? The last page, schedule of revolving funds inventories, schedule XIII. That indicates under "grocery stores" that you closed out the revolving fund for Bay Chimo when you sold it. Questions?

MR. PEDERSEN: On that Bay Chimo store, the balance is \$135,646. I would have to go back to the other page, but I am sure the amount of the loan on the other page was not quite that high. Did we take a loss on the sale of that or does that reflect the difference between a down payment and a loan?

MR. NIELSEN: Madam Chairman, at the time of the privatization of the Bay Chimo store, the procedure followed is to take an inventory and then to evaluate that inventory. It may very well be that our books will show an inventory of \$135,000, but the value of that inventory, particularly if it includes anything like arts and crafts or anything of that nature, would certainly have to be written down because a prospective purchaser would not be looking at the book value but the actual market value. The circumstances of the sale are provided for in an agreement with Bay Chimo and that has a number of factors in it, including the payment of money now and the loaning of money and then the repayment of that loan over a period of several years. The amount of inventory is not really a reflection of what would be provided for in the agreement.

CHAIRMAN (Mrs. Sorensen): That appears to conclude the annual report of the territorial accounts. We will take a 10 minute coffee break and we will then move into the government response arising from the FIS review.

---SHORT RECESS

All right. We will bring the proceedings back to order. I see we have joining us at the table for this next section, Dave Wind and Fred Barrett. Just by way of process I do not propose that we will go through and read each recommendation. To many of them the government has responded in agreement and therefore it is not necessary to reply to that. Perhaps, though, we could start with the first page. Do you have copies, gentlemen, of the document we are talking about?

MR. BARRETT: We have one.

Government Response, FIS Review

CHAIRMAN (Mrs. Sorensen): Then I have a question concerning recommendation one, which was that any future review of hardware equipment be conducted in conjunction with an identification of FIS and other GNWT software requirements. The government agreed and said that such reviews are now standard procedure. When you say it is now standard procedure, have you written a procedure or is it understood by the people that are in this division of the government?

MR. BARRETT: I would have to say that it is understood and explained in our initial contacts with the people who are interested in undertaking the systems development work.

CHAIRMAN (Mrs. Sorensen): Have you had any recent need for a review of your hardware equipment?

MR. WIND: We review our hardware equipment on an annual basis and also on an ongoing basis. We have had to do that just recently in support of an activity for the government five-year capital planning process, so we do it in support of some of those requirements.

CHAIRMAN (Mrs. Sorensen): You have indicated in your reply that, in addition, input is sought from user representatives through the government's computer users committee. Is this an active committee and, if so, when did it last meet?

MR. WIND: This committee is certainly an active committee. It meets regularly; the last meeting was approximately a month ago.

CHAIRMAN (Mrs. Sorensen): And what kinds of things would it discuss at its meetings?

MR. WIND: Usually the items are of a general interest to the users of computers within the GNWT. They involve how best systems and computer services organization can meet the needs of that community and the way that they see their use of computers evolving and growing within the Territories.

CHAIRMAN (Mrs. Sorensen): And what is the make-up of the committee other than computer users? Is it department by department?

MR. WIND: It's not set up on the basis that a department would attend if they were not using computers. The people who attend the meetings usually are using computers or managing the use of computers at the working kind of level.

CHAIRMAN (Mrs. Sorensen): Are there any more questions on this recommendation? All right, I have another question on recommendation two. Basically it is, do you as a government -- and this would be directed to Mr. Nielsen -- have any major projects under way now, not necessarily related to FIS but any major projects where you have had to establish a steering committee and a working committee of some sort?

MR. NIELSEN: Madam Chairman, are you thinking of systems development projects?

CHAIRMAN (Mrs. Sorensen): Systems development or any other type of major developments.

MR. NIELSEN: We have a number of projects under development in the total government. Dave Wind would be more appropriate to speak to the systems development projects. We have, at the present time, a performance measurement and evaluation project under way and that does have a steering committee.

CHAIRMAN (Mrs. Sorensen): Are there any other systems development projects?

MR. WIND: In systems development I can think of three steering committees that are active. One would be for the work that we are doing on the POLARIS enhancement project which is a major project. The second one is for the data base redesign project associated with the Financial Information System. And the third one is to do with the justice information system that is being discussed. Excuse me, Madam Chairman, I just was reminded of another one for pay roll. The Department of Finance is examining the possibility of repatriating, if you will, the operation of the pay roll to operate in Yellowknife rather than Calgary, so there is a steering committee associated with that work.

CHAIRMAN (Mrs. Sorensen): To your knowledge, are these steering committees meeting regularly and following the procedures that you have indicated you would follow as a result of the information that we gleaned from the FIS review?

MR. WIND: I would say yes, Madam Chairman.

User Concerns

CHAIRMAN (Mrs. Sorensen): In recommendation six, the committee had recommended that in order to encourage commitment on the part of users of the anticipated finished product that a subcommittee of users should review and advise on user concerns. The government responded by way of agreement, but said however that decisions on whether or not to address particular concerns raised through such reviews remained with the steering committees and the Executive Council. From the perspective of the public accounts committee, we would certainly understand that ultimately the decision makers, the Executive Council, would make the final decision but it would be, I guess, with the understanding that the issues that were raised by the subcommittee of users would be documented and placed in the minutes of any meeting that was held to discuss these issues so that it was clear that their concerns had been brought to the steering committee and ultimately, if necessary, to the Executive Council so that in any review should something happen in the future there would be documentation of this kind. Is that the general understanding of the government on how it would operate in a situation like this?

MR. WIND: I think it is operating like that. For example, in the work that we are doing for POL the users there of course are mostly within the Department of Government Services. But certainly there have been a number of user concerns raised. These are documented and some of them have been dealt with by the project that is under way and others are on the record and are to be dealt with subsequently.

CHAIRMAN (Mrs. Sorensen): It would be very useful for the committee to have some samples of some of the minutes that have been kept by some of these steering committees which have identified what you have just talked about.

MR. WIND: I would say for POL that this information is available perhaps less through formal minutes of meetings than as items of work identified and brought forward as necessary to be done, but we could bring forward those items that have been identified for the POLARIS system.

CHAIRMAN (Mrs. Sorensen): We would be very interested in seeing the results of the things that were learned by this government and how they have changed their documentation. The committee would be interested.

MR. WIND: Okay, Madam Chairman, I will look into it.

CHAIRMAN (Mrs. Sorensen): I have another question concerning the committee's recommendations 27 and 28 on page seven. In recommendation 27 we have suggested that procedure should set out designated tasks and assign responsibilities in the performance, in addition to placing reliance on contractual provisions. Again, we talk about procedures in recommendation 28. With respect to the projects you now have under way that have steering committees, have you written procedures developed for these projects?

MR. WIND: For the projects that we started subsequent to the report of the Auditor General, the way we approached this, was that we spelled out for those major projects the specific interaction that was to take place between the steering committee and the responsibilities of members on the steering committee and the project staff that was assigned to carry out work. So it is being spelled out in terms of the specifics for a particular project rather than a general set of procedures.

Monitoring Of Person-Year Savings

CHAIRMAN (Mrs. Sorensen): And again, Mr. Wind, it would be useful for the committee to have some copies of those documents as well. Turning to recommendation 31, more specifically relating back to the Financial Information System, we had recommended that procedures be established to monitor person-year savings associated with the FIS primarily as a result of the way that FIS was presented originally as a person year saving system. The government responded by saying that the Department of Finance is conducting a review of existing procedures and systems to identify where savings can be realized and this task is expected to take approximately one and a half to two years in order to measure the full impact of the system. I wonder if the committee could be apprized of any results that you may have so far with respect to any money being saved or any person-year savings.

MR. NIELSEN: Most of these questions related to the specifics of work to be done by the Department of Finance will be responded to by Mr. Fred Barrett.

CHAIRMAN (Mrs. Sorensen): Mr. Barrett.

MR. BARRETT: This particular item is a very slow moving kind of an item. It is difficult to get people away from their regular duties to attack it. However we have made some progress. We are beginning with a review of purchasing procedures and we have identified some manual ledgers that are in existence in locations. We will be making recommendations on how these ledgers can be eliminated. They probably will not result in savings of person years but they will result in savings of people's time and allow them to be spent on more productive things. But we have identified several areas. I know in the Keewatin Region that we have identified and eliminated a number of manual ledgers in departments in that region. So it is a slow moving system and we are working on it. Part of this was to be done by our internal check staff as part of their normal review in the regions and departments, however unfortunately we had to decrease our staff by one in there so that could tend to slow this down a bit.

CHAIRMAN (Mrs. Sorensen): The committee would be interested in being kept up-to-date as you identify areas where you have saved, and if you could perhaps send us a letter at intervals when you have identified these. With respect to recommendation 32, the committee had recommended that a conscious educating process be undertaken by the Department of Finance to acquaint potential users with the capabilities of the FIS. The government agreed and said that it was an ongoing process and is emphasized as the government's financial resources allow. Could we have an elaboration on this area? Do we have training programs now currently under way?

MR. BARRETT: We have training programs available and we do train people as and when they need training. We do not run regular courses but we do have training material available to departments. We train on request and we train new people, particularly new financial officers moving into financial positions. We also train at the request of departments.

CHAIRMAN (Mrs. Sorensen): Do you feel confident, Mr. Barrett, that the government departments and, in particular, your financial people in each department are aware of the capabilities of FIS?

MR. BARRETT: Yes, I believe it is a growing thing. The basic system is, I think, well understood by the departments, as evidenced by the ability for us to close our accounts so quickly here and to get all of our transactions processed on a regular basis. I think perhaps there are parts of the system of which we are becoming more aware as we go, in so far as using the system as an inquiry system.

Completion Of Implementation Of FIS

CHAIRMAN (Mrs. Sorensen): Recommendation 34 recommended that the steering committee be reactivated with respect to finishing the things that had to be done for the complete FIS system. The government responded by saying that it did not believe that the reactivation of the steering committee would serve a useful purpose and that the interchange of information relating to the present and future operation of the system is an ongoing process co-ordinated by the Department of Finance with input as required by the departmental and regional users. I would ask then, what action has been taken to complete the work of the FIS system? Is it under way now, and how soon can we expect to have the entire system, as talked about in the initial stages of selling it to the Executive Committee, absolutely completed?

MR. NIELSEN: Madam Chairman, as was identified in the response, it was the opinion of the government that reactivation of a steering committee would not be particularly useful at this time, primarily because most of the responsibilities and pay-offs were related within the Department of Finance and the Department of Government Services and that the action to be taken really should become more departmental. As a result, the Department of Finance has redirected its efforts in the amount of funding it has available for system modification and maintenance to those particular areas that were identified of concern.

The major two areas related to commitment accounting and to data base efficiency. Commitment accounting has been implemented, it is very successful, and we are probably one of the few, if not the only government system that I am aware of, that has a fully automated commitment system which includes pay roll charges in the commitment system. The area of data base efficiencies is being addressed in the current year. It is a specific project, it is the top priority as far as we are concerned. It really doesn't have a lot of pay-off to the Department of Finance because by producing efficiencies in our system, we simply are going to be creating extra space for systems operation in other areas of government. But as a total government benefit, the Department of Finance has agreed that this is an area where the payoff is fairly substantial and will allow other departments to get on with a system without requiring additional hardware. So this is the area that we are working on with the highest level of priority.

Other areas that were identified were things like cheque reconciliation, signature authorization and regional transmission. The area of signature authorization and regional transmission are both areas that are of lower priority. Signature authorization is something we would like to put on, but the reason it is assuming a lower priority at this time is simply because the software rearrangement that we are talking about with respect to improving data base efficiency would mean that we would be doing the job twice. So we are going to get the efficiency job done first and then put in the signature authorization. Regional transmission has not proven to be a high priority, simply because the system is operating very effectively without it at this point in time and it is probably the lowest priority we have. The cheque reconciliation system is operational, it does need some minor improvements, but again these are going to assume a slightly lower priority until we have the data base redesigned.

CHAIRMAN (Mrs. Sorensen): And it is the Department of Finance that is spearheading all of these different things?

MR. NIELSEN: Madam Chairman, that is correct.

CHAIRMAN (Mrs. Sorensen): Number 35, we had recommended that consideration be given to the establishment of a full-time, government-wide electronic data processing committee and that this committee should set priorities for the allocation of scarce EDP resources. Do I take it then you have not set up this committee?

MR. WIND: A committee has not been set up as such, Madam Chairman.

CHAIRMAN (Mrs. Sorensen): Can I ask why?

Five Year Electronic Data Processing Plans

MR. WIND: I believe that the government response indicates in complying with the thrust of the recommendation that they were looking toward input through the creation of the five year electronic data processing plans, and this is an initiative that we do have under way with departments, but it is not being addressed in the form of an overall committee which meets jointly. These discussions are going on between Government Services and the departments on a one to one basis.

CHAIRMAN (Mrs. Sorensen): And when do you propose this plan will begin?

MR. WIND: The plan should be done in time for the upcoming budget preparation which takes place in the August-September time frame.

CHAIRMAN (Mrs. Sorensen): What does the Executive Council know about data processing priorities? It says here "which will assist the Executive Council in setting its data processing priorities". Maybe you will have to explain a little bit of the lingo to me.

MR. WIND: It seems to me that there usually are more proposals for applying data processing technology than there is funding available to the government to carry them out. So these sorts of questions, where there is a competition for available funds, are usually decided by the Executive on the basis of their indicating priority items that are to be addressed first. And in funds then, of course, lower priority items would be addressed. That is my understanding of that kind of statement.

CHAIRMAN (Mrs. Sorensen): And what type of items are we talking about? What type of data?

MR. WIND: For example, what is coming forward for development would be information to support record keeping for the Young Offenders Act. That is something that will likely be brought to the attention of the Executive Council for support -- the justice information system. Certain other items have come forward through the normal budgetary process for submissions previously. The work on the POLARIS system was brought to the Financial Management Board for support and of course another opportunity was provided for the Financial Management Board then to indicate what the priorities were and for the work that we are doing for the Department of Finance on the overall financial data base redesign. That item was included in their budget and of course received consideration when the budget was reviewed.

CHAIRMAN (Mrs. Sorensen): Is there any consideration being given to putting our regulations and all our ordinances onto data processing?

MR. WIND: We have not been approached, Madam Chairman, to handle that particular project but it certainly would be of interest to us.

CHAIRMAN (Mrs. Sorensen): Is there a capability of doing it with what we have now?

MR. WIND: We have, I believe, on our data processing facilities in headquarters now, sufficient storage to entertain such a proposal.

CHAIRMAN (Mrs. Sorensen): But you have not heard about such a proposal coming forward?

MR. WIND: It has not been brought to my attention but perhaps with this five year electronic data processing planning activity that is taking place with departments, this particular item will come to light.

CHAIRMAN (Mrs. Sorensen): If it is not there maybe you could add it.

MR. WIND: Is there a sponsoring department?

Data Base Administration Function

CHAIRMAN (Mrs. Sorensen): The Legislature. Moving to recommendation 36, we had recommended that at least a part-time position be approved for a qualified individual who would undertake data base administration functions with a view to increasing the efficiency of the system. What action has been taken in this area?

MR. WIND: Madam Chairman, the function of data base administration really resides partially in the client department who, in our view, is considered to own the data and partially in the purview, if you will, of the technical people who are able to manipulate the data and provide the programs and access to that information as required by the client department. Within Government Services we are defining the technical aspect of that role as a service to be provided through our systems support section and it would be a standard service that would be available to all client departments. Now the role of data management I would say is not well understood. Although it is exercised by the client departments, it is not formally. We expect that by bringing forward the technical aspect of the service that we will promote the awareness and the understanding of the data management function and so subsequently be able to assign these responsibilities to individuals in departments.

CHAIRMAN (Mrs. Sorensen): In recommendation 37 the committee had suggested that we proceed with the signature authorization and transmission modules as soon as possible. You indicated, Mr. Nielsen, that you were currently working on that but had not completed that part of the system.

MR. NIELSEN: Madam Chairman, what we indicated on that was that subsequently we have determined that, first of all, the transmission module has not become as important an issue as was originally expected, that the system is operating extremely well without that.

Signature Authorization

With respect to the signature authorization module, we indicated that our first priority was the data base reorganization and that to proceed with signature authorization development at this time would actually be duplicative in effort. So we are putting that as a lower priority than the data base efficiency program.

CHAIRMAN (Mrs. Sorensen): Could I ask a question of the Auditor General with respect to your opinion about the signature authorization? It seems to me there was some concern that we did not have that in place. Is that still a concern, since it has been established that it is still not in place now?

MR. HAYES: Madam Chairman, it is of concern that it is not in place but in my recollection of the system as it operates at the moment, there are appropriate checks for authority within the system which, to a degree, almost serve the same purpose as signature authorization. I would like to perhaps look at that a little further from the standpoint of the audit to satisfy myself that it is an adequate balance, the method of authorizing the payments as they stand at the moment within the system.

CHAIRMAN (Mrs. Sorensen): Mr. Nielsen.

MR. NIELSEN: Madam Chairman, I think Mr. Barrett should expand on that a little bit.

MR. BARRETT: Just for the sake of understanding what this signature validation system is all about, at the present time we authorize all our documents manually. The clerical people review the document and check to make sure that the proper person signed it, that they have the authority and there is a fairly detailed check that has to be done. The computerized check is merely to computerize some of those procedures so we, in fact, have in place a signature validation system which I believe Mr. Kimmel would indicate is adequate. It is just that with the system we wanted to automate some of those procedures in order to make it simpler and easier and to get more consistent validation of those signatures.

Follow-Up Audit

CHAIRMAN (Mrs. Sorensen): Thank you, Mr. Barrett. We move to the recommendation 38 which concerned the Auditor General. We had recommended that when all modules are in operation that the Auditor General carry out a follow-up audit to determine whether the computer capability of the FIS is being optimized. The government responded by saying it would welcome a follow-up review by the Auditor General. I wonder, Mr. Dubois, if you could indicate to us first of all, whether you still feel the same way about doing a follow-up audit and if so, when do you feel it would be appropriate to proceed?

MR. DUBOIS: Madam Chairman, it is quite normal. It is a policy of the office to do follow-ups, in fact, on all of our audits. In this particular case, just through a very short conversation which would have to be followed up with government and also with our experts, a first reaction would be that we could do a follow-up as part of the audit of the 1984-85 year. If anything comes out of that it would be reported in our report for the year ending March 31, 1985.

CHAIRMAN (Mrs. Sorensen): Okay, thank you. Is that acceptable? Finally on number 41 we had suggested that passwords of former employees be removed from the system immediately upon their release and that passwords should be changed regularly. The government agreed and also indicated that steps were under way to ensure that passwords are changed more frequently. Has that been done?

MR. BARRETT: Yes, Madam Chairman, we have been in contact with the account managers to get them to review their situation on users of the system and to indicate to us those users which should be removed. We are also in the process of updating the passwords on a regular basis.

CHAIRMAN (Mrs. Sorensen): Mr. Barrett, I have one final question and that concerns you personally. You have been one of the few that have been involved, probably the longest, other than Mr. Nielsen, and Mr. Wind came in later. Do you think it was all worth it?

MR. BARRETT: Yes, definitely. It has been a very educational process, I think resulting in a very good financial system, in addition. Certainly I think it is the best system I have been associated with, although I think probably I am biased a bit.

CHAIRMAN (Mrs. Sorensen): Can you add any indications of other governments or agencies trying to steal your expertise away to develop their systems?

MR. BARRETT: I have not had that offer yet, but I am open.

CHAIRMAN (Mrs. Sorensen): Thank you very much, gentlemen. Unless there are any further questions about the system, that appears to conclude the review of the three reports that we had before us during this public session of the public accounts committee. The committee will meet in camera now to discuss its report which will be made to the Legislative Assembly and discuss any possible recommendations that it might make for further action. I would like to take this opportunity to thank those representatives of the government that have appeared before us. Particularly, I would like to thank the Minister of Finance. He has been here throughout the total review and I would also like to thank the Deputy Auditor General and his officials for assisting us with the review. The committee, as you are aware, is a new committee and it is taking things very slowly so that it can develop a clear understanding of where it wishes to go over the next four years with respect to its work. We are very happy to date with the co-operation that we have had from both the government, the Minister of Finance, and the Auditor General. I would like to thank my colleagues for their attention and assistance during the review and I would close the open session. Thank you very much.

---ADJOURNMENT



AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

240 Sparks Street
Ottawa, Ontario

January 6, 1984

Mr. J.H. Parker
Commissioner
Government of the Northwest Territories
Yellowknife, N.W.T.

Dear Mr. Parker:

I herewith transmit my report to the Council of the Northwest Territories on the audit for the year ended March 31, 1983, to be laid before the Council in accordance with the provisions of Section 23(4) of the Northwest Territories Act, R.S.C. 1970, c. N-22.

The report deals with "any other matter" arising from my examination of the accounts and financial statements of the Government of the Northwest Territories for the year ended March 31, 1983 that, in my opinion, should be brought to the attention of the Council. The report also includes my recommendations and observations relating to the Government, together with your responses thereto, as well as observations and recommendations relating to the Northwest Territories Housing Corporation together with the Corporation's responses.

Cordially yours,

A handwritten signature in cursive script, appearing to read "Kenneth M. Dye".

Kenneth M. Dye, F.C.A.
Auditor General of Canada

**REPORT ON "ANY OTHER MATTER"
FOR THE YEAR ENDED MARCH 31, 1983**

I have completed the audit of the accounts and financial statements of the Government of the Northwest Territories for the year ended March 31, 1983. The purpose of my examination was to allow me to express an opinion on the financial statements and to report to the Council of the Northwest Territories in accordance with the Northwest Territories Act. These requirements were met in my report to Council of August 15, 1983. In this regard, and in light of the problems referred to in previous reports "on any other matter", I deem it appropriate to refer this year to the significant improvements in the Government's year-end procedures and instructions issued to finance officers by the Department of Finance. This was evidenced by the improved quality and timeliness of the accounting and reporting information generated by the new Financial Information System, in this its first full year of operation. Although considerable effort was required by my officers and those of the Department of Finance, we were able to complete the audit and issue my report on the Government's financial statements for tabling with the financial statements on September 16, 1983 during the Eleventh session of the Ninth Assembly of Council, something that has not been accomplished for a number of years.

I have also examined the financial statements of the Northwest Territories Liquor Control System for the year ended March 31, 1983, the Workers' Compensation Board (Northwest Territories) for the year ended December 31, 1982, and the Northwest Territories Housing Corporation for the fifteen months ended March 31, 1983, and have reported thereon to the Commissioner of the Northwest Territories and, in the case of the Northwest Territories Housing Corporation, to the Executive Member responsible, as required by their respective Ordinances.

My examination included reviews of certain of the operating, legislative and financial control systems and such tests as were considered necessary in the circumstances. The staff of the Audit Office was given full access to all vouchers, records and files relating to the accounts of all departments and agencies of the Government and was provided with all the information and explanations required. I would like to express my appreciation to the Commissioner and staff of the government departments and agencies for the co-operation extended to my officers during the audit.

The Northwest Territories Act also provides for the Auditor General to call attention to any other matter falling within the scope of his examination that, in his opinion, should be brought to the attention of Council. Accordingly, I would like to bring to your attention the following areas of concern and our recommendations thereon relating to the Government as referred to in the first part of this report and to the Northwest Territories Housing Corporation in the second part.

GOVERNMENT OF THE NORTHWEST TERRITORIES

1. Revenues

The accounting policy for 1982-83 was to record taxation and general revenues, and other revenues on a cash basis except for income taxes, net income from the Liquor Control System and profits and losses of revolving funds, which are recorded on an accrual basis.

For internal reporting purposes, the Government's policy is to follow an accrual basis for revenues by including all revenues invoiced. Adjustments have to be made at year-end for those revenues which are to be reported on a cash basis to comply with the stated accounting policy. Since the Government has a base for accruing revenues, and now that expenditures are being reported on an accrual basis, it would be appropriate to account for revenues on the same basis to provide a proper matching of revenues and expenditures.

We understand that the Department of Finance proposes to accrue revenues for the 1983-84 fiscal year. In 1982-83, the internal reports included only revenues invoiced and did not report revenues that may have accrued such as interest on long-term receivables, memo loans receivable and agreements for sale that may not have been invoiced. It will, therefore, be necessary to establish policies, guidelines and procedures well before the year-end to ensure that all revenues and receivables accruing to the Government are identified and recorded.

Recommendations

**Comments by the Office
of the Commissioner**

1. Government revenues should be reported on an accrual basis for 1983-84 and future years.

1. The Government moved to a full accrual accounting basis during 1983-84. Revenues will be reported on an accrual basis for 1983-84 and future years.

2. Procedures should be established to ensure that all revenues are identified and accrued.

2. Policies and procedures for revenue accruals including recording of interest on long-term receivables were developed in 1983. These procedures will be in place and all revenues accrued for the 1983-84 year-end.

2. Doubtful Accounts Receivable and Loan Forgiveness

Currently, a provision is recorded for doubtful accounts receivable arising from the sale of petroleum products but not for other accounts receivable. Notes to the financial statements disclose doubtful accounts receivable of

\$387,000 including \$232,000 for memorandum accounts receivable (Note 4) and \$769,000 for business loans and interest (Note 5).

The principle of accrual accounting, which is being followed for expenditures and contemplated for revenues, should also be applied to doubtful accounts receivable. The fact that a provision is being made for these doubtful accounts does not mean that they are being written off. This can only be done with the proper authority under the Financial Administration Ordinance. It does, however, mean improved financial reporting and accountability.

This would also apply to the Students Loan Fund established in 1983. Under the Student Financial Assistance Ordinance, the Commissioner may grant remission of loans, in whole or in part, where conditions of employment within the Territories are complied with, as stipulated in the regulations. At March 31, 1983, student loans amounted to \$581,000 against a ceiling of \$950,000, established at that date, and increasing to \$7,150,000 by March 31, 1987 as provided for by the Student Financial Assistance Ordinance. The fact that the loans may be remitted if the conditions are met, will result in loan forgiveness for which a provision should be made. A provision should also include amounts for loans of doubtful collectability. Accounting policies and procedures will have to be developed to cover the provisions for doubtful accounts and loans receivable and loan forgiveness.

Recommendations

1. Accounting policies and procedures should be established and included in the Financial Administration Manual for doubtful accounts and loans receivable and loan forgiveness.
2. Provision should be made for all doubtful accounts and loans receivable and for the forgiveness of student loans.
3. Business Loans and Guarantees Fund - Economic Development

The Business Loans and Guarantees Fund is available for loans and guarantees to applicants who have exhausted all other avenues for obtaining loan funds. At March 31, 1983 business loans outstanding amounted to \$5,455,000, of which \$649,000 was of doubtful collectability. In addition, there was \$250,000 of interest accrued but not recorded in the accounts, of which \$120,000 is of doubtful collectability.

Comments by the Office of the Commissioner

1. Accounting policies and procedures are under development to establish reserves for doubtful accounts, consistent with generally accepted accounting principles.
2. Full provision of an allowance for doubtful accounts will be made during 1983-84 for all recorded receivables of the Government.

As part of this year's review of the decentralized financial management system, the Department of Economic Development was selected for audit, including the Business Loans and Guarantees Fund. We noted a significant number of control deficiencies in the operations of this Fund.

Loan register. The loan register gives details of loans pending and issued but is not updated promptly. The register does not show complete details for each loan such as offer, acceptance, security, neither does it clearly segregate loans issued from loans guaranteed nor clearly distinguish loans issued from loans pending. A loan register is a useful record to quickly ascertain the status of pending, as well as new loans and guarantees.

Recommendation

Comments by the Office of the Commissioner

The Department of Economic Development and Tourism has undertaken a complete review of the Business Loans and Guarantees Fund.

A work plan is now being prepared for a review of the ordinance and regulations and the development of policies and procedures for the management, administration, accounting and internal control of the Fund. It is expected work will commence in January 1984. In the interim, corrective action will be implemented where feasible.

Specific comments follow against each recommendation.

1. The loan register should be kept current at all times and should provide complete loan information.

1. Agreed. The study now underway will correct this deficiency.

Loan issues. A pre-condition to granting a business loan is that the applicant furnish evidence of refusal from financial institutions along with the loan application. This evidence was not on file or documented.

Recommendation

2. Evidence of refusals by financial institutions should accompany loan applications before any applicant is considered for a loan and placed on the related loan files.

Loan files. The loan files were disorganized and incomplete. Documentation was missing and not filed chronologically. Examples of missing documentation, in addition to lack of evidence of refusal of loan applicants by financial institutions, were securities for loans and letters of offer and loan approval memorandum. We also noted that security documents were often received long after the loans had been issued. Also, there was no system for the sign-out of files to avoid risk of loss or misplacement of documents.

Recommendations

3. Loan files should be properly organized and contain complete documentation.

4. A system for sign-out of loan files should be established.

Remittances. Receipts for loan repayments are often not turned over to the Department of Finance - Revenue Section for deposit in accordance with the requirements for the receipt and deposit of public money in the Financial Administration Manual. Many instances were noted where receipts were accumulated for up to five days and exceeded \$250 before being forwarded to the Revenue Section for bank deposit. In some cases, the accumulated receipts exceeded \$15,000.

Recommendation

5. Cash receipts should be forwarded to the Department of Finance - Revenue Section in accordance with the requirements of the Financial Administration Manual.

Comments by the Office of the Commissioner

2. Agreed. This will be clarified in the new procedures.

Comments by the Office of the Commissioner

3. Agreed.

4. Agreed.

Comments by the Office of the Commissioner

5. Agreed. Corrective action has been taken to ensure this procedure is followed.

Internal control. We noted that one individual is involved in mail opening, prepares the general receipt and records loan repayments in the departmental control account and subsidiary ledger. There is also no review of general receipts to ensure that they are correctly classified and properly allocated between principal and interest.

Recommendations

6. The mail opening and cash receipts function should be segregated from the recording function.

7. General receipts should be reviewed to ensure that they are properly classified and allocated.

Doubtful accounts. As at March 31, 1983, business loans amounting to \$649,000 for principal and \$120,000 for accrued interest were considered to be of doubtful collectability. Many of these loans were past their maturity date, some as much as nine years. No action has been taken to delete any of these accounts, or to make any provision for doubtful loans, or to foreclose on any secured loans.

Recommendations

8. A provision for loans of doubtful collectability should be recorded in the accounts.

9. Action should be taken to effect deletion from the accounts of those accounts that are deemed to be definitely uncollectable.

Suspense account. A suspense account totalling approximately \$77,000 is reflected in the financial statements as part of business loan principal outstanding. This account represents amounts paid for receivership fees, legal fees and property taxes related to specific loans.

Comments by the Office of the Commissioner

6. Agreed. This deficiency has been corrected.

7. Agreed. Review requirement will be included in the new procedures.

Comments by the Office of the Commissioner

8. Agreed. A reserve for doubtful accounts will be established in 1983-84.

9. Agreed. Procedures will be developed for the write-off of accounts. Action will be taken to delete accounts during 1983-84.

Recommendation

**Comments by the Office
of the Commissioner**

10. Payments relating to specific loans should be charged to the applicable loan balance.

10. Agreed. Procedures are under development.

Loan guarantees. The Department does not obtain statements from banks on a periodic basis for loans made by them to businesses and guaranteed by the Fund. As a consequence, the Department's records do not show the current status of the loans or disposition of guarantees.

Recommendation

**Comments by the Office
of the Commissioner**

11. Loan guarantee records should reflect the current status of loan guarantees at all times.

11. Agreed. This deficiency will be addressed in the new procedures.

During the year \$94,000 was paid to financial institutions for defaulted loans guaranteed by the Government. These payments were charged directly to expenditure without direction from the Financial Management Board as to write off or other action to be taken.

Recommendation

**Comments by the Office
of the Commissioner**

12. Claims paid pursuant to guarantees should be referred to the Financial Management Board for direction on the action to be taken.

12. Agreed. This policy will be followed in future.

Regulations. An Ordinance amending the Small Business Loans and Guarantees Ordinance was assented to on March 5, 1982. However, the Regulations have not been amended to reflect changes resulting from these amendments or the recent amendments to the Financial Administration Ordinance.

Recommendations

**Comments by the Office
of the Commissioner**

13. The Regulations should be amended as soon as possible.

13. Agreed. These will be amended during 1984-85.

14. A procedure should be established to ensure that the Regulations are amended concurrent with amendments to Ordinances.

14. Agreed.

4. Petroleum, Oil and Lubricants (POL) Revolving Fund

In last year's letter we reported on a number of control deficiencies in POL operations. We noted the same deficiencies during this year's audit. These include:

- inadequacies in the financial code report which resulted in unreconciled differences between control totals developed for receivables and customer billing summaries, and a time consuming and cumbersome reconciliation process;
- unit numbers changed on meter tickets without explanation;
- inaccurate and incorrect information contained in the computer master files;
- inadequate control over debit/credit memos used to adjust POL accounts.

Also noted during this year's audit were continuing problems with the financial coding structure of the POLARIS System and its interface with FIS. The POLARIS System produces a financial code report which is used to manually accumulate data for journal entry input to the central accounting system. As reported last year, because of deficiencies in the financial code report, such as the inability to carry forward opening balances, inadequate recording of interdepartmental charges and receipts and situations where amounts are correctly reflected in one report but not in another, a great deal of manual effort is required to reconcile with other reports and to assemble information for the central system.

There were also problems with the prepayment accounts provided for in the POLARIS System which were still not being used. Manual records continued to be maintained over prepayments to commercial suppliers of fuel to two communities. Also monthly statements were not being provided or requested from one contractor and price adjustments by contractors were not being input on a timely basis.

We understand that a systems review has been undertaken with a view to modifying the System in 1983-84. We also understand that the Petroleum Products Division has recently received approval for a major enhancement project for the POLARIS System which should meet previous recommendations made by us and the Territorial Audit Bureau.

Recommendation

1. Petroleum Products Division should ensure that the deficiencies referred to above are addressed in the enhancement project.

Comments by the Office of the Commissioner

1. The control deficiencies referred to were addressed in the current year. Even though prepared manually, working papers were available during the year to reconcile the POLARIS trial balance with FIS by using the trial balance to replace the financial code report. The enhancement project is expected to correct all identified deficiencies in the POLARIS System.

Inventory variance charges. In the current year, an amount of \$1,148,000 in respect of variances for 1980-81 and 1981-82, as referred to last year, was deleted from accounts receivable. The variances arose from inventory shortages following year-end tank dips being charged to contractors and reflected as accounts receivable. It was felt that these variance charges could not be substantiated and were deleted from receivables by means of a journal voucher. Although this entry could be construed as an adjustment to accounts receivable rather than a write-off, it would have been appropriate for the Financial Management Board to have approved the write-off.

Recommendation

2. Significant adjustments to inventories and accounts receivable should require approval of the Financial Management Board.

Comments by the Office of the Commissioner

2. Significant future adjustments to inventories and accounts receivable will be referred to the Senior Financial Officer for consideration by the Financial Management Board.

5. Students Loan Fund - Education

Loan approvals. Our audit included a review of loan files and minutes of the Student Grants and Bursaries Board to ensure that loans issued were

supported by student applications and had been properly approved. Also as part of the audit, we directly confirmed 20 loans and verified 20 other loans through detailed examination of supporting documentation of the 207 loans issued during the year.

We noted many instances where loans had been issued but the minutes did not clearly indicate whether the applications had been approved or rejected by the Board. Also, as a result of our detailed examination, we noted that a recipient had been awarded a loan of \$3,500 but his application indicated that he had only resided in the Territories from June 1961 to August 1962. According to the Student Financial Assistance Regulations, a student must be a resident of the Territories for at least two years and was so resident in the Territories within the two years immediately prior to commencing post-secondary education.

Recommendations

1. Loan applications should bear evidence of approval by cross reference to the board minutes approving the loan application.

2. The Department should ensure that all applicants meet the eligibility requirements for student loans.

6. Grants and Contributions

A grant is defined in the Financial Administration Manual as an unconditional transfer payment, made to a recipient for which the Government will not receive any goods or services. There is no provision for an audit requirement.

A contribution is defined as a conditional transfer payment, made to a recipient, subject to audit, and for which the Government will not require any goods or services. Contribution payments are conditional on performance or achievement and are subject to audit.

According to the Financial Administration Manual, departments are to develop grant and program applications for approval by the Executive Committee or the Financial Management Board before any funds are disbursed. As well, the Financial Management Board approves the amounts of grants and contributions to be included in the Main Estimates. Grant and contribution payments constitute a significant portion of total government expenditures. For this reason, strong controls should exist.

Comments by the Office of the Commissioner

1. This situation has been rectified in consultation with the Government's Audit Bureau. The minutes of the July 1983 Board meeting reflect the requirements stipulated in the recommendation.

2. The Board will strengthen its procedures to ensure that the residency requirements are fully documented for all applicants.

Approved grant and contribution program applications were outdated in all departments audited by us. As a result, there were no current approved applications available within departments to substantiate payments of grants and contributions.

We also noted that payments to communities to undertake water and sewer projects were not supported by an approved grant and contribution program application. According to departmental officials these payments were made under authority of a 1974 Treasury Board Minute, although amounts for these projects were provided for in the Estimates. Furthermore, approved grant and contribution program applications were not available to support payments for road and sidewalk construction projects or for payments to school districts.

Recommendation

1. All departments should ensure that current approved program applications are on file to support payments of grants and contributions.

Comments by the Office of the Commissioner

1. Agreed. The Financial Administration Manual will be amended to emphasize the need for proper documentation in support of payments.

We also noted a payment of \$835,000 made in March 1983 to the City of Yellowknife to cover the cost of a boiler at a pump station. Although the need existed and the payment was properly authorized, there appeared to have been no evaluation of the project as to when the funds were needed. As of June 1983, this project was not completed.

Recommendation

2. Contributions should not be made in advance of need.

Comments by the Office of the Commissioner

2. Agreed. Departments will be instructed to ensure contributions are made in the year the service is provided. In addition, the timing of payments will be made in accordance with the needs of the organization where this is feasible.

The Financial Administration Ordinance calls for advances to be repaid if an accounting has not been made at the end of the fiscal year or within thirty days after, or, a further number of days not exceeding thirty, as determined by the Financial Management Board. Contributions are deemed to be accountable advances for accounting purposes.

An analysis by the Department of Finance, of outstanding accountable advances for contributions revealed that advances in excess of \$6,100,000 had not been accounted for by the recipients of the funds, as at March 31, 1983. Some advances have been outstanding for as long as five years.

Recommendation

3. All departments should ensure that procedures are in place for monitoring contributions deemed to be accountable advances, to ensure they are accounted for on a timely basis.

Comments by the Office of the Commissioner

3. Agreed. Departments will be instructed to ensure that proper procedures are in place. The Department of Finance will monitor departments to ensure the procedures are being followed.

7. Irregular Recording of Expenditure Charges

Our audit tests disclosed several instances where departments had, in the absence of approved budgets and project codes, charged expenditures to wrong votes or projects where free balances existed, for the sake of expediency. This was particularly so for Vote 4 projects under the Engineering Services Agreement with Canada. We found that work had been done on projects prior to Financial Management Board budget approval and establishment of proper codes within the accounting system. In some instances budget approvals were received up to six months after payment. Although correcting entries were made, there is always the possibility that improper charges may go unnoticed. It also distorts government expenditures and weakens budgetary control.

Recommendations

1. Budget approvals should be obtained prior to incurring expenditures.

Comments by the Office of the Commissioner

1. Agreed. Funding for Vote 4 projects was delayed because of budget documentation requirements. However, verbal and telexed approvals were received prior to initiation of expenditures.

2. Accounting officers should not authorize payments until budgets have been approved and project codes established.

2. Agreed. Financial Accounting Officers are instructed not to authorize payment unless the appropriate budget is approved and adequate budgetary controls are in place.

NORTHWEST TERRITORIES HOUSING CORPORATION

8. Financing Operations

In previous management letters we have commented on financing of the Corporation's operations by the Government of the Northwest Territories and Canada Mortgage and Housing Corporation (CMHC). The Government provides contributions to meet operating costs and grants to meet capital costs of the Corporation. CMHC provides funding for housing projects, either by sharing the construction and operating costs or by providing loans and advances to finance construction costs. During the fifteen-month period ended March 31, 1983 several positive steps were taken to improve the situation.

In previous years, drawdowns of operating contributions from the Government were made in equal monthly instalments without regard to the cash disbursements arising in any month. For the Government's fiscal year 1982-83, the drawdowns of operating contributions were related to the projected monthly cash disbursements. This resulted in a more realistic cash flow. In addition, the change in the Corporation's fiscal year, which resulted in a fifteen-month fiscal year to March 31, 1983 for the Corporation, and the Government's change in accounting for expenditures to an accrual basis from a modified cash basis had a side effect and led to improved financial reporting. The Corporation took this opportunity to change its accounting for Government contributions and grants to an accrual basis from a cash basis. The change allowed a proper matching of revenues with expenditures and also allowed disclosure on the balance sheet of the amount due to the Government for contributions in excess of operating costs.

The Corporation also achieved some improvement in cash flow by making operating and capital cost claims on CMHC on a more timely basis. There is, however, still a significant amount of working capital tied up in amounts due from CMHC. At March 31, 1983 accounts receivable from CMHC included \$7,735,000 for project costs within CMHC approved budgets. In addition, as referred to in Note 12 to the financial statements, the Corporation had incurred project costs of \$8,680,000 to March 31, 1983 in excess of amounts approved by CMHC. Should this amount be approved, CMHC will bear \$960,000 of these costs and provide additional loan funding of \$6,600,000. These receivables have a negative impact on the Corporation's cash flow. In addition to the usual holdbacks associated with this type of contract, the major contributing factor to this position is that CMHC does not accept claims for project cost overruns until the projects are completed and approved by CMHC. If CMHC would accept interim claims for overruns it would improve the Corporation's cash flow.

Recommendation	Comments by the Corporation
1. The Corporation should endeavour to further improve the timeliness of receiving capital funding from CMHC.	1. The Corporation will endeavour to negotiate improved funding arrangements with CMHC on all 1984-85 capital projects.

9. Information in the Estimates

The Corporation's section of the Government's Estimates provides information on contributions and grants to be made by the Government to the Corporation after being voted by the Legislature. Funding is also available to the Corporation for certain operating and capital costs under the National Housing Act (NHA), as referred to in the Estimates narrative.

CMHC funding under the NHA is provided mainly in four ways as follows:

- (i) under Section 40, CMHC may bear 75% of the CMHC approved project budget cost and up to 75% of the annual operating losses of housing projects;
- (ii) under Section 42, CMHC may provide loan funding to the extent of 90% of the CMHC approved cost of acquiring and servicing land.
- (iii) under Section 43, CMHC may provide loan funding to the extent of 90% of the CMHC approved project cost of public housing projects; and
- (iv) under Section 44, CMHC may bear up to 50% of the annual operating losses of public housing projects constructed under Section 43.

The Corporation provides the Financial Management Board (FMB) with details of funding to be obtained from CMHC and funding to be requested of the Government. However, the FMB establishes the detail to be included in the Estimates. The Estimates only show the portion of project costs under Sections 40, 42 and 43 to be funded by capital grants and the net cost of operations to be funded by contributions from the Government. There is no disclosure of program operating costs shared by CMHC under Sections 40 and 44. The Estimates would be more informative if the funding to be provided by CMHC was shown, particularly since Section 42 land assembly projects and Section 43 housing projects result in loans that are guaranteed by the Government.

Recommendation	Comments by the Corporation
1. The Corporation, with the approval of FMB, should seek to improve disclosure in the Estimates by identifying the funding to be provided by CMHC under Sections 40, 42, 43 and 44 of the National Housing Act.	1. The 1984-85 Main Estimates will include a major Information Item reflecting CMHC's overall contribution to the Corporation's Operating and Capital expenditures. Consideration will be given to expanding the 1985-86 Information Item to include details by funding sections under the National Housing Act.

10. Work Done for Others

We referred in last year's management letter to the Corporation undertaking, in 1981, the construction of housing units in Cape Dorset and Lake Harbour for the Inuit Non-Profit Housing Corporation (INPHC) without a signed agreement. The Corporation received no initial funding from INPHC for the construction of these units and is in effect financing the construction costs from its own financial resources.

At March 31, 1983 the Corporation had an account receivable from INPHC of \$586,000. We understand that CMHC has withheld certification of the units because of a number of construction deficiencies which have been, or are being, corrected by the Corporation. Certification by CMHC is a condition precedent to INPHC obtaining bank financing, which has been agreed to in principle, to pay the Corporation. Meanwhile, the Corporation has no signed agreement and is financing the project for INPHC.

Recommendation	Comments by the Corporation
1. The Corporation should not undertake work for others until agreements have been signed and financing arrangements made.	1. The construction project entered into with INPHC commenced in 1981. The Corporation has confirmed that it will not enter into future works for third parties without a signed formal agreement.

11. Accounting Policies and Procedures Manual

We referred in last year's management letter to the dire need for the Corporation to review and document accounting policies and procedures in a users' manual. We noted that the Corporation had established a review committee during the period to address this matter.

Working papers for investments in projects were substantially better than those of the previous year. However, the lack of clearly laid down policies and procedures resulted in a number of adjustments having to be made on an ad hoc basis, because of problems with interpreting policies and procedures by employees. This was particularly the case with respect to loans and advances from CMHC. The related working papers contained errors in opening balances, incorrect calculations of interest, and were not properly balanced with CMHC statements and subsidiary records. As a consequence, the working papers had to be redone leading to delays in finalizing the audit. This is still a problem area. To avoid similar problems in future, a procedure should be established for review and sign off, by the Comptroller, of all year-end working papers.

Recommendations	Comments by the Corporation
-----------------	-----------------------------

- | | |
|---|--|
| 1. The review of accounting policies and procedures should be completed as soon as possible. | 1. The Corporation commenced work on the preparation of detailed Accounting Manuals in April 1983, with assistance provided from GNWT. |
| 2. When completed, the accounting policies and procedures should be approved by the Board of Directors and incorporated into a users' manual. | 2. The Board of Directors of the Corporation will review and approve the accounting and policy manuals. |
| 3. The Comptroller should review and sign off all year-end working papers. | 3. The Comptroller will review and sign all 1983-84 working papers prior to commencement of the year-end audit. |

12. Accounting System and Financial Reporting

In last year's management letter to the Corporation we referred to the Corporation's use of manual accounting systems and recommended computerization. These systems require considerable accounting effort, particularly for financial reporting at year-end, because of the interrelationship of certain accounts.

For year-end purposes, detailed schedules have to be prepared manually for capital projects, mortgages receivable, fixed assets, and loans and advances payable. These schedules show opening balances, summaries of transactions for the period and closing balances. Considerable time and effort is required to prepare them. A late correction can require adjustments to several accounts and working paper schedules, adding to the effort required. We understand that the Corporation is currently reviewing its accounting systems and procedures in order to make changes leading to computerization. Computerization is essential if the Corporation is to have accurate and timely information of benefit to senior management and the Board of Directors.

Recommendation	Comments by the Corporation
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- | | |
|---|--|
| 1. The manual accounting system should be computerized as soon as possible. | 1. The Corporation recognizes the need for the automation of its accounting systems and is working towards this objective. The Corporation proposes to have its systems reviewed in 1983-84 to |
|---|--|

determine if the Government's Financial system can be used. In this regard the Government has provided special expertise to the Corporation to assist them in the effective transition from a manual to a computerized system.

General ledger. The general ledger does not provide the level of detail necessary to meet the Corporation's needs. The structure is simplistic and provides one level of detail only, that is by nature of transaction. This simplistic approach calls for considerable analysis work to be done for financial reporting purposes. The work is very time-consuming because of the volume of transactions requiring analysis and the inter-action of certain accounts.

Recommendation

Comments by the Corporation

2. General ledger account classifications should be reviewed and changed to meet accounting and reporting requirements.

2. The Corporation has implemented a number of changes to its general ledger account classifications as recommended by the Auditor General's Staff. Further improvements will be made as part of the overall automation of the Corporation's Accounting System.

Subsidiary ledgers. Subsidiary ledgers are maintained in the accounting system for accounts receivable, mortgages receivable, construction in progress and loans payable. The following deficiencies were noted:

- mortgages receivable are being manually recalculated to correct errors in prior years and inconsistencies in calculating interest. For these reasons, many Territorial mortgages had no interest charged, or accrued, on them during the period.
- loans payable and accrued interest were not completely balanced with the loan statements received from CMHC, neither was accrued interest balanced with the general ledger.

Although the deficiencies referred to above arise from the manual process, inconsistencies and errors in the calculation and accrual of interest could, depending on the quality and control of the input, probably be eliminated through computerization. Computerization could also result in considerable time savings because of the number of entries and calculations required. It would not be difficult to set up mortgages receivable, loans payable and accrued interest on a micro-computer.

With the rapidly increasing number of loans payable, proper and correct records are essential. Proper and correct records are also essential for mortgages receivable.

Recommendation

Comments by the Corporation

3. Mortgages receivable, loans payable and accrued interest subsidiary ledgers should be computerized.

3. The Corporation proposes that the loans payable and mortgages receivable be one of the first areas to be computerized in 1984-85.

**Report to the Council of the
Northwest Territories
on the examination of the
accounts and financial statements
of the
GOVERNMENT OF THE NORTHWEST TERRITORIES
for the year ended March 31, 1983**

**Prepared By:
Comptrollership
Department of Finance**

GOVERNMENT OF THE NORTHWEST TERRITORIES
ANNUAL REPORT

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AUDITOR GENERAL OF CANADA

VERIFICATEUR GENERAL DU CANADA

The Council of the Northwest Territories

I have examined the statement of assets and liabilities of the Government of the Northwest Territories for the year ended March 31, 1983 and the statements of revenues and expenditures, surplus and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements give a true and fair view of the affairs of the Territories as at March 31, 1983 and its revenues and expenditures and the changes in its financial position for the year then ended in accordance with the accounting policies set out in Note 1 to the financial statements applied, except for the change in the basis of accounting for expenditures as explained in Note 2 to the financial statements, on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Territories, the financial statements are in agreement therewith and the transactions that have come under my notice have been within the statutory powers of the Territories.

Kenneth M. Dye, F. C. A.
Auditor General of Canada

Ottawa, Ontario
August 15, 1983

(Continued under the authority of the Northwest Territories Act, R.S.C. 1970, c. N-22)

Statement of Assets and Liabilities

as at March 31, 1983

	Assets		Liabilities	
	1983	1982	1983	1982
	(thousands of dollars)		(thousands of dollars)	
Current			Current	
Cash and short-term investments \$	12,471	\$ 32,712	Accounts payable \$	25,901
Accounts receivable (Note 4)	35,150	34,471	Accrued liabilities	11,481
Inventories	16,964	18,196	Other liabilities	8,744
Current portion of long-term receivables	2,502	2,363	Unapplied balances of advances from Canada and others	1,117
	67,087	87,742	Current portion of long-term debt	2,031
				49,274
				46,974
Business Loans and Guarantees Fund (Note 5)			Long-term debt	
Business loans	5,455	3,322	Loans from Canada (Note 9)	15,031
Cash available for loans and guarantees	1,545	2,678	Loans from Canada Mortgage and Housing Corporation (Note 10)	1,104
	7,000	6,000	Operating grants refundable to Canada	—
				87
				16,135
				18,486
Students Loan Fund (Note 6)			Business Loans and Guarantees Fund (Note 5)	
Student loans	581	—		7,000
Cash available for loans	369	—		6,000
	950	—		—
			Students Loan Fund (Note 6)	
				950
Long-term receivables			Surplus	
Loans receivable (Note 7)	16,081	16,129		22,579
Due from Canada (Note 8)	4,820	—		95,938
	20,901	16,129		109,871
Fixed assets, at a nominal value of one dollar			Trust liabilities	
	—	—		2,958
	95,938	109,871		2,391
				2,958
				\$ 98,896
				\$ 112,262
Trust assets				
	2,958	2,391		
	\$ 98,896	\$ 112,262		

Approved by:

John H. Parker
Commissioner

Wilson
Comptroller General

Erich Nielsen
Deputy Minister of Finance

GOVERNMENT OF THE NORTHWEST TERRITORIES
Statement of Revenues and Expenditures
for the year ended March 31, 1983

	Revenues		Expenditures	
	1983	1982	1983	1982
	(thousands of dollars)		(thousands of dollars)	
Operations and maintenance			Operations and maintenance	
Taxation and general revenues			Education	\$ 67,560
Income taxes	\$ 26,665	\$ 40,123	Public Works	58,815
Fuel and other taxes	13,908	9,954	Health	50,939
Liquor Control System — net income excluding salaries \$886,000 (1982 — \$720,000)	9,083	8,304	Local Government	29,387
Interest — investments	6,946	11,377	Social Services	29,061
Profit on sale of petroleum products	3,082	4,485	Northwest Territories Housing Corporation (Note 12)	28,367
Interest — other	2,153	2,006	Justice and Public Services	21,238
Licences, fees and permits	2,569	2,280	Economic Development and Tourism	17,016
	64,406	78,529	Personnel	13,947
			Highways	13,773
Other revenues			Government Services	12,016
Rental of housing, offices and buildings	8,519	5,722	Executive	9,205
Economic Development projects	1,860	2,569	Renewable Resources	8,538
Repair and maintenance services	836	560	Finance	5,341
Utilities	543	687	Legislative Assembly Information	4,225
Board and lodging	391	397	Interest on loans from Canada	1,976
Assistance programs	356	281	Financial Management Secretariat	689
Other	2,203	2,166		447
	14,708	12,382		374,487
				303,274
Recoveries under agreements with Canada			Capital	
Cost shared programs	30,628	22,199	Local Government	21,243
Established program funding	14,593	11,120	Education	19,115
Federally funded programs	2,331	270	Public Works	18,044
	47,552	33,589	Northwest Territories Housing Corporation	7,573
			Government Services	4,987
Operating grant from Canada (Note 11)			Highways	2,509
	248,615	184,963	Health	1,868
	375,281	309,463	Economic Development	989
			Social Services	821
Capital			Renewable Resources	497
Grant from Canada	62,472	73,755	Information	397
Sale of capital assets	1,707	900	Justice and Public Services	384
	64,179	74,655	Executive	253
			Finance	175
			Personnel	—
Other recoveries			Legislative Assembly	—
Projects for Canada and others	22,654	20,846	Financial Management Secretariat	—
				5
				78,855
				69,330
Excess of expenditures over revenues (revenues over expenditures) for the year			Other expenditures	
	13,882	(11,514)	Projects for Canada and others	22,654
	\$ 475,996	\$ 393,450		20,846

Approved by:

John H. Parker
Commissioner

Wilson
Comptroller General

Erich Nielsen
Deputy Minister of Finance

GOVERNMENT OF THE NORTHWEST TERRITORIES
Statement of Surplus
for the year ended March 31, 1983

	1983	1982
	(thousands of dollars)	
Balance at beginning of the year	\$ 39,583	\$ 32,897
as previously reported	(1,172)	—
Correction of 1982 surplus (Note 3)	<u>38,411</u>	<u>32,897</u>
As restated		
Excess of expenditures over revenues (revenues over expenditures) for the year	13,882	(11,514)
	<u>24,529</u>	<u>44,411</u>
Business Loans and Guarantees Fund (Note 5)	(1,000)	(6,000)
Students Loan Fund (Note 6)	(950)	—
Balance at end of the year	<u>\$ 22,579</u>	<u>\$ 38,411</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES
Statement of Changes in Financial Position
for the year ended March 31, 1983

	1983	1982
	(thousands of dollars)	
Funds provided		
Repayment of loans — municipalities and school districts	\$ 1,068	\$ 834
Repayment of business loans	1,118	718
Repayment of other loans	58	15
Loans from Canada	—	2,352
Excess of revenues over expenditures for the year	<u>—</u>	<u>11,514</u>
	<u>2,244</u>	<u>15,433</u>
Funds applied		
Excess of expenditures over revenues for the year	13,882	—
Operating grants refundable by Canada	4,907	1,328
Repayment of loans from Canada	2,134	1,258
Business Loans and Guarantees Fund	2,118	3,775
Loans to municipalities and school districts	984	2,352
Students Loan Fund	950	—
Repayment of loans from Canada Mortgage and Housing Corporation	130	118
Other long term loans	94	—
	<u>25,199</u>	<u>8,831</u>
Increase (decrease) in working capital	(22,955)	6,602
Working capital at beginning of the year	40,768	34,166
Working capital at end of the year	<u>\$ 17,813</u>	<u>\$ 40,768</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES
Notes to Financial Statements
for the year ended March 31, 1983

1. Accounting policies

Financial statements

These financial statements are prepared in accordance with Section 23 of the Northwest Territories Act and Section 45 of the Financial Administration Ordinance and include the assets, liabilities and net income of the Northwest Territories Liquor Control System, and the assets, liabilities, profits and losses of revolving funds. The financial statements of the Northwest Territories Housing Corporation and the Workers' Compensation Board (Northwest Territories) have not been consolidated and have been reported upon separately.

Basis of accounting

Operations and maintenance, and capital expenditures are recorded on an accrual basis except for interest on long-term debt, and employee leave and termination benefits which are recorded on a cash basis. Accruals include accounts payable for goods received and services rendered to March 31, for which payment was made during the month of April, and accrued liabilities for those payments which could not be made in that month.

Taxation and general revenues, and other revenues are recorded on a cash basis except for income taxes, net income from the Liquor Control System and profits and losses of revolving funds, which are recorded on an accrual basis.

Inventories

Inventories are valued at cost and consist primarily of bulk fuel products, liquor, and finished arts and crafts products. Other materials and supplies are charged to expenditures at the time of acquisition.

Fixed assets

Fixed assets, consisting of roads, bridges, ferries, buildings, public works, land, equipment and vehicles are charged to expenditures at the time of acquisition or construction. These assets are shown on the statement of assets and liabilities at a nominal value of one dollar.

Trust assets

Trust assets in respect of funds held under the administration of the Public Administrator and the Supreme Court comprise cash and term deposits, investments at cost, real estate at assessed value for tax purposes, and sundry assets recorded at a nominal value of one dollar.

Income taxes

Income taxes, levied under the Income Tax Ordinance, are collected by Canada under a tax collection agreement and are remitted in monthly instalments, based on estimated amounts. The remittances are recorded as revenue when received from Canada and accruals are made for known adjustments arising from finalization of income tax assessments.

Recognition of operating results of the Liquor Control System, revolving funds and Territorial corporations.

The net income of the Liquor Control System and profits and losses of revolving funds for the fiscal year are reflected in the accounts of the Territories as revenues and expenditures in that year. The cost of operation of the Northwest Territories Housing Corporation is reflected in the accounts to the extent of contributions and grants paid. The income of the Workers' Compensation Board (Northwest Territories), is retained by the Board to provide stability to the industry classes rating structure and is therefore not reflected in the accounts.

Recoveries under agreements with Canada

Expenditures are recovered from the Government of Canada under specific cost-sharing agreements. The amounts are recorded as recoverable in the year in which the expenditures are incurred.

Grants from Canada

Operating and capital grants are negotiated annually with the Government of Canada. The amounts are receivable in monthly instalments and are recorded as revenues when received. Periodic adjustments, as they become known, are made to the operating grants for income tax collections and Established Program Financing contributions which are more or less than the estimated amounts used to determine the operating grant for the fiscal year.

Projects for Canada and others

The Government undertakes projects for the Government of Canada and others for which it usually receives accountable advances. Expenditures are recorded as recovered from the advances in the year that the expenditures are incurred. Any unapplied balances of the advances are recorded as current liabilities, and expenditures in excess of advances are recorded as current assets.

2. Change in accounting policy

In 1983 the Government of the Northwest Territories changed its policy of accounting for expenditures from a cash basis, including payments made in April for goods and services rendered to March 31 of the fiscal year, to a full accrual basis. The effect of the change in accounting policy has been to increase expenditures by \$11,481,000 for the year ended March 31, 1983. Since this change in accounting policy is reflected in amounts to be appropriated for expenditures of the fiscal year, the change in accounting policy has not been applied retroactively. Furthermore, the amount to be accrued at the end of the previous year cannot be reasonably determined.

3. Correction of 1982 surplus

A duplication in recording certain recoveries, in the amount of \$1,172,000, resulted in an overstatement of 1982 surplus. The following previously reported 1982 amounts have been restated to give retroactive effect to the correction:

	As previously reported	As restated
	(thousands of dollars)	
Accounts receivable Surplus	\$ 35,643	\$ 34,471
Cost-shared program recoveries	39,583	38,411
Surplus for the year	23,371	22,199
	12,686	11,514

4. Accounts receivable

	1983	1982
	(thousands of dollars)	
Due from Canada	\$ 24,967	\$ 21,969
Revolving funds		
Petroleum, oil and lubricants, net of allowance for doubtful accounts of \$2,511,000 (1982 — \$2,326,000)	7,463	9,557
Other	384	817
	7,847	10,374
Due from Northwest Territories Housing Corporation	1,772	1,335
Other	564	793
	<u>\$ 35,150</u>	<u>\$ 34,471</u>

In addition to the above, accounts receivable of \$7,164,000 (1982 — \$4,124,000) are maintained on a memorandum basis only, and are recorded as revenues when collected.

No allowance has been recorded for doubtful accounts receivable of \$387,000 (1982 — \$104,000) including \$232,000 (1982 — \$49,000) for memorandum accounts receivable. The amounts may not be written off until they are deemed not to be recoverable.

5. Business Loans and Guarantees Fund

The business loans program is operated under the authority of the Business Loans and Guarantees Ordinance which established a ceiling of \$7 million for business loans and guarantees up to March 31, 1983, to be increased by \$1 million in each of the next four years to a maximum of \$11 million by March 31, 1987. \$5 million has been received from Canada for business loan purposes and credited to revenues in prior years.

Loans outstanding include principal amounts totalling \$649,000 (1982 — \$404,000) which are of doubtful collectability. Not included is accrued interest of \$250,000 (1982 — \$156,000) of which \$120,000 (1982 — \$57,000) is of doubtful collectability. These loans are payable in instalments to the year 1993, and bear interest at rates between 5% and 22 1/4%.

6. Students Loan Fund

The Students Loan Fund was established in 1983 and is operated under the authority of the Student Financial Assistance Ordinance which established a ceiling of \$950,000 for aggregate principal of student loans outstanding up to March 31, 1983, to be increased in each of the next four years to a maximum of \$7,150,000 by March 31, 1987.

Interest begins accruing on these loans six months after the borrower ceases to be a full-time student at a rate that is one percent less than the prime rate, as determined and published by the Bank of Canada. The Commissioner may grant remission of the loans, in whole or in part, where conditions of employment within the Northwest Territories are complied with as stipulated in the regulations.

7. Loans receivable

	1983	1982
	(thousands of dollars)	
Loans to municipalities and school districts, due in varying annual amounts to the year 2005, bearing interest at rates between 5 3/4% and 17 7/8%	\$ 17,832	\$ 18,343
Other loans, comprising loans of \$109,000, due in monthly instalments to the year 2005, bearing interest at 7% and \$128,000 due in annual instalments to 1986, interest free	237	149
	18,069	18,492
Less current portion	1,988	2,363
	<u>\$ 18,081</u>	<u>\$ 16,129</u>

8. Due from (to) Canada

The financial agreement with Canada provides for the operating grant from Canada to be adjusted should the actual amounts remitted by Canada for income tax collections and Established Programs Financing (EPF) contributions be more or less than the estimated amounts used to determine the operating grant for each fiscal year. In addition, a tax collection agreement with Canada provides for income tax remittances to be adjusted based on completed income tax assessments. Adjustments have been made during the year for 1981 and prior taxation years based on completed individual tax assessments as of December 31, 1982 and Corporate income tax assessments as of February 28, 1983. Accordingly, the following amounts are due from (to) Canada pursuant to these agreements:

	1983	1982
	(thousands of dollars)	
Operating grant adjustments in respect of:		
Income tax collections		
1980	\$ —	\$ (2,302)
1981	688	(10,382)
1982	6,003	(2,742)
EPF contributions		
1981	1,686	1,884
1982	65	771
1983	322	—
	<u>8,764</u>	<u>(12,771)</u>
Income tax remittance adjustments in respect of:		
Corporate income taxes	(5,947)	—
Individual income taxes	2,517	—
	<u>(3,430)</u>	<u>—</u>
	5,334	(12,771)
Less current portion in respect of:		
Operating grant adjustments	2,374	12,684
Income tax remittance adjustments	(1,860)	—
	514	12,684
	<u>\$ 4,820</u>	<u>\$ (87)</u>

The adjustments to the operating grants are to be added to monthly instalments of the operating grant as follows:

1981 income tax, on or before July 1, 1983
1982 income tax, on or before July 1, 1984
1981 EPF, on or before October 1, 1983
1982 EPF, on or before October 1, 1984
1983 EPF, on or before October 1, 1985

The adjustment to the income tax remittances will be deducted from income tax installment payments in 1984, 1985 and 1986.

9. Loans from Canada

Loans from Canada represent borrowings, the proceeds from which were loaned to municipalities, school districts and other third parties. The loans are repayable in varying amounts to the year 2002 and bear interest at rates between 5 9/16% and 18 3/8%.

The estimated principal repayment and interest requirements over the next five years are as follows:

	Principal	Interest	Total
	(thousands of dollars)		
1984	\$1,901	\$1,783	\$3,684
1985	1,330	1,492	2,822
1986	1,359	1,357	2,716
1987	1,469	1,298	2,767
1988	1,423	1,068	2,491

10. Loans from Canada Mortgage and Housing Corporation

Loans from Canada Mortgage and Housing Corporation were used to assist in financing of the townsite development at Nanisivik. The loans are repayable in annual amounts to the year 1990 and bear interest at rates between 9 3/8% to 9 3/4%. Principal repayments and interest requirements over the next five years are as follows:

	Principal	Interest	Total
	(thousands of dollars)		
1984	\$130	\$123	\$253
1985	143	110	253
1986	157	96	253
1987	173	80	253
1988	190	63	253

11. Operating grant from Canada

	1983	1982
	(thousands of dollars)	
Received per financial agreement with Canada	\$ 239,764	\$ 200,159
Adjustments in respect of:		
Income tax collections and EPF contributions	8,851	(11,356)
1982 utilities overpayments refunded	—	(3,840)
	<u>\$ 248,615</u>	<u>\$ 184,963</u>

12. Northwest Territories Housing Corporation

Under Section 19 of the Northwest Territories Housing Corporation Ordinance the Government makes contributions and grants, from funds appropriated, to meet the operating, maintenance and capital costs of the Corporation. Section 19 further provides for a grant to be made to the Corporation, from funds appropriated, equivalent to the operating deficit, if any, at the end of the Corporation's fiscal year.

As at March 31, 1983 the Government had contributed \$1,410,000 (March 31, 1982 — \$1,729,000) more than was required to meet the Corporation's operating costs. This amount may be refunded, at the request of the Government, under the terms of the financial agreement with the Corporation.

13. Pensions

Contributions are made by the Government and its employees to the Public Service Superannuation and Supplementary Retirement Benefits Accounts of Canada. The liability of the Government with respect to pensions is satisfied by its matching contributions. Any liability for actuarial deficiencies in the Public Service Superannuation and Supplementary Retirement Benefits Accounts is assumed by Canada.

Contributions are also made by the Government to a fund known as the Legislative Assembly Retiring Allowances Fund, to fund non-contributory allowances and benefits earned by members of the Legislative Assembly. Any liability for actuarial deficiencies in the Legislative Assembly Retiring Allowances Fund is assumed by the Government.

14. Commitments

The Government leases office space and staff accommodation under the terms of long-term lease agreements. Lease payments for which the Government is committed are as follows:

	(thousands of dollars)
1984	\$ 9,845
1985	9,491
1986	9,108
1987	8,804
1988	8,719
1989-1998	42,057

15. Contingencies

(a) The Government has guaranteed the following:

	(thousands of dollars)
Loans payable by the Northwest Territories Housing Corporation	\$ 90,674
Line of credit for the Northwest Territories Liquor Control System for overseas purchases of liquor	500
Loans by chartered banks to commercial fishermen and businesses	305

(b) Pending and threatened litigation may involve the Government in potential losses of about \$1,438,000

16. Comparative figures

Comparative figures have been restated for 1982 to conform with the current years presentation.

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Debenture Loans to Municipalities (Summary)
for the year ended March 31, 1983

Schedule I

	Original Balance	Principal Balance March 31, 1982	Principal Repayments	New Loans	Adjustments	Principal Balance March 31, 1983
Village of Frobisher Bay	\$ 215,000.00	\$ 180,392.14	\$ 18,979.84	—	—	161,412.30
Town of Inuvik	2,112,465.42	1,728,704.08	116,707.05	—	—	1,253,025.38
Village of Fort Simpson	190,920.00	87,448.25	5,561.84	81,920.00	(358,971.65)	163,806.41
Town of Hay River	2,827,103.95	2,009,396.83	147,391.02	50,000.00	—	1,912,005.81
Town of Pine Point	3,485,381.89	2,801,097.97	466,927.89	150,000.00	(76,631.86)	2,407,538.22
Town of Fort Smith	2,580,132.00	928,769.06	106,462.79	—	—	822,306.27
City of Yellowknife	13,443,588.25	10,384,297.79	506,196.44	702,500.00	.10	10,580,601.45
	\$ 24,854,591.51	\$ 18,120,106.12	\$ 1,368,226.87	\$ 984,420.00	\$ (435,603.41)	\$ 17,300,695.84

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Debenture Loans to Schools and Municipalities
 for the year ended March 31, 1983

Schedule I
Continued

School districts	Year of Issue	Maturity Date	Interest Rate	Original Amount	Principal Balance March 31/82	New Loans	Principal Repayments	Adjustments	Principal Balance March 31/83
Yellowknife No. 1									
5	68	Sept. 1, 1980	5 1/8	\$ 95,000.00	\$ 19.79	\$ —	\$ —	\$ —	\$ 19.79
8	71	July 1, 1991	7 7/8	45,000.00	30,640.49	—	2,127.94	—	28,512.55
9	71	July 1, 1991	6 15/16	267,000.00	176,664.59	—	12,824.90	—	163,839.69
10	72	Sept 15, 1982	7 3/8	42,000.00	5,665.46	—	5,665.46	—	—
11	73	Feb. 1, 1993	7 15/16	419,000.00	299,438.36	—	18,595.80	—	280,842.56
				\$ 868,000.00	\$ 512,428.69	\$ —	\$ 39,214.10	\$ —	\$ 473,214.59
Yellowknife No. 2									
4	66	Sept 1, 1986	5 3/4	\$ 70,000.00	\$ 24,478.07	\$ —	\$ 4,341.98	\$ —	\$ 20,136.09
5	69	Oct. 15, 1989	7 3/4	50,000.00	28,997.49	—	2,750.93	—	26,246.56
7	72	July 31, 1992	7 5/16	50,000.00	35,696.68	—	2,224.64	—	33,472.04
				\$ 170,000.00	\$ 89,172.24	\$ —	\$ 9,317.55	\$ —	\$ 79,854.69
TOTAL SCHOOL DISTRICTS				\$ 1,038,000.00	\$ 601,600.93	\$ —	\$ 48,531.65	\$ —	\$ 553,069.28
Village of Frobisher Bay									
3	77	Nov. 19, 1992	8 1/2	\$ 150,000.00	\$ 125,881.24	\$ —	\$ 7,363.16	\$ —	\$ 118,518.08
4	80	July 31, 1985	10 3/4	65,000.00	54,510.90	—	11,616.68	—	42,894.22
				\$ 215,000.00	\$ 180,392.14	\$ —	\$ 18,979.84	\$ —	\$ 161,412.30
Town of Inuvik									
1	71	Dec. 5, 1991	7 13/16	\$ 80,403.01	\$ 53,617.25	\$ —	\$ 3,846.81	\$ —	\$ 49,770.44
3	74	Oct. 15, 1994	8 1/4	125,000.00	101,103.63	—	4,629.15	—	96,474.48
4	74	Oct. 15, 1982	7 11/16	200,000.00	29,035.65	—	29,035.65	—	304,428.23
5	75	Mar. 1, 2002	9	350,000.00	311,982.04	—	7,553.81	—	92,145.93
6	75	Mar. 1, 1990	8 3/8	150,000.00	101,568.02	—	9,422.09	—	92,031.12
10	76	Apr. 1, 2001	9 7/8	100,000.00	93,690.29	—	1,659.17	—	139,799.29
12	78	July 1, 1988	9	200,000.00	156,847.06	—	17,047.77	—	388,377.15
13	78	July 1, 1988	9 3/8	425,000.00	398,797.73	—	10,420.58	(358,971.65)	—
14	81	Dec. 1, 1988	10	378,441.41	378,441.41	—	19,469.76	—	89,998.74
15	82	Mar. 24, 1992	15 3/8	103,621.00	103,621.00	—	13,622.26	—	—
				\$ 2,122,465.42	\$ 1,728,704.08	\$ —	\$ 116,707.05	\$ (358,971.65)	\$ 1,253,025.38

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Debenture Loans to Schools and Municipalities
 for the year ended March 31, 1983

Schedule I
Continued

Municipality	Year of Issue	Maturity Date	Interest Rate	Original Amount	Principal Balance March 31/82	New Loans	Principal Repayments	Adjustments	Principal Balance March 31/83
Village of Fort Simpson									
2	74	Oct. 10, 1989	9 1/4	\$ 35,000.00	\$ 24,161.26	\$ —	\$ 2,171.65	\$ —	\$ 21,989.61
3	75	Oct. 10, 1990	8 3/8	19,000.00	13,967.12	—	1,101.10	—	12,866.02
4	79	Mar. 31, 1994	10 1/8	55,000.00	49,319.87	—	2,289.09	—	47,030.78
5	82	Dec. 20, 1987	13	81,920.00	—	81,920.00	—	—	81,920.00
				\$ 190,920.00	\$ 87,448.25	\$ 81,920.00	\$ 5,561.84	\$ —	\$ 163,808.41
Town of Pine Point									
1	73	Sept. 5, 1983	7 1/2	\$ 117,000.00	\$ 30,605.90	\$ —	\$ 14,749.81	\$ —	\$ 15,856.09
2	73	Sept. 5, 1983	7 1/2	182,000.00	46,564.48	—	23,122.50	—	23,441.98
3	74	Aug. 1, 1984	9 1/4	39,001.50	17,923.11	—	5,454.29	—	12,468.82
4	74	Sept. 5, 1984	9 1/4	155,000.00	61,530.26	—	18,727.62	—	42,802.64
5	74	Dec. 15, 1994	8 3/4	80,000.00	65,312.27	—	2,893.88	—	62,418.39
6	75	Sept. 2, 1985	8	170,000.00	83,912.80	—	18,621.99	—	65,290.81
7	76	Oct. 15, 1995	9 3/4	40,000.00	34,491.44	—	1,255.55	—	33,235.89
8	76	July 2, 1996	9 3/4	160,000.00	142,541.86	—	4,576.04	—	137,965.82
9	79	Sept. 23, 1987	8 1/8	701,731.08	565,043.30	—	100,149.83	23,368.14	488,261.61
10	79	Nov. 30, 1994	10 7/8	200,000.00	187,618.71	—	7,217.86	—	180,400.85
11	79	Dec. 11, 1989	10 7/8	243,672.00	212,757.94	—	18,021.80	—	194,736.14
12	80	Mar. 27, 1985	11 7/8	18,500.00	12,314.69	—	3,653.83	—	8,660.86
13	80	Mar. 27, 1985	11 7/8	19,500.00	12,980.35	—	3,851.33	—	9,129.02
14	80	July 31, 1983	10 5/8	48,000.00	33,585.75	—	15,945.76	—	17,639.99
15	81	Aug. 27, 1990	11 3/4	209,582.21	329,813.11	—	134,566.09	—	195,247.02
16	81	Aug. 27, 1990	11 3/4	63,761.49	65,962.62	—	6,562.34	—	59,400.28
17	80	Aug. 28, 1990	11 3/4	95,000.00	89,520.70	—	6,123.12	—	83,397.58
18	81	Oct. 22, 1990	13 1/4	17,633.61	33,618.68	—	17,116.86	—	16,501.82
19	81	July 10, 1986	15 5/8	100,000.00	100,000.00	—	14,649.20	—	85,350.80
20	81	July 10, 1986	15 5/8	150,000.00	150,000.00	—	21,973.80	—	128,026.20
21	81	Oct. 5, 1985	18 3/8	100,000.00	100,000.00	—	13,269.81	—	86,730.19
22	81	Nov. 16, 1991	17 1/8	325,000.00	325,000.00	—	14,424.58	—	310,575.42
23				100,000.00	100,000.00	—	—	(100,000.00)	—
24	82	Sept. 9, 1996	14 1/2	150,000.00	—	150,000.00	—	—	150,000.00
				\$ 3,485,381.89	\$ 2,801,097.97	\$ 150,000.00	\$ 466,927.89	\$ (76,631.86)	\$ 2,407,538.22

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Debenture Loans to Schools and Municipalities
 for the year ended March 31, 1983

Schedule I
Continued

Municipality	Year Of Issue	Maturity Date	Interest Rate	Original Amount	Principal Balance March 31/82	New Loans	Principal Repayments	Adjustments	Principal Balance March 31/83
Town of Fort Smith									
1	67	July 15, 1982	6	\$ 33,000.00	\$ 3,212.67	\$ —	\$ 3,212.67	\$ —	\$ —
2	68	Sept. 1, 1983	6 3/4	35,000.00	6,862.24	—	3,319.16	—	3,543.08
3	69	Oct. 1, 1984	7 13/16	16,200.00	4,838.68	—	1,492.98	—	3,345.70
4	69	Oct. 15, 1984	7 7/8	15,000.00	4,492.14	—	1,385.32	—	3,106.82
5	70	Mar. 30, 1990	8 1/2	40,000.00	23,835.92	—	2,200.79	—	21,635.13
6	70	Mar. 31, 1990	8 1/2	15,000.00	8,938.56	—	—	—	8,938.56
7	70	Nov. 30, 1985	7 13/16	20,000.00	7,682.39	—	1,709.74	—	5,972.65
8	71	Sept. 1, 1991	7 7/8	45,320.00	30,858.37	—	2,143.07	—	28,715.30
9	71	Sept. 30, 1986	6 3/8	22,500.00	9,897.41	—	1,742.84	—	8,154.57
10	72	Oct. 1, 2002	7 11/16	30,000.00	26,543.22	—	546.19	—	25,997.03
11	72	Nov. 30, 1994	7 11/16	27,000.00	23,888.92	—	491.57	—	23,397.35
12	73	Sept. 1, 1993	7 5/8	18,150.00	13,811.71	—	744.22	—	13,067.49
13	73	Sept. 15, 1988	7 1/4	85,000.00	50,650.50	—	5,808.29	—	44,842.21
14	73	Dec. 15, 1993	7 11/16	20,000.00	15,230.42	—	820.16	—	14,410.26
15	73	Dec. 15, 1993	7 11/16	23,325.00	17,762.50	—	956.51	—	16,805.99
16	74	Dec. 1, 2004	9 5/8	120,000.00	112,665.59	—	1,487.98	—	111,177.61
17	75	Dec. 1, 1990	7 7/8	55,000.00	40,051.52	—	3,221.33	—	36,830.19
18	75	June 15, 1990	8 3/8	30,000.00	21,579.01	—	1,778.44	—	19,800.57
19	75	June 15, 1985	8	200,000.00	95,757.85	—	22,145.27	—	73,612.58
20	76	Dec. 15, 1995	10	36,000.00	31,150.37	—	1,113.51	—	30,036.86
21	77	May 25, 1997	9	140,000.00	127,485.58	—	3,862.81	—	123,622.77
22	78	Sept 29, 1983	9	153,000.00	69,194.92	—	33,107.60	—	36,087.32
23	78	Sept. 29, 1998	9 1/2	20,000.00	18,782.75	—	485.17	—	18,297.58
24	79	Nov. 6, 1984	10 7/8	30,509.00	20,152.85	—	6,037.27	—	14,115.58
25	79	Nov. 6, 2000	10 7/8	72,633.00	70,107.48	—	1,472.29	—	68,635.19
26	80	July 31, 1991	11	78,000.00	73,335.49	—	5,177.61	—	68,157.88
				\$ 2,580,132.00	\$ 928,769.06	\$ —	\$ 108,462.79	\$ —	\$ 822,306.27

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Debenture Loans to Schools and Municipalities
 for the year ended March 31, 1983

Schedule I
Continued

Municipality	Year Of Issue	Maturity Date	Interest Rate	Original Amount	Principal Balance March 31/82	New Loans	Principal Repayments	Adjustments	Principal Balance March 31/83
Town of Hay River									
12	68	Nov. 1, 1988	6 3/4	\$ 60,000.00	\$ 30,194.78	\$ —	\$ 3,515.85	\$ —	\$ 26,678.93
14	69	Oct. 15, 1989	7 3/4	25,000.00	14,498.56	—	1,375.49	—	13,123.07
15	70	Mar. 31, 1990	8 1/2	50,000.00	29,794.28	—	—	—	29,794.28
16	70	Oct. 1, 1995	8 1/4	195,000.00	106,504.85	—	4,323.60	—	102,181.25
21	72	Dec. 1, 1992	7 11/16	150,000.00	108,175.59	—	6,608.49	—	101,567.10
23	73	May 31, 1983	6 3/4	231,545.32	69,672.00	—	33,698.68	—	35,973.32
24	73	Sept. 15, 1988	7 9/16	29,050.00	17,326.54	—	2,006.31	—	15,320.23
25	73	Sept. 1, 1988	7 9/16	68,000.00	40,557.84	—	4,696.35	—	35,861.49
27	74	Mar. 15, 1984	7 3/16	21,535.00	5,621.86	—	—	—	5,621.86
28	73	Sept. 1, 1993	7 11/16	100,000.00	76,208.23	—	4,091.15	—	72,117.08
29	74	Nov. 1, 1998	9 3/8	150,000.00	214,666.13	—	—	—	214,666.13
30	76	Feb. 1, 1990	9 3/8	332,113.63	253,197.57	—	—	—	253,197.57
31	75	Mar. 1, 2004	9	50,000.00	70,579.08	—	—	—	70,579.08
32	75	Mar. 1, 1990	8 3/8	180,000.00	121,881.64	—	—	—	121,881.64
33	75	Oct. 15, 1995	10	70,000.00	60,570.20	—	2,165.15	—	58,405.05
35	76	Jan. 15, 1996	9 3/4	55,000.00	47,425.76	—	1,726.38	—	45,699.38
36	76	Apr. 15, 1991	9 3/8	64,700.00	51,799.38	—	3,348.93	—	48,450.68
40	76	Nov. 15, 1983	9 1/4	75,000.00	26,279.61	—	12,566.36	—	13,713.02
41	76	Dec. 1, 1997	9 1/2	143,140.00	133,657.62	—	2,469.56	—	131,188.06
42	76	Dec. 1, 1983	9 1/8	98,000.00	34,338.42	—	16,420.03	—	17,918.39
43	77	Sept. 23, 1984	8	69,450.00	34,377.00	—	10,589.27	—	23,787.73
44	77	Sept. 23, 1984	8	27,237.00	13,482.05	—	4,152.91	—	9,329.14
45	77	Sept. 23, 1984	8	15,193.00	7,520.40	—	2,316.52	—	5,203.88
46	77	Sept. 23, 1984	8	58,980.00	29,194.47	—	8,992.87	—	20,201.60
47	77	Sept. 23, 1997	8 3/4	40,000.00	36,336.41	—	1,124.63	—	35,211.78
48	78	July 1, 1983	8 3/4	35,000.00	15,779.85	—	7,559.20	—	8,220.65
49	80	Jan. 2, 1987	10 3/4	108,160.00	84,756.71	—	13,643.29	—	71,113.42
50	82	Mar. 24, 1992	15 1/2	150,000.00	150,000.00	—	—	—	150,000.00
51	82	Mar. 24, 1997	15 1/2	125,000.00	125,000.00	—	—	—	125,000.00
52	83	Feb. 1, 1988	14	50,000.00	—	50,000.00	—	—	50,000.00
				\$ 2,827,103.95	\$ 2,009,396.83	\$ 50,000.00	\$ 147,391.02	\$ —	\$ 1,912,005.81

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Debenture Loans to Schools and Municipalities
 for the year ended March 31, 1983

Schedule I
Continued

Municipality	Year Of Issue	Maturity Date	Interest Rate	Original Amount	Principal Balance March 31/82	New Loans	Principal Repayments	Adjustments	Principal Balance March 31/83
City of Yellowknife									
25	69	Oct. 1, 1984	7 7/8	\$ 27,200.00	\$ 8,145.74	\$ —	\$ 2,512.05	\$ —	\$ 5,633.69
26	69	Oct. 1, 1989	7 3/4	9,000.00	5,231.74	—	494.22	—	4,737.52
29	69	Oct. 1, 1989	7 3/4	32,500.00	18,848.65	—	1,788.08	—	17,060.57
32	70	Jan. 31, 1990	8 1/2	30,000.00	17,876.94	—	—	—	17,876.94
33	70	July 31, 1990	8 1/4	10,000.00	6,413.31	—	—	—	6,413.31
34	70	July 31, 1990	8 1/4	174,505.00	111,925.04	—	8,872.58	—	103,052.46
36	70	July 31, 1990	8 1/4	11,540.00	7,391.06	—	588.24	—	6,802.82
39	70	July 31, 1985	8	15,000.00	5,804.34	—	1,288.09	—	4,516.25
40	70	July 31, 1990	8 1/4	25,000.00	16,033.40	—	1,271.28	—	14,762.12
49	71	Sept 30, 1991	6 15/16	50,000.00	33,082.44	—	2,401.73	—	30,680.71
52	71	Sept 30, 1991	6 15/16	61,500.00	40,691.39	—	2,954.12	—	37,737.27
54	71	Sept. 30, 1991	7 1/2	12,000.00	8,079.72	—	571.13	—	7,508.59
57	71	Sept. 30, 1991	7 13/16	175,000.00	116,700.02	—	8,372.70	—	108,327.32
62	72	Nov. 1, 1982	6 11/16	3,000.00	394.53	—	394.53	—	—
63	72	Nov. 1, 1992	7 5/16	30,000.00	21,417.95	—	1,334.79	—	20,083.16
64	72	Nov. 1, 1992	7 5/16	10,000.00	7,139.36	—	444.92	—	6,694.44
65	72	Nov. 1, 1992	7 5/16	30,000.00	21,417.95	—	1,334.79	—	20,083.16
67	72	July 1, 1982	7 3/16	65,000.00	8,708.49	—	8,708.49	—	—
68	72	Nov. 1, 1982	7 3/16	42,500.00	5,693.89	—	5,693.89	—	—
69	72	Nov. 1, 1982	7 3/16	39,500.00	5,289.49	—	5,289.49	—	—
71	72	Nov. 1, 1987	7 1/4	11,650.00	6,146.03	—	853.79	—	5,292.24
72	73	Aug. 31, 1983	7 1/2	25,000.00	6,539.71	—	3,151.67	—	3,388.04
73	73	Aug. 31, 1983	7 1/2	70,000.00	18,311.26	—	8,824.67	—	9,486.59
74	73	Sept. 1, 1993	7 11/16	16,000.00	12,193.28	—	654.59	—	11,538.69
75	73	Sept. 1, 1993	7 7/16	14,600.00	11,128.01	—	597.03	—	10,530.98
76	74	Sept. 1, 1983	7 7/16	26,850.25	7,127.46	—	3,366.41	—	3,761.05
78	74	Mar. 15, 1984	7 7/16	7,000.00	1,827.40	—	880.99	—	946.41
79	74	Mar. 15, 1984	7 7/16	12,500.00	3,263.25	—	1,573.19	—	1,690.06
80	74	Mar. 15, 1994	7 11/16	41,500.00	30,633.67	—	1,850.73	—	28,782.94
82	74	Oct. 31, 1984	9 1/4	170,800.00	67,802.38	—	20,636.61	.10	47,165.87
83	74	Oct. 31, 1994	9 3/8	15,000.00	12,383.10	—	526.51	—	11,856.59
84	74	Oct. 31, 1998	9 5/8	100,000.00	93,887.99	—	1,239.98	—	92,648.01
85	74	Oct. 31, 1994	9 3/4	25,000.00	20,770.86	—	861.55	—	19,909.31
86	74	Dec. 1, 1994	9 3/4	908,000.00	754,623.03	—	31,245.58	—	723,377.65
89	75	Apr. 1, 1985	7 3/8	86,400.00	42,035.59	—	9,415.48	—	32,620.11
99	75	Aug. 31, 1985	8	7,065.00	3,489.55	—	773.74	—	2,715.81
100	75	Dec. 31, 1985	8	125,000.00	61,740.75	—	13,689.43	—	48,051.32
101	75	Oct. 31, 1985	8	3,250.00	1,605.23	—	355.93	—	1,249.30
102	75	Dec. 1, 1985	8	150,000.00	74,088.98	—	16,427.30	—	57,661.68
103	75	Dec. 1, 1985	8	5,000.00	2,469.61	—	547.58	—	1,922.03
104	75	Dec. 1, 1985	8	5,000.00	2,469.61	—	547.58	—	1,922.03

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Debenture Loans to Schools and Municipalities
 for the year ended March 31, 1983

Schedule I
Continued

Municipality	Year Of Issue	Maturity Date	Interest Rate	Original Amount	Principal Balance March 31/82	New Loans	Principal Repayments	Adjustments	Principal Balance March 31/83
City of Yellowknife									
105	75	Oct. 31, 1985	8	\$ 37,000.00	\$ 18,275.28	\$ —	\$ 4,052.06	\$ —	\$ 14,223.22
106	75	Oct. 31, 1990	8 3/8	20,000.00	14,710.70	—	1,158.13	—	13,552.57
107	75	Oct. 31, 1990	8 3/8	68,000.00	50,008.69	—	3,939.32	—	46,069.37
108	75	Oct. 31, 1990	8 3/8	54,000.00	39,712.79	—	3,128.28	—	36,584.51
109	75	July 15, 2005	9 3/8	302,000.00	286,422.05	—	3,527.48	—	282,894.57
110	75	July 15, 2005	9 3/8	320,000.00	301,306.70	—	3,942.75	—	297,363.95
111	75	Aug. 31, 1985	9 3/8	32,500.00	16,541.88	—	3,597.25	—	12,944.63
113	76	June 1, 1986	9 1/8	41,300.00	25,087.82	—	4,181.56	—	20,906.26
115	76	Apr. 2, 1986	9 1/8	30,000.00	18,223.63	—	3,037.44	—	15,186.19
117	76	July 1, 1986	9 1/8	90,000.00	54,670.80	—	9,112.35	—	45,558.45
118	76	July 1, 1986	9 1/8	32,500.00	19,742.24	—	3,290.57	—	16,451.67
119	76	Aug. 1, 1986	9 1/8	140,000.00	85,043.41	—	14,174.78	—	70,868.63
120	76	Sept. 1, 1996	9 5/8	8,000.00	7,116.86	—	230.74	—	6,886.12
121	76	Nov. 15, 1981	9 1/8	145,000.00	65,678.32	—	—	—	65,678.32
122	76	Nov. 15, 1981	9 1/8	600,000.00	271,769.15	—	—	—	271,769.15
124	77	May 25, 1987	8 1/4	52,000.00	35,957.04	—	4,870.68	—	31,086.36
125	77	May 25, 1982	7 7/8	15,000.00	3,471.13	—	3,471.13	—	—
126	77	May 25, 1982	7 7/8	13,000.00	3,008.33	—	3,008.33	—	—
127	77	May 25, 1982	7 7/8	9,500.00	2,198.40	—	2,198.40	—	—
128	77	May 25, 1982	7 7/8	20,000.00	4,628.16	—	4,628.16	—	—
129	77	May 25, 1982	7 7/8	10,000.00	2,314.07	—	2,314.07	—	—
130	77	June 4, 1997	9	1,165,500.00	1,061,317.62	—	32,157.83	—	1,029,159.79
131	77	Oct. 1, 1987	8 1/8	250,000.00	172,553.84	—	23,447.70	—	149,106.14
132	77	Dec. 20, 1997	8 3/4	334,500.00	303,863.29	—	—	—	303,863.29
133	78	Mar. 30, 1983	8 1/8	60,000.00	38,767.23	—	38,767.23	—	—
134	78	Mar. 30, 1988	8 3/8	76,328.00	65,542.93	—	19,807.15	—	45,735.78
135	78	Mar. 30, 1988	8 3/8	12,500.00	10,733.77	—	3,243.75	—	7,490.02
136	78	Dec. 20, 1998	9 3/8	100,000.00	960,764.97	—	—	—	960,764.97
137	78	Dec. 25, 1987	9 1/8	83,000.00	62,188.42	—	8,240.04	—	53,948.38
138	79	Mar. 14, 1984	10 1/8	1,500,000.00	1,254,914.40	—	—	—	1,254,914.40
139	79	Nov. 16, 1985	10 7/8	35,000.00	23,119.41	—	6,925.96	—	16,193.45
140	79	Nov. 16, 1990	10 7/8	100,000.00	87,313.25	—	7,395.92	—	79,917.33
141	79	Nov. 16, 1987	10 7/8	64,000.00	50,151.90	—	8,072.95	—	42,078.95
142	79	Nov. 16, 1987	10 7/8	34,000.00	26,643.20	—	4,288.75	—	22,354.45
143	79	Nov. 16, 1985	10 7/8	34,000.00	22,458.85	—	6,728.08	—	15,730.77
144	79	Nov. 16, 1985	10 7/8	20,000.00	13,211.09	—	3,957.69	—	9,253.40
145	79	Nov. 16, 1985	10 7/8	85,000.00	56,147.13	—	16,820.20	—	39,326.93
146	79	Dec. 11, 1990	10 7/8	1,750,000.00	1,750,000.00	—	—	—	1,750,000.00
148	80	July 31, 1990	11	125,000.00	117,524.82	—	8,297.45	—	109,227.37
149	80	July 31, 1990	11	32,500.00	30,556.45	—	2,157.34	—	28,399.11
150	80	July 31, 1985	10 3/4	39,500.00	33,125.85	—	7,059.40	—	26,066.45
151	80	July 31, 1984	10	23,000.00	18,089.52	—	5,432.22	—	12,657.30

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Debenture Loans to Schools and Municipalities
for the year ended March 31, 1983

Schedule I
Continued

Municipality	Year Of Issue	Maturity Date	Interest Rate	Original Amount	Principal Balance March 31/82	New Loans	Principal Repayments	Adjustments	Principal Balance March 31/83
City of Yellowknife									
152	81	Aug. 17, 1986	17 7/8	\$ 16,000.00	\$ 16,000.00	\$ —	\$ 2,253.05	\$ —	\$ 13,746.95
153	81	Aug. 17, 1987	17 7/8	18,000.00	18,000.00	—	1,499.80	—	16,500.20
154	81	Aug. 17, 1990	17 7/8	227,700.00	227,700.00	—	9,860.81	—	217,839.19
155	81	Aug. 17, 1985	17 7/8	25,000.00	25,000.00	—	3,520.39	—	21,479.61
156	81	Aug. 17, 1985	17 7/8	9,000.00	9,000.00	—	1,267.34	—	7,732.66
157	81	Aug. 17, 1985	17 7/8	22,000.00	22,000.00	—	3,097.94	—	18,902.06
158	81	Aug. 17, 1985	17 7/8	16,700.00	16,700.00	—	2,351.62	—	14,348.38
159	81	Aug. 17, 1985	17 7/8	12,200.00	12,200.00	—	1,717.95	—	10,482.05
160	81	Aug. 17, 1985	17 7/8	14,000.00	14,000.00	—	1,971.42	—	12,028.58
161	82	Mar. 24, 1989	15 3/8	15,000.00	15,000.00	—	1,339.05	—	13,660.95
162	82	Mar. 24, 1992	15 3/8	159,000.00	159,000.00	—	7,680.93	—	151,319.07
163	82	Mar. 24, 1992	15 3/8	22,000.00	22,000.00	—	1,062.77	—	20,937.23
164	82	Mar. 24, 1987	15 3/8	20,000.00	20,000.00	—	2,943.37	—	17,056.63
165	82	Mar. 24, 1987	15 3/8	10,000.00	10,000.00	—	1,471.69	—	8,528.31
166	82	Mar. 24, 1989	15 3/8	27,000.00	27,000.00	—	2,410.30	—	24,589.70
167	82	Mar. 24, 1992	15 3/8	40,000.00	40,000.00	—	1,932.31	—	38,067.69
168	82	Mar. 24, 1992	15 3/8	45,000.00	45,000.00	—	2,173.85	—	42,826.15
169	82	Mar. 24, 2002	15 3/8	500,000.00	500,000.00	—	4,643.25	—	495,356.75
170	83	Mar. 15, 2003	12 1/2	430,000.00	—	430,000.00	—	—	430,000.00
171	83	Mar. 15, 1993	12 1/2	272,500.00	—	272,500.00	—	—	272,500.00
				\$ 13,443,588.25	\$ 10,384,297.79	\$ 702,500.00	\$506,196.44	\$.10	\$ 10,580,601.45
TOTAL MUNICIPALITIES				\$ 24,854,591.51	\$ 18,120,106.12	\$ 984,420.00	1,368,226.87	\$ (435,603.41)	\$ 17,300,695.84
TOTAL MUNICIPALITIES AND SCHOOL DISTRICTS				\$ 25,892,591.51	\$ 18,721,707.05	\$ 984,420.00	1,416,758.52	\$ (435,603.41)	\$ 17,853,765.12

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Other Long-term Loans
for the year ended March 31, 1983

Schedule II

	Balance March 31, 1982	New Loans	Principal Repayment	Interest Repayment	Balance March 31, 1983
Canadian Arctic Cooperative Federation	\$ 33,103.04	\$ —	\$ —	\$ —	\$ 33,103.04
Second Mortgage to Contractors	116,379.07	—	7,328.27	7,840.73	109,050.80
Bathurst Inlet Development Limited	—	94,828.69	—	—	94,828.69
	\$ 149,482.11	\$ 94,828.69	\$ 7,328.27	\$ 7,840.73	\$ 236,982.58

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Loans from Canada
 for the year ended March 31, 1983

Schedule III

GENERAL PURPOSE

Loan No.	Maturity Date	Interest Rate	Original Amount	Balance as of Mar. 31, 1982	New Loans	Principal Repayment	Adjustment Amount	Balance as of Mar. 31, 1983
24	June 1, 1987	5 9/16	1,398,000.00	81,775.48	—	11,853.43	—	69,922.05
62	Oct. 2, 1991	7 3/16	750,000.00	500,157.84	—	35,880.84	—	464,277.00
72	Feb. 1, 1992	6 11/16	753,000.00	494,277.04	—	36,306.02	—	457,971.02
82	Aug. 26, 1992	7 5/8	600,000.00	431,994.60	—	24,600.57	1,875.79	405,518.24
88	Oct. 19, 1992	7 11/16	555,000.00	400,238.58	—	24,453.18	—	375,785.40
102	Sept. 15, 1993	7 11/16	687,000.00	523,560.88	—	28,104.44	—	495,456.44
109	Sept. 15, 1993	7 11/16	686,000.00	522,798.73	—	28,063.54	—	494,735.19
113	Nov. 1, 1993	7 5/8	686,500.00	522,420.99	—	28,147.15	—	494,273.84
118	Jan. 15, 1993	7 5/8	495,500.00	377,071.55	—	20,315.96	—	356,755.59
130	July 30, 1994	9 3/8	800,000.00	660,478.71	—	28,071.32	—	632,407.39
141	Jan. 29, 1995	8 3/4	790,000.00	645,009.58	—	28,567.00	—	616,442.58
148	Sept. 9, 1995	8 7/8	700,000.00	595,937.41	—	23,111.22	—	572,826.19
149	Jan. 30, 1996	9 3/4	500,000.00	431,143.13	—	15,694.39	—	415,448.74
153	Nov. 18, 1996	9 3/8	1,000,000.00	887,010.83	—	29,331.85	—	857,678.98
156	June 4, 1997	9	1,165,500.00	1,061,317.62	—	32,157.83	—	1,029,159.79
157	May 25, 1988	8 1/4	52,000.00	35,957.04	—	4,870.68	—	31,086.36
158	May 25, 1982	7 7/8	15,000.00	3,471.13	—	3,471.13	—	—
159	May 25, 1982	7 7/8	13,000.00	3,008.33	—	3,008.33	—	—
160	May 25, 1982	7 7/8	9,500.00	2,198.40	—	2,198.40	—	—
161	May 25, 1982	7 7/8	20,000.00	4,628.16	—	4,628.16	—	—
162	May 25, 1982	7 7/8	10,000.00	2,314.07	—	2,314.07	—	—
163	May 25, 1997	9	140,000.00	127,485.58	—	3,862.81	—	123,622.77
164	Sept. 23, 1984	8	69,450.00	34,377.00	—	10,589.27	—	23,787.73
165	Sept. 23, 1984	8	27,237.00	13,482.05	—	4,152.91	—	9,329.14
166	Sept. 23, 1984	8	15,193.00	7,520.40	—	2,316.52	—	5,203.88
167	Sept 1, 1984	8	58,980.00	29,194.47	—	8,992.87	—	20,201.60
168	Sept. 23, 1997	8 3/4	40,000.00	36,336.41	—	1,124.63	—	35,211.78
169	Oct. 1, 1987	8 1/8	250,000.00	172,553.84	—	23,447.70	—	149,106.14
170	Sept. 23, 1987	8 1/8	1,067,800.00	737,011.89	—	123,517.97	23,368.14	636,862.06
172	Nov. 19, 1992	8 1/2	150,000.00	125,881.24	—	7,363.16	—	118,518.08
173	Dec. 20, 1997	8 3/4	334,500.00	303,863.29	—	9,404.75	—	294,458.54
174	Mar. 30, 1983	8 1/8	60,000.00	13,943.97	—	13,943.97	—	—
175	Mar. 30, 1988	8 3/8	76,328.00	52,875.71	—	7,139.93	—	45,735.78
176	Mar. 30, 1988	8 3/8	12,500.00	8,659.30	—	1,169.28	—	7,490.02
178	July 1, 1988	9	200,000.00	156,847.06	—	17,047.77	—	139,799.29
179	July 1, 1998	9 3/8	425,000.00	398,797.73	—	10,420.58	—	388,377.15
180	July 1, 1983	8 3/4	35,000.00	15,779.85	—	7,559.20	—	8,220.65
181	Sept. 29, 1983	9	153,000.00	69,194.92	—	33,107.60	—	36,087.32
182	Sept. 20, 1998	9 1/2	20,000.00	18,782.75	—	485.17	—	18,297.58
183	Dec. 20, 1998	9 3/8	1,000,000.00	938,347.57	—	24,519.03	—	913,828.54
184	Dec. 29, 1987	9 1/4	83,000.00	62,188.42	—	8,240.04	—	53,948.38
185	Mar. 14, 1984	10 1/8	1,500,000.00	957,686.35	—	327,322.28	—	630,364.07
186	Mar. 31, 1994	10 1/8	55,000.00	49,319.87	—	2,289.09	—	47,030.78

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Loans from Canada
 for the year ended March 31, 1983

Schedule III
Continued

GENERAL PURPOSE

Loan No.	Maturity Date	Interest Rate	Original Amount	Balance as of Mar. 31, 1982	New Loans	Principal Repayment	Adjustment Amount	Balance as of Mar. 31, 1983
187	Nov. 30, 1994	10 7/8	200,000.00	187,618.71	—	7,217.86	—	180,400.85
188	Nov. 6, 1984	10 7/8	30,509.00	20,152.85	—	6,037.27	—	14,115.58
189	Nov. 6, 1999	10 7/8	72,633.00	70,107.48	—	1,472.29	—	68,635.19
190	Nov. 16, 1984	10 7/8	35,000.00	23,119.41	—	6,925.96	—	16,193.45
191	Nov. 16, 1989	10 7/8	100,000.00	87,313.25	—	7,395.92	—	79,917.33
192	Nov. 16, 1986	10 7/8	64,000.00	50,151.90	—	8,072.95	—	42,078.95
193	Nov. 16, 1986	10 7/8	34,000.00	26,643.20	—	4,288.75	—	22,354.45
194	Nov. 16, 1984	10 7/8	34,000.00	22,458.85	—	6,728.08	—	15,730.77
195	Nov. 16, 1984	10 7/8	20,000.00	13,211.09	—	3,957.69	—	9,253.40
196	Nov. 16, 1984	10 7/8	85,000.00	56,147.13	—	16,820.20	—	39,326.93
197	Dec. 11, 1999	10 7/8	243,672.00	212,757.94	—	18,021.80	—	194,736.14
198	Dec. 11, 1989	10 7/8	1,750,000.00	1,527,981.90	—	129,428.69	—	1,398,553.21
199	Jan. 2, 1987	10 7/8	108,160.00	84,756.71	—	13,643.29	—	71,113.42
200	Mar. 27, 1985	11 7/8	18,500.00	12,314.69	—	3,653.83	—	8,660.86
201	Mar. 27, 1985	11 7/8	19,500.00	12,980.35	—	3,851.33	—	9,129.02
202	July 31, 1985	10 3/4	65,000.00	54,510.90	—	11,616.68	—	42,894.22
204	July 31, 1990	11	125,000.00	117,524.82	—	8,297.45	—	109,227.37
205	July 31, 1990	11	32,500.00	30,556.45	—	2,157.34	—	28,399.11
206	July 31, 1985	10 3/4	39,500.00	33,125.85	—	7,059.40	—	26,066.45
207	July 31, 1984	10 5/8	23,000.00	18,089.52	—	5,432.22	—	12,657.30
208	July 31, 1983	10 5/8	48,000.00	33,585.75	—	15,945.76	—	17,639.99
209	July 31, 1990	11	78,000.00	73,335.49	—	5,177.61	—	68,157.88
210	Aug. 28, 1990	11 3/4	350,000.00	329,813.11	—	120,230.90	14,335.19	195,247.02
211	Aug. 28, 1990	11 3/4	70,000.00	65,962.62	—	2,201.13	4,361.21	59,400.28
212	Aug. 28, 1990	11 3/4	95,000.00	89,520.70	—	6,123.12	—	83,397.58
213	Oct. 22, 1990	13 1/4	35,524.00	33,618.68	—	18,142.84	—	15,475.84
214	July 10, 1986	15 5/8	100,000.00	100,000.00	—	14,649.20	—	85,350.80
215	July 10, 1986	15 5/8	150,000.00	150,000.00	—	21,973.80	—	128,026.20
216	Aug. 17, 1986	17 5/8	16,000.00	16,000.00	—	2,253.05	—	13,746.95
217	Aug. 17, 1988	17 5/8	18,000.00	18,000.00	—	1,499.80	—	16,500.20
218	Aug. 17, 1991	17 5/8	227,700.00	227,700.00	—	9,860.81	—	217,839.19
219	Aug. 17, 1986	17 5/8	25,000.00	25,000.00	—	3,520.39	—	21,479.61
220	Aug. 17, 1986	17 5/8	9,000.00	9,000.00	—	1,267.34	—	7,732.66
221	Aug. 17, 1986	17 5/8	22,000.00	22,000.00	—	3,097.94	—	18,902.06
222	Aug. 17, 1986	17 5/8	16,700.00	16,700.00	—	2,351.62	—	14,348.38
223	Aug. 17, 1986	17 5/8	12,200.00	12,200.00	—	1,717.95	—	10,482.05
224	Aug. 17, 1986	17 5/8	14,000.00	14,000.00	—	1,971.42	—	12,028.58
225	Oct. 5, 1986	18 3/8	100,000.00	100,000.00	—	13,869.81	—	86,130.19
226	Nov. 16, 1991	17 1/8	325,000.00	325,000.00	—	14,424.58	—	310,575.42
227	Mar. 24, 1989	15 3/8	15,000.00	15,000.00	—	1,339.05	—	13,660.95
228	Mar. 24, 1992	15 3/8	159,000.00	159,000.00	—	7,680.93	—	151,319.07
229	Mar. 24, 1992	15 3/8	22,000.00	22,000.00	—	1,062.77	—	20,937.23
230	Mar. 24, 1987	15 3/8	20,000.00	20,000.00	—	2,943.37	—	17,056.63

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Loans from Canada
 for the year ended March 31, 1983

Schedule III
 Continued

GENERAL PURPOSE

Loan No.	Maturity Date	Interest Rate	Original Amount	Balance as of Mar. 31, 1982	New Loans	Principal Repayment	Adjustment Amount	Balance as of Mar. 31, 1983
231	Mar. 24, 1987	15 3/8	10,000.00	10,000.00	—	1,471.69	—	8,528.31
232	Mar. 24, 1989	15 3/8	27,000.00	27,000.00	—	2,410.30	—	24,589.70
233	Mar. 24, 1992	15 3/8	40,000.00	40,000.00	—	1,932.31	—	38,067.69
234	Mar. 24, 1992	15 3/8	45,000.00	45,000.00	—	2,173.85	—	42,826.15
235	Mar. 24, 1992	15 3/8	150,000.00	150,000.00	—	7,246.16	—	142,753.84
236	Mar. 24, 1997	15 1/2	125,000.00	125,000.00	—	2,521.41	—	122,478.59
237	Mar. 24, 1992	15 3/8	103,621.00	103,621.00	—	13,622.26	—	89,998.74
238	Mar. 24, 1992	15 3/8	100,000.00	100,000.00	—	—	100,000.00	—
239	Mar. 24, 2002	15 3/8	500,000.00	500,000.00	—	4,643.25	—	495,356.75
TOTAL GENERAL PURPOSE			\$ 23,587,707.00	\$ 18,156,480.12	\$ —	\$ 1,644,571.46	\$ 97,204.05	\$ 16,414,704.61
<u>SPECIAL PURPOSE</u>								
47	Mar. 14, 1990	8 1/2	\$ 200,000.00	\$ 119,179.68	—	\$ 11,003.92	\$ —	\$ 108,175.76
154	Mar. 29, 2002	8 3/4	450,000.00	417,169.35	—	8,385.83	—	408,783.52
TOTAL SPECIAL PURPOSE			\$ 650,000.00	\$ 536,349.03	\$ —	\$ 19,389.75	\$ —	\$ 516,959.28
TOTAL LOANS FROM CANADA			\$ 24,237,707.00	\$ 18,692,829.15	\$ —	\$ 1,663,961.21	\$ 97,204.05	\$ 16,931,663.89

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Loans from C.M.H.C.
 for the year ended March 31, 1983

Schedule IV

CMHC Loan No.	Maturity Date	Interest Rate	Balance as of Mar. 31, 1982	New Loans	Adjustments	Repayments	Balance as of Mar. 31, 1983
08-308-298	1988	9 3/4	\$ 1,127,303.76	\$ —	\$ —	\$ 98,620.18	\$ 1,028,683.58
08-308-306	1988	9 3/8	70,620.71	—	—	6,266.89	64,353.82
08-308-930	1990	9 5/8	154,747.93	—	—	13,602.43	141,145.50
			\$ 1,352,672.40	\$ —	\$ —	\$ 118,489.50	\$ 1,234,182.90

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Gross Receipts
 for the year ended March 31, 1983

Schedule V

<u>Operations and Maintenance</u>	<u>Actual</u>	<u>Estimates</u>	<u>Difference</u>
Executive Office			
Revenue	\$ —	\$ 28,000	\$ (28,000)
Highway Transportation Filing Fees	—	28,000	(28,000)
Total Revenue	—	—	—
Recoveries	1,880	—	1,880
Sundry	1,880	—	1,880
Total Recoveries	—	—	—
Transfer Payments	45,000	—	45,000
Emergency Measures Organization Recovery	53,052	—	53,052
Disaster Assistance Claim	\$ 98,052	—	98,052
Total Transfer Payments	99,932	\$ 28,000	\$ 71,932
Total Program			
Legislative Assembly			
Revenue	10,122	—	10,122
Sundry	10,122	—	10,122
Total Revenue	—	—	—
Transfer Payments	31,172	—	31,172
Commonwealth Parliamentary	31,172	—	31,172
Total Transfer Payments	\$ 41,294	\$ —	\$ 41,294
Total Program			
Personnel			
Recoveries	\$ 38,949	\$ 85,000	\$ (46,051)
Sale of rations	125,948	—	125,948
Sundry — Miscellaneous	137,308	—	137,308
— Insurance Refund — Dental	120,210	—	120,210
— W.C.B. Rebates	422,415	\$ 85,000	\$ 337,415
Total Recoveries	\$ 422,415	\$ 85,000	\$ 337,415
Total Program			

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Gross Receipts
 for the year ended March 31, 1983

Schedule V
Continued

<u>Operations and Maintenance</u>	<u>Actual</u>	<u>Estimates</u>	<u>Difference</u>
Finance			
Revenue			
Fuel Tax	\$ 8,113,124	\$ 4,875,000	\$ 3,238,124
Tobacco Tax	3,065,370	1,790,000	1,275,370
Income Tax	26,664,621	36,174,000	(9,509,379)
Investment Interest	6,946,187	4,400,000	2,546,187
Total Revenues	\$ 44,789,302	\$ 47,239,000	\$ (2,449,698)
Recoveries			
W.C.B. Administration Fees	\$ 35,040	\$ 35,000	\$ 40
Interest Miscellaneous	31,710	—	31,710
Nanisivik Capital & Interest Recoveries	293,404	—	293,404
Lease, Strathcona Sound	—	299,000	(299,000)
Sundry	393,786	1,000,000	(606,214)
Total Recoveries	\$ 753,940	\$ 1,334,000	\$ (580,060)
Debt Financing			
Repayment of Debentures	\$ 1,345,337	\$ 1,900,000	\$ (554,663)
Mortgages to Contractors	7,801	—	7,801
Total Debt Financing	\$ 1,353,138	\$ 1,900,000	\$ (546,862)
Grants			
Operating Deficit Grant	\$248,615,379	\$239,764,000	\$ 8,851,379
Total Grants	\$248,615,379	\$239,764,000	\$ 8,851,379
Total Program	\$295,511,759	\$290,237,000	\$ 5,274,759
Government Services			
Revenue			
Motor Vehicle & Operator's Licences	\$ 1,446,845	\$ 1,500,000	\$ (53,155)
Liquor Profits	9,083,165	7,000,000	2,083,165
Total Revenues	\$ 10,530,010	\$ 8,500,000	\$ 2,030,010
Recoveries			
P.O.L. Profits	\$ 3,081,652	\$ —	\$ 3,081,652
Sundry	101,371	—	101,371
Total Recoveries	\$ 3,183,023	\$ —	\$ 3,183,023
Total Program	\$ 13,713,033	\$ 8,500,000	\$ 5,213,033

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Gross Receipts
for the year ended March 31, 1983

Schedule V
Continued

	Actual	Estimates	Difference
Operations and Maintenance			
Information			
Recoveries	\$ 102,528	\$ 45,000	\$ 57,528
Sale of Government Publications	3,687	—	3,687
Sundry	\$ 106,215	\$ 45,000	\$ 61,215
Total Recoveries	<u>\$ 106,215</u>	<u>\$ 45,000</u>	<u>\$ 61,215</u>
Total Program			
Local Government			
Revenue	\$ 851,079	\$ 1,300,000	\$ (448,921)
School Levies	1,498,891	850,000	648,891
Property Taxes from Taxation Areas	39,903	45,000	(5,097)
Quarry and Timber Fees	<u>\$ 2,389,873</u>	<u>\$ 2,195,000</u>	<u>\$ 194,873</u>
Total Revenues			
Recoveries	\$ 328,679	\$ 460,000	\$ (131,321)
Land Sales and Leases	91,141	138,000	(46,859)
Sale of Water and Sewer Services	(54,542)	—	(54,542)
Sundry	—	—	—
Rental Joint use of Equipment	1,190,560	—	1,190,560
Sale of GNWT Houses	<u>\$ 1,555,838</u>	<u>\$ 598,000</u>	<u>\$ 957,838</u>
Total Recoveries			
Transfer Payments	\$ 70,700	\$ —	\$ 70,700
Norman Wells Impact Funding DIAND	<u>\$ 70,700</u>	<u>\$ —</u>	<u>\$ 70,700</u>
Total Transfer Payments	<u>\$ 4,016,411</u>	<u>\$ 2,793,000</u>	<u>\$ 1,223,411</u>
Total Program			

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Gross Receipts
for the year ended March 31, 1983

Schedule V
Continued

	Actual	Estimates	Difference
Operations and Maintenance			
Public Works			
Recoveries			
Sale of Power — Baffin & Fort Smith	\$ 112,095	\$ 170,000	\$ (57,905)
Maintenance Service — Buildings	81,160	45,000	36,160
Equipment Repair Services	56,877	25,000	31,877
Rental of Offices	997,076	1,650,000	(652,924)
Rental of Housing — Employees	6,564,875	5,344,000	1,220,875
— Federal	588,376	—	588,376
— Other	333,883	—	333,883
Occupant & Tenant Damage — Employees/Other	18,585	10,000	8,585
Sale of Steam Heat — Frobisher Bay	442,358	900,000	(457,642)
Vehicle Parking Payments	16,612	22,000	(5,388)
Sundry — Staff Housing Constructed by NWTHC	503,393	—	503,393
— Redundant Holdback Accounts	40,060	—	40,060
— Miscellaneous	361,047	—	361,047
G.N.W.T. Accommodation Lease to Purchase	156,899	—	156,899
Total Recoveries	<u>\$ 10,273,296</u>	<u>\$ 8,166,000</u>	<u>\$ 2,107,296</u>
Transfer Payments			
DIAND — Highways Maintenance	\$ 129,397	\$ 171,000	\$ (41,603)
Energy Conservation	317,217	—	317,217
Total Transfer Payments	<u>\$ 446,614</u>	<u>\$ 171,000</u>	<u>\$ 275,614</u>
Total Program			
Social Services			
Recoveries			
Board & Lodging — Correctional Centres	\$ 20,043	\$ 18,000	\$ 2,043
Board & Lodging — Transient Centres	191,528	175,000	16,528
Special Allowances	95,673	104,000	8,327
Sundry	27,406	—	27,406
Total Recoveries	<u>\$ 334,650</u>	<u>\$ 297,000</u>	<u>\$ 37,650</u>
Transfer Payments			
Canada Assistance Plan	\$ 9,497,623	\$ 8,800,000	\$ 697,623
Community Parole Supervision	71,451	30,000	41,451
Canadian Penitentiary Services	156,547	150,000	6,547
Vocational Rehabilitation of Disabled Persons	381,923	400,000	18,077
Total Transfer Payments	<u>\$ 10,107,544</u>	<u>\$ 9,380,000</u>	<u>\$ 727,544</u>
Total Program			
	<u>\$ 10,442,194</u>	<u>\$ 9,677,000</u>	<u>\$ 765,194</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Gross Receipts
 for the year ended March 31, 1983

Schedule V
Continued

<u>Operations and Maintenance</u>	<u>Actual</u>	<u>Estimates</u>	<u>Difference</u>
Renewable Resources			
Revenue	\$ 250,156	\$ 270,000	\$ (19,844)
Game Licences and Fees	\$ 250,156	\$ 270,000	\$ (19,844)
Total Revenue			
Recoveries	\$ —	\$ 15,000	\$ (15,000)
Sale of Confiscated Furs	22,594	60,000	(37,406)
Refund of Trappers Assistance	—	2,000	(2,000)
Collection of Live Animals	40,268	—	40,268
Sundry	\$ 62,862	\$ 77,000	\$ (14,138)
Total Recoveries			
Transfer Payments	\$ 40,840	\$ 28,000	\$ 12,840
DIAND Water Board Salary	153,474	—	153,474
Norman Wells Impact Funding DIAND	\$ 194,314	\$ 28,000	\$ 166,314
Total Transfer Payments	\$ 507,332	\$ 375,000	\$ 132,332
Total Program			
Economic Development			
Revenue	\$ 475,012	\$ 400,000	\$ 75,012
S.B.L.F. Interest	1,300	6,000	(4,700)
Fees on Loan Guarantees	49,615	19,000	30,615
Campground, Ordinance & Permit Fees-Tourism	\$ 525,927	\$ 425,000	\$ 100,927
Total Revenue			
Recoveries	\$ 1,859,506	\$ 2,757,000	\$ (897,494)
Sale of Commercial Goods	—	2,000	(2,000)
Sale of Tourism Studies	—	10,000	(10,000)
Refund of Foreclosures	122,561	—	122,561
Sundry	\$ 1,982,067	\$ 2,769,000	\$ (786,933)
Total Recoveries			
Transfer Payments	\$ 250,000	\$ 250,000	\$ —
Canada Employment & Immigration Comm.	77,750	800,000	(722,250)
General Development Agreement	87,849	—	87,849
Norman Wells Impact Funding DIAND	\$ 415,599	\$ 1,050,000	\$ (634,401)
Total Transfer Payments	\$ 2,923,593	\$ 4,244,000	\$ (1,320,407)
Total Program			

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Gross Receipts
 for the year ended March 31, 1983

Schedule V
Continued

<u>Operations and Maintenance</u>	<u>Actual</u>	<u>Estimates</u>	<u>Difference</u>
Education			
Revenue			
Course and Examination Fees	\$ 43,629	\$ 5,000	\$ 38,629
Total Revenue	\$ 43,629	\$ 5,000	\$ 38,629
Recoveries			
Thebacha College — Board and Lodging	\$ 158,418	\$ 140,000	\$ 18,418
Hostel Receipts	21,410	40,000	(18,590)
Sundry	64,170	—	64,170
Total Recoveries	\$ 243,998	\$ 180,000	\$ 63,998
Transfer Payments			
Continuing Special Education	\$ 2,968,600	\$ 2,200,000	\$ 768,600
Post Secondary Education Grants	4,140,000	3,891,000	249,000
Total Transfer	\$ 7,108,600	\$ 6,091,000	\$ 1,017,600
Total Program	\$ 7,396,227	\$ 6,276,000	\$ 1,120,227

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Gross Receipts
 for the year ended March 31, 1983

Schedule V
Continued

<u>Operations and Maintenance</u>	<u>Actual</u>	<u>Estimates</u>	<u>Difference</u>
Justice and Public Services			
Revenue			
Business Licences	\$ 139,324	\$ 70,000	\$ 69,324
Professional Licences	15,274	9,000	6,274
Miscellaneous Licences & Fees	17,156	25,000	(7,844)
Companies, Societies & Co-op Registration Fees	42,618	65,000	(22,382)
Public Trustee Fees	19,545	10,000	9,545
Document Search Fees	21,956	20,000	1,956
Boiler Inspection Fees	125,523	90,000	35,523
Fines and Courts Fees	199,391	250,000	(50,609)
Mine Safety Fees	60,673	—	60,673
Vital Statistics Fees	12,814	8,000	4,814
Insurance Companies Registration & Tax	455,932	330,000	125,932
Land Title Fees	—	35,000	(35,000)
Library Fees	1,159	4,000	(2,841)
Total Revenue	\$ 1,111,365	\$ 916,000	\$ 195,365
Recoveries			
Legal Aid Repayments	\$ 25,907	\$ 15,000	\$ 10,907
N.W.T. Housing Corporation Lawyer	61,711	—	61,711
Sundry	(26,307)	—	(26,307)
Total Recoveries	\$ 61,311	\$ 15,000	\$ 46,311
Transfer Payments			
Legal Aid Program	\$ 539,071	\$ 250,000	\$ 289,071
Air Charter and Transcripts	172,470	75,000	97,470
Criminal Injuries	66,207	20,000	46,207
Court Workers Program	216,800	197,000	19,800
Gun Control	75,787	14,000	61,787
Maliiganik Tukiisiniakuik	—	80,000	(80,000)
Justice Information System	42,000	—	42,000
Norman Wells Impact Funding — DIAND	63,669	—	63,669
Total Transfer Payments	\$ 1,176,004	\$ 636,000	\$ 540,004
Total Program	\$ 2,348,680	\$ 1,567,000	\$ 781,680

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Gross Receipts
 for the year ended March 31, 1983

Schedule V
Continued

<u>Operations and Maintenance</u>	<u>Actual</u>	<u>Estimates</u>	<u>Difference</u>
Health			
Recoveries			
Inpatient Services	\$ 318,015	\$ —	\$ 318,015
Medical Boarding Home — Winnipeg	179,467	—	179,467
Sundry	(39,796)	—	(39,796)
Total Recoveries	\$ 457,686	\$ —	\$ 457,686
Transfer Payments			
Pharmacare	\$ 195,785	\$ 84,000	\$ 111,785
Medicare Act	2,470,180	2,222,000	248,180
Grant Hospital Care — Indians & Inuit	10,845,516	6,703,000	4,142,516
Grant Medical Care — Indians & Inuit	1,871,040	1,013,000	858,040
Hospital Insurance & Diagnostic Services	7,079,217	6,115,000	964,217
Extended Health Care Services	1,712,000	1,491,000	221,000
Medical Services Contract	754,417	770,000	(15,583)
Medical Transportation	615,165	10,000	605,165
Rae Edzo Health Awareness	30,775	—	30,775
Frobisher Bay Hospital	1,001,313	—	1,001,313
Recruitment Medical Staff	1,336,653	—	1,336,653
Total Transfer Payments	\$ 27,912,061	\$ 18,408,000	\$ 9,504,061
Total Program	\$ 28,369,747	\$ 18,408,000	\$ 9,961,747
Total Operations and Maintenance	\$376,618,734	\$350,572,000	\$ 26,046,734
Capital and Loans			
Capital Recoveries			
Sale of Capital Assets			
Sale of Vehicles	\$ 4,879	\$ —	\$ 4,879
Sale of Assets	41,416	—	41,416
Nanisivik Capital Recoveries	323,095	—	323,095
Total Capital Recoveries	\$ 369,390	\$ —	\$ 369,390
Capital Grants			
Finance			
Capital Grants from Gov't. of Canada	\$ 62,472,000	\$ 62,472,000	\$ —
Total Capital Grants	\$ 62,472,000	\$ 62,472,000	\$ —
Total Capital	\$ 62,841,390	\$ 62,472,000	\$ 369,390
Total Current Receipts	\$439,460,124	\$413,044,000	\$ 26,416,124

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Disbursement by Activity
 for the year ended March 31, 1983

Schedule VI

Operations and Maintenance

	Main Appropriation	Supplementary Appropriation	Transfers	Total Appropriation	Expenditure	Free Balance
Executive						
Commissioner's Office	\$ 542,000.00	\$ —	\$ (42,000.00)	\$ 500,000.00	\$ 496,399.32	\$ 3,600.68
Executive Offices	1,202,000.00	—	198,000.00	1,400,000.00	1,402,316.83	(2,316.83)
Executive Committee Secretariat	1,903,000.00	270,000.00	256,146.00	2,429,146.00	2,429,140.07	5.93
Land Claims	534,000.00	—	(72,146.00)	461,854.00	461,304.45	549.55
Regional Operations	2,862,000.00	53,000.00	97,340.00	3,012,340.00	2,991,511.92	20,828.08
Energy & Resource Dev. Secretariat	633,000.00	—	(217,340.00)	415,660.00	414,105.28	1,554.72
Audit Bureau	950,000.00	101,000.00	(41,000.00)	1,010,000.00	1,009,785.65	214.35
Total Program	\$ 8,626,000.00	\$ 424,000.00	\$ 179,000.00	\$ 9,229,000.00	\$ 9,204,563.52	\$ 24,436.48
N.W.T. Housing Corporation						
N.W.T. Housing Corporation	\$ 28,367,000.00	\$ —	\$ —	\$ 28,367,000.00	\$ 28,367,000.00	\$ —
Total Program	\$ 28,367,000.00	\$ —	\$ —	\$ 28,367,000.00	\$ 28,367,000.00	\$ —
Legislative Assembly						
Legislative Assembly	\$ 3,268,000.00	\$ 750,000.00	\$ —	\$ 4,018,000.00	\$ 3,980,342.72	\$ 37,657.28
Elections	—	250,000.00	—	250,000.00	244,213.94	5,786.06
Total Program	\$ 3,268,000.00	\$ 1,000,000.00	\$ —	\$ 4,268,000.00	\$ 4,224,556.66	\$ 43,443.34
Financial Management Secretariat						
Financial Management Secretariat	\$ 655,000.00	\$ 35,000.00	\$ 14,000.00	\$ 704,000.00	\$ 688,729.41	\$ 15,270.59
Total Program	\$ 655,000.00	\$ 35,000.00	\$ 14,000.00	\$ 704,000.00	\$ 688,729.41	\$ 15,270.59
Personnel						
Directorate	\$ 1,825,000.00	\$ 2,000.00	\$ (17,000.00)	\$ 1,810,000.00	\$ 1,816,442.50	\$ (6,442.50)
Systems & Administration	259,000.00	(25,000.00)	(29,000.00)	205,000.00	241,179.90	(36,179.90)
Classification & Compensation	468,000.00	(67,000.00)	—	401,000.00	401,059.31	(59.31)
Personnel Services	8,145,000.00	907,000.00	31,000.00	9,083,000.00	9,111,092.13	(28,092.13)
Staff Development	2,562,000.00	(198,000.00)	15,000.00	2,379,000.00	2,377,596.73	1,403.27
Total Program	\$ 13,259,000.00	\$ 619,000.00	\$ —	\$ 13,878,000.00	\$ 13,947,370.57	\$ (69,370.57)

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Disbursement by Activity
 for the year ended March 31, 1983

Schedule VI
Continued**Operations and Maintenance**

	Main Appropriation	Supplementary Appropriation	Transfers	Total Appropriation	Expenditure	Free Balance
Finance						
Administration	\$ 859,000.00	\$ —	\$ —	\$ 859,000.00	\$ 821,293.52	\$ 37,706.48
Treasury	1,994,000.00	20,000.00	—	2,014,000.00	1,940,337.38	73,662.62
Comptrollership	2,485,000.00	197,000.00	(14,200.00)	2,667,800.00	2,579,128.74	88,671.26
Amortization Expense	2,024,000.00	—	—	2,024,000.00	1,975,856.86	48,143.14
Total Program	\$ 7,362,000.00	\$ 217,000.00	\$ (14,200.00)	\$ 7,564,800.00	\$ 7,316,616.50	\$ 248,183.50
Government Services						
Directorate	\$ 394,000.00	\$ —	\$ —	\$ 394,000.00	\$ 374,207.29	\$ 19,792.71
Office Services	549,000.00	—	64,000.00	613,000.00	593,531.50	19,468.50
Systems & Computer Services	1,694,000.00	447,000.00	(144,000.00)	1,997,000.00	2,114,750.22	(117,750.22)
Supply Services	2,708,000.00	—	248,000.00	2,956,000.00	2,955,672.65	327.35
Office Services	1,672,000.00	25,000.00	36,000.00	1,733,000.00	1,780,675.72	(47,675.72)
Transportation	3,182,000.00	(123,000.00)	(189,000.00)	2,870,000.00	2,713,042.11	156,957.89
Energy Conservation	160,000.00	—	(160,000.00)	—	—	—
Liquor System	—	—	807,000.00	807,000.00	807,129.79	(129.79)
Motor Vehicles	—	—	651,000.00	651,000.00	677,352.74	(26,352.74)
Total Program	\$ 10,359,000.00	\$ 349,000.00	\$ 1,313,000.00	\$ 12,021,000.00	\$ 12,016,362.02	\$ 4,637.98
Information						
Directorate	\$ 467,000.00	\$ 8,000.00	\$ —	\$ 475,000.00	\$ 474,228.58	\$ 771.42
Public Affairs	357,000.00	(38,000.00)	(7,000.00)	312,000.00	307,481.12	4,518.88
Publications & Production	717,000.00	(28,000.00)	—	689,000.00	646,965.20	42,034.80
Interpreter — Translator Corps.	1,090,000.00	(77,000.00)	7,000.00	1,020,000.00	965,343.49	54,656.51
Total Program	\$ 2,631,000.00	\$ (135,000.00)	\$ —	\$ 2,496,000.00	\$ 2,394,018.39	\$ 101,981.61
Local Government						
Directorate	\$ 1,368,000.00	\$ 227,000.00	\$ 151,200.00	\$ 1,746,200.00	\$ 1,673,864.40	\$ 72,335.60
Development & Training	2,022,000.00	(10,000.00)	(238,000.00)	1,774,000.00	1,757,938.64	16,061.36
Municipal Affairs	21,240,000.00	242,000.00	149,700.00	21,631,700.00	513,047.42	21,752.58
Airports	570,000.00	—	(35,200.00)	534,800.00	2,215,679.80	(71,079.80)
Town Planning & Lands	2,037,000.00	109,000.00	(1,400.00)	2,144,600.00	21,679,697.72	(47,997.72)
Recreation	1,555,000.00	20,000.00	4,700.00	1,579,700.00	1,547,264.75	32,435.25
Total Program	\$ 28,792,000.00	\$ 588,000.00	\$ 31,000.00	\$ 29,411,000.00	\$ 29,387,492.73	\$ 23,507.27

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Disbursement by Activity
 for the year ended March 31, 1983

Schedule VI
Continued

Operations and Maintenance

	Main Appropriation	Supplementary Appropriation	Transfers	Total Appropriation	Expenditure	Free Balance
Public Works & Highways						
Directorate	\$ 617,000.00	\$ 136,000.00	\$ 420,500.00	\$ 1,173,500.00	\$ 1,173,449.43	\$ 50.57
Highways	13,680,000.00	—	75,000.00	13,755,000.00	13,773,543.36	1,388.64
Architectural Services	388,000.00	—	(46,000.00)	342,000.00	341,700.08	299.92
Engineering Services	220,000.00	—	(15,500.00)	204,500.00	204,219.77	280.23
Operations	13,747,000.00	(496,000.00)	(45,000.00)	13,206,000.00	13,443,512.31	(237,512.31)
Accommodation Services	436,000.00	—	23,800.00	459,800.00	458,158.64	1,641.36
Repair & Upkeep of Buildings & Works	11,362,000.00	—	143,500.00	11,505,500.00	11,503,865.56	1,634.44
Operations & Repair of Regional Equip.	3,591,000.00	—	(384,400.00)	3,206,600.00	3,205,155.12	1,444.88
Regional Administration	2,639,000.00	—	(72,500.00)	2,566,500.00	2,535,755.56	10,812.44
Utilities	27,175,000.00	(1,155,000.00)	64,600.00	26,084,600.00	25,949,480.21	135,119.79
Total Program	\$ 73,855,000.00	\$ (1,515,000.00)	\$ 164,000.00	\$ 72,504,000.00	\$ 72,588,840.04	\$ (84,840.04)
Social Services						
Administration	\$ 6,095,000.00	\$ —	\$ 108,000.00	\$ 6,203,000.00	\$ 6,198,236.57	\$ 4,763.43
Family & Children Services	5,021,000.00	(68,000.00)	(423,000.00)	4,530,000.00	4,526,458.65	3,541.35
Services to Aged and Handicapped	2,203,000.00	(230,000.00)	(545,000.00)	1,428,000.00	1,424,720.78	3,279.22
Corrections	4,807,000.00	1,066,000.00	95,010.00	5,968,010.00	5,963,290.01	4,719.99
Alcohol and Drug Services	1,191,000.00	—	(71,000.00)	1,120,000.00	1,118,641.27	1,358.73
Financial Assistance Services	10,813,000.00	(1,054,000.00)	76,000.00	9,835,000.00	9,829,989.28	5,010.72
Total Program	\$ 30,130,000.00	\$ (286,000.00)	\$ (759,990.00)	\$ 29,084,010.00	\$ 29,061,336.56	\$ 22,673.44
Renewable Resources						
Directorate	\$ 383,000.00	\$ 154,000.00	\$ 56,500.00	\$ 593,500.00	\$ 592,278.58	\$ 1,221.42
Wildlife Service	6,741,000.00	396,000.00	(61,000.00)	7,076,000.00	7,060,463.86	15,536.14
Environmental Service	300,000.00	—	(16,000.00)	284,000.00	277,450.02	6,549.98
Science Advisory Board	207,000.00	—	—	207,000.00	203,424.63	3,575.37
Environmental Planning & Assessment	350,000.00	12,000.00	30,500.00	392,500.00	404,055.90	(11,555.90)
Total Program	\$ 7,981,000.00	\$ 562,000.00	\$ 10,000.00	\$ 8,553,000.00	\$ 8,537,672.99	\$ 15,327.01

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Disbursement by Activity
 for the year ended March 31, 1983

Schedule VI
Continued

Operations and Maintenance

	Main Appropriation	Supplementary Appropriation	Transfers	Total Appropriation	Expenditure	Free Balance
Economic Development						
Directorate & Administration	\$ 1,681,000.00	\$ 112,900.00	\$ (123,200.00)	\$ 1,670,700.00	\$ 1,584,520.30	\$ 86,179.70
Manpower Development	4,912,000.00	—	(178,000.00)	4,734,000.00	4,590,362.32	143,637.68
Planning & Resource Development	616,000.00	—	25,000.00	641,000.00	643,526.19	(2,526.19)
Tourism & Parks	1,727,000.00	—	239,800.00	1,966,800.00	1,921,940.61	44,859.39
Commerce	7,567,000.00	100,000.00	22,400.00	7,689,400.00	7,776,420.58	(87,020.58)
General Development Agreement	563,000.00	—	—	563,000.00	499,162.54	63,837.46
Total Program	\$ 17,066,000.00	\$ 212,900.00	\$ (14,000.00)	\$ 17,264,900.00	\$ 17,015,932.54	\$ 248,967.46
Education						
Administration	\$ 8,099,000.00	\$ 1,199,000.00	\$ (55,000.00)	\$ 9,243,000.00	\$ 8,456,784.89	\$ 786,215.11
Schools	42,579,000.00	2,480,000.00	74,800.00	45,133,800.00	45,124,873.34	8,926.66
Continuing Education	2,402,000.00	86,000.00	(16,800.00)	2,471,200.00	2,466,224.46	4,975.54
College Programs	5,961,000.00	1,234,000.00	—	7,195,000.00	7,125,409.72	69,590.28
Student Residences	3,880,000.00	510,000.00	20,000.00	4,410,000.00	4,386,467.48	23,532.52
Total Program	\$ 62,921,000.00	\$ 5,509,000.00	\$ 23,000.00	\$ 68,453,000.00	\$ 67,559,759.89	\$ 893,240.11
Justice & Public Services						
Directorate	\$ 500,000.00	\$ 150,000.00	\$ 50,000.00	\$ 700,000.00	\$ 697,466.74	\$ 2,533.26
Legal Division	772,000.00	37,000.00	(10,000.00)	799,000.00	795,207.03	3,792.97
Court Services	2,588,000.00	242,000.00	(10,000.00)	2,820,000.00	2,819,410.16	589.84
Mining Inspection	421,000.00	41,000.00	18,000.00	480,000.00	477,403.13	2,596.87
Safety	1,098,000.00	196,000.00	(28,000.00)	1,266,000.00	1,264,782.02	1,217.98
Consumer Services	1,019,000.00	72,000.00	(776,000.00)	315,000.00	313,885.76	1,114.24
Legal Registries	258,000.00	11,000.00	(24,000.00)	245,000.00	244,881.29	118.71
Museum/Heritage Division	1,067,000.00	(45,000.00)	(51,000.00)	971,000.00	970,030.47	969.53
Library Services	482,000.00	14,000.00	5,000.00	501,000.00	500,075.13	924.87
Legal Services Board	1,188,000.00	209,000.00	—	1,397,000.00	1,378,645.16	18,354.84
Liquor Control Board	—	68,000.00	15,000.00	83,000.00	83,371.78	(371.78)
Police Services Agreement	10,472,000.00	1,221,000.00	(300.00)	11,692,700.00	11,693,000.00	(300.00)
Total Program	\$ 19,865,000.00	\$ 2,216,000.00	\$ (811,300.00)	\$ 21,269,700.00	\$ 21,238,158.67	\$ 31,541.33

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Disbursement by Activity
 for the year ended March 31, 1983

Schedule VI
Continued

Operations and Maintenance

	Main Appropriation	Supplementary Appropriation	Transfers	Total Appropriation	Expenditure	Free Balance
Health						
Administration	\$ 1,391,000.00	\$ 45,000.00	\$ 50,000.00	\$ 1,486,000.00	\$ 1,458,968.99	\$ 27,031.01
Supplementary Health Programs	365,000.00	323,000.00	—	688,000.00	684,575.37	3,424.63
N.W.T. Share of Health Care Services	3,457,000.00	1,515,000.00	—	4,972,000.00	4,845,936.80	126,063.20
T.H.I.S.	23,198,000.00	6,575,000.00	750,000.00	30,523,000.00	31,498,004.50	(975,004.50)
Medicare	5,162,000.00	3,193,000.00	—	8,355,000.00	8,823,572.95	(468,572.95)
Medical Services Contract	760,000.00	(60,000.00)	—	700,000.00	697,348.99	2,651.01
Medical Transportation	1,503,000.00	987,000.00	—	2,490,000.00	2,930,198.66	(440,198.66)
Total Program	\$ 35,836,000.00	\$ 12,578,000.00	\$ 800,000.00	\$ 49,214,000.00	\$ 50,938,606.26	\$ (1,724,606.26)
Liquor Control System						
Liquor Control System	\$ 965,000.00	\$ —	\$ (965,000.00)	\$ —	\$ —	\$ —
Total Program	\$ 965,000.00	\$ —	\$ (965,000.00)	\$ —	\$ —	\$ —
Total Operations & Maintenance	\$ 35,938,000.00	\$ 22,373,900.00	\$ (30,490.00)	\$ 374,281,410.00	\$ 374,487,016.75	\$ (205,606.75)

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Capital Disbursements by Activity
 for the year ended March 31, 1983

Schedule VI
Continued

	Main Appropriation	Supplementary Appropriation	Transfers	Total Appropriation	Expenditure	Free Balance
Capital						
Executive						
Regional Administration	\$ 155,000.00	\$ 160,300.00	\$ —	\$ 315,300.00	\$ 253,096.03	\$ 62,203.97
Total Program	\$ 155,000.00	\$ 160,300.00	\$ —	\$ 315,300.00	\$ 253,096.03	\$ 62,203.97
N.W.T. Housing Corporation						
N.W.T. Housing Corporation	\$ 7,573,000.00	\$ —	\$ —	\$ 7,573,000.00	\$ 7,573,000.00	\$ —
Total Program	\$ 7,573,000.00	\$ —	\$ —	\$ 7,573,000.00	\$ 7,573,000.00	\$ —
Finance						
Nanisivik Capital	\$ —	\$ 175,000.00	\$ —	\$ 175,000.00	\$ 174,911.55	\$ 88.45
Total Program	\$ —	\$ 175,000.00	\$ —	\$ 175,000.00	\$ 174,911.55	\$ 88.45
Government Services						
Directorate	\$ 800,000.00	\$ (50,000.00)	\$ —	\$ 750,000.00	\$ 682,211.25	\$ 67,788.75
Systems & Computer Services	3,887,000.00	(2,160,000.00)	—	1,727,000.00	1,474,399.62	252,600.38
Supply Services	857,000.00	(774,000.00)	—	83,000.00	78,477.90	4,522.10
Petroleum Products	2,376,000.00	581,000.00	—	2,957,000.00	2,752,432.77	204,567.23
Energy Conservation	1,040,000.00	—	(1,040,000.00)	—	—	—
Total Program	\$ 8,980,000.00	\$ (2,403,000.00)	\$ (1,040,000.00)	\$ 5,517,000.00	\$ 4,987,521.54	\$ 529,478.46
Information						
Directorate	\$ 200,000.00	\$ (40,000.00)	\$ —	\$ 160,000.00	\$ 159,285.68	\$ 714.32
Public Affairs	9,000.00	137,000.00	—	146,000.00	142,223.02	3,776.98
Publications & Productions	43,000.00	—	—	43,000.00	43,000.00	—
Interpreter — Translator	48,000.00	8,000.00	—	56,000.00	52,185.37	3,814.63
Total Program	\$ 300,000.00	\$ 105,000.00	\$ —	\$ 405,000.00	\$ 396,694.07	\$ 8,305.93
Local Government						
Directorate	\$ 6,446,000.00	\$ 23,500.00	\$ 135,000.00	\$ 6,604,500.00	\$ 5,762,856.62	\$ 841,643.38
Municipal Affairs	500,000.00	—	—	500,000.00	789,432.87	(289,432.87)
Town Planning & Lands	9,974,000.00	3,688,400.00	75,000.00	13,737,400.00	12,963,579.52	773,820.48
Recreation	1,580,000.00	726,500.00	(210,000.00)	2,096,500.00	1,726,752.39	369,747.61
Total Program	\$ 18,500.00	\$ 4,438,400.00	\$ —	\$ 22,938,400.00	\$ 21,242,621.40	\$ 1,695,778.60

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Capital Disbursements by Activity
 for the year ended March 31, 1983

Schedule VI
Continued

<u>Capital</u>	Main Appropriation	Supplementary Appropriation	Transfers	Total Appropriation	Expenditure	Free Balance
Public Works						
Directorate	\$ 45,000.00	\$ 730,000.00	\$ —	\$ 775,000.00	\$ 755,798.96	\$ 19,201.04
Architectural Project Management	731,000.00	530,000.00	—	1,261,000.00	1,214,239.85	46,760.15
Engineering Project Management	709,000.00	—	—	709,000.00	705,697.67	3,302.33
Operations	—	594,000.00	—	594,000.00	276,119.17	317,880.83
Accommodation Services	5,205,000.00	(136,900.00)	—	5,068,100.00	4,995,675.80	72,424.20
Repair & Upkeep of Buildings & Works	7,212,000.00	3,216,900.00	—	10,428,900.00	9,648,930.56	779,969.44
Operation & Repair of Equipment	488,000.00	63,200.00	—	551,200.00	447,923.03	103,276.97
Highways	1,910,000.00	819,400.00	—	2,729,400.00	2,508,643.90	220,756.10
Total Program	\$ 16,300,000.00	\$ 5,816,600.00	\$ —	\$ 22,116,600.00	\$ 20,553,028.94	\$ 1,563,571.06
Social Services						
Administration	\$ 10,000.00	\$ 17,500.00	\$ —	\$ 27,500.00	\$ 21,495.95	\$ 6,004.05
Family & Children's Services	258,000.00	131,700.00	(302,700.00)	87,000.00	40,001.60	46,998.40
Correction Service	503,000.00	5,200.00	245,000.00	753,200.00	593,778.52	159,421.48
Alcohol & Drug Services	—	102,000.00	(36,300.00)	65,700.00	56,862.20	8,837.80
Aged & Handicapped	19,000.00	(15,100.00)	94,000.00	97,900.00	97,415.31	484.69
Financial Assistance Services	10,000.00	2,000.00	—	12,000.00	11,976.54	23.46
Total Program	\$ 800,000.00	\$ 243,300.00	\$ —	\$ 1,043,300.00	\$ 821,530.12	\$ 221,769.88
Renewable Resources						
Wildlife Service	\$ 836,000.00	\$ (243,000.00)	\$ (10,000.00)	\$ 583,000.00	\$ 488,837.02	\$ 94,162.98
Environmental Service	5,000.00	—	—	5,000.00	3,911.28	1,088.72
Environmental Planning & Assessment	9,000.00	(4,000.00)	10,000.00	15,000.00	4,209.17	10,790.83
Total Program	\$ 850,000.00	\$ (247,000.00)	\$ —	\$ 603,000.00	\$ 496,957.47	\$ 106,042.53
Economic Development						
Tourism & Parks	\$ 922,000.00	\$ 27,700.00	\$ —	\$ 949,700.00	\$ 894,839.92	\$ 54,860.08
Commerce	78,000.00	42,000.00	—	120,000.00	94,305.73	25,694.27
Total Program	\$ 1,000,000.00	\$ 69,700.00	\$ —	\$ 1,069,700.00	\$ 989,145.65	\$ 80,554.35

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Disbursements by Activity
 for the year ended March 31, 1983

Schedule VI
Continued

<u>Capital</u>	Main Appropriation	Supplementary Appropriation	Transfers	Total Appropriation	Expenditure	Free Balance
Education						
Administration	\$ 206,000.00	\$ (9,000.00)	\$ —	\$ 197,000.00	\$ 196,966.64	\$ 208.90
Schools	14,277,000.00	1,359,000.00	—	15,636,000.00	15,650,266.89	(14,266.89)
Continuing Education	74,000.00	4,000.00	—	78,000.00	70,962.86	7,037.14
College Programs	754,000.00	2,116,000.00	5,000.00	2,875,000.00	2,832,899.39	42,100.61
Student Residences	416,000.00	(25,000.00)	(5,000.00)	386,000.00	363,536.20	22,463.80
Total Program	\$ 15,727,000.00	\$ 3,445,000.00	\$ —	\$ 19,172,000.00	\$ 19,114,631.98	\$ 57,543.56
Justice & Public Services						
Directorate	\$ 20,000.00	\$ (20,000.00)	\$ —	\$ —	\$ —	\$ —
Mining Inspection Services	146,000.00	—	—	146,000.00	137,821.92	8,178.08
Museums	324,000.00	(36,000.00)	—	288,000.00	228,165.14	59,834.86
Library Services	30,000.00	(15,000.00)	—	15,000.00	17,905.29	(2,905.29)
Total Program	\$ 520,000.00	\$ (71,000.00)	\$ —	\$ 449,000.00	\$ 383,892.35	\$ 65,107.65
Health						
Territorial Hospitals	\$ 1,527,000.00	\$ (825,000.00)	\$ —	\$ 702,000.00	\$ 305,609.52	\$ 396,390.48
N.W.T. Share of Health Care Services	971,000.00	1,210,000.00	—	2,181,000.00	1,562,185.27	618,814.73
Total Program	\$ 2,498,000.00	\$ 385,000.00	\$ —	\$ 2,883,000.00	\$ 1,867,794.79	\$ 1,015,205.21
Total Government Capital	\$ 73,183,000.00	\$ 12,117,300.00	\$ (1,040,000.00)	\$ 84,260,300.00	\$ 78,854,650.35	\$ 5,405,649.65

GOVERNMENT OF THE NORTHWEST TERRITORIES
Business Loans & Guarantees Fund
Statement of Operation
for the year ended March 31, 1983

Schedule VII

	1983	1982
Loans receivable, April 1, 1983	\$ 3,321,736	\$ 2,942,424
Add: Loans granted during the year*	3,600,346	1,097,471
Less: Loans repayments (principal portion) during the year	1,467,463	718,159
Loans receivable March 31, 1983	\$ 5,454,619	\$ 3,271,736

* This figure includes \$76,706 in payments made on behalf of the recipients of certain business loans where it was necessary to safeguard this Government's interest in those specific assets. The type of payments made on behalf of loan recipients are generally, lawyers fees, insurance or property taxes.

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Grants and Contributions by Department
for the year ended March 31, 1983

Schedule VIII

	Grants	Contributions
Executive		
Girl Guides of Canada	\$ 15,000.00	
Boy Scouts of Canada	10,000.00	
St. John Ambulance	15,000.00	
Air Cadet League	1,750.00	
Dene Nation		
- Annual Assembly	25,000.00	
- Translation Equipment	7,146.00	
- First Ministers' Conference	17,500.00	
Native Womans' Association		
Core Funding	110,000.00	
Inuit Cultural Institute,		
Pelly Bay Elders Conference	25,000.00	
Metis Association		
-Core Funding	120,000.00	
- First Ministers' Conference	10,000.00	
Commonwealth Parliamentary		
Association N.W.T. Conference	100,000.00	
Inuit Tapirisat APP Intervention	30,000.00	
Films North Inc. Student Exchange Film	2,504.00	
Alestine, Andre — Loucheux		
Culture Film	15,000.00	
B.P.O. Elks of Canada Corby Cup		
Banquet	1,500.00	
Inuit Tapirisat		
First Ministers' Conference	17,500.00	
	\$ 522,900.00	
N.W.T. Housing Corporation		
		Northwest Territories Housing Corp. \$ 28,367,000.00
		\$ 28,367,000.00

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Grants and Contributions by Department
 for the year ended March 31, 1983

Schedule VIII
Continued

	Grants	Contributions
Information		
Community Radio Grant Program		
Qarqarlimiut Broadcasting Society		
Grise Fiord	\$ 5,000.00	
Sanikiluaq Broadcasting Society	5,000.00	
Fort Good Hope Broadcasting Society	5,000.00	
Fort Liard Communications Society	5,000.00	
Hay River Broadcasting Society	5,000.00	
Arviaqpaluk Radio Society,		
Eskimo Point	5,000.00	
Issatikpaluk Radio Community Whale Cove	5,000.00	
Coppermine Community Broadcasting		
Society	5,000.00	
Beacho Kho Radio Society, Fort Rae	5,000.00	
Fort Norman Community Radio Society	5,000.00	
Tuktoyaktuk Broadcasting Corp.	5,000.00	
Hall Beach Radio Society	5,000.00	
Taloyoak Broadcasting Society,		
Spence Bay	5,000.00	
Aklavik Radio Committee	5,000.00	
Rankin Inlet Radio Society	5,000.00	
Qikiqtarjuap Nalautinga Canada,		
Broughton Island	5,000.00	
CISS FM Radio, Nanisivik	4,450.00	
King William Radio Society,		
Gjoa Haven	5,000.00	
Fort Franklin Radio Society	5,000.00	
Pelly Bay Broadcasting Society	5,000.00	
Kingnait Broadcasting Society,		
Cape Dorset	5,000.00	
	\$ 104,450.00	

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Grants and Contributions by Department
 for the year ended March 31, 1983

Schedule VIII
Continued

	Grants		Contributions
Local Government (Recreation)			
Grants and Contributions to Organizations for Various Projects			
Front End Grants	\$ 158,000.00		
Per Capita Grants	265,660.00		
Sports Development Grants	1,580.00		
Aquatics Grants	21,120.00		
Cultural & Special Organizations	8,000.00		
	\$ 454,360.00		
Settlement Per Capita Grants	\$ 183,541.25		
			\$ 564,259.38
			Baffin Regional Council
		\$	209,000.00
			Kitikmeot Regional Council
			44,000.00
			Keewatin Regional Council
			70,000.00
			Inuvik Regional Council
			11,127.23
			\$ 334,127.23

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Grants and Contributions by Department
 for the year ended March 31, 1983

Schedule VIII
 Continued

Local Government (Municipal Affairs)	Grants & Contributions				Total
	Municipal Equalization Grant	Grant in Lieu of Taxes	Homeowner's Tax Rebate	Sr. Citizens Tax Relief and Others	
City Of Yellowknife	\$ 950,874.00	\$ 472,472.00	\$ 199,076.90	\$ 11,931.86	\$ 1,634,354.76
Town of Fort Smith	250,080.00	208,174.79	44,026.61	8,350.35	510,631.75
Village of Fort Simpson	109,288.00	77,370.85	7,155.91	757.46	194,572.22
Town of Hay River	242,466.00	181,183.55	41,901.41	4,434.60	469,985.56
Town of Inuvik	236,434.00	196,748.00	11,852.31	1,931.85	446,966.16
Village of Frobisher Bay	373,211.00	444,632.24	4,523.13	—	822,366.37
Town of Pine Point	222,647.00	194,928.24	1,498.36	—	419,073.60
N.W.T. Association of Municipalities Grant	—	—	—	38,835.25	38,835.25
N.W.T. Association of Municipal Administrators	—	—	—	5,000.00	5,000.00
	\$ 2,385,000.00	\$ 1,775,509.67	\$ 310,034.63	\$ 71,241.37	\$ 4,541,785.67

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Grants and Contributions by Department
 for the year ended March 31, 1983

Schedule VIII
 Continued

Local Government (Municipal Affairs)	Grants	Contributions		Total
		Water & Sanitation	Hamlet Contributions	
City of Yellowknife		\$ 140,907.20	\$ —	\$ 140,907.20
Town of Fort Smith		15,713.84	—	15,713.84
Village of Frobisher Bay		379,144.20	—	379,144.20
Village of Fort Simpson		67,525.00	—	67,525.00
Town of Hay River		228,757.67	—	228,757.67
Arctic Bay		—	400,199.00	400,199.00
Broughton Island		—	488,477.00	488,477.00
Cape Dorset		—	547,506.00	547,506.00
Clyde River		—	422,121.00	422,121.00
Hall Beach		—	409,634.00	409,634.00
Igloolik		—	551,979.00	551,979.00
Lake Harbour		—	409,075.00	409,075.00
Pangnirtung		—	521,474.00	521,474.00
Pond Inlet		—	587,563.00	587,563.00
Sanikiluaq		—	454,402.00	454,402.00
Coppermine		—	521,008.00	521,008.00
Gjoa Haven		—	535,468.00	535,468.00
Spence Bay		—	496,349.00	496,349.00
Pelly Bay		—	430,728.00	430,728.00
Baker Lake		—	859,364.00	859,364.00
Chesterfield Inlet		—	505,001.00	505,001.00
Coral Harbour		—	527,687.00	527,687.00
Eskimo Point		—	808,407.00	808,407.00
Rankin Inlet		—	745,375.00	745,375.00
Repulse Bay		—	445,023.00	445,023.00
Whale Cove		—	487,166.00	487,166.00
Fort Franklin		—	400,652.00	400,652.00
Aklavik		—	460,227.00	460,227.00
Tuktoyaktuk		—	767,113.00	767,113.00
Norman Wells		—	286,867.00	286,867.00
Rae Edzo		—	656,637.00	656,637.00
		\$ 832,047.91	\$ 13,725,502.00	\$ 14,557,549.91

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Grants and Contributions by Department
 for the year ended March 31, 1983

Schedule VIII
Continued

	Grants			Contributions
Social Services				
		Alcohol and Drug Programs	\$	124,832.00
		Baffin Information Centre/Pangnirtung		223,000.00
		Northern Addiction Services/Yellowknife		86,530.00
		Peel River Alcohol Society/Ft. Macpherson		85,000.00
		Katimavik Alcohol Centre/Cambridge Bay		16,000.00
		Kativik/Frobisher Bay		74,000.00
		Sappujijit Alcohol & Drug Services/Rankin		12,970.00
		Alcohol Education Committee/Arctic Bay		9,788.00
		Alcohol Education Committee/Igloolik		278,000.00
		Alcohol Committee/Delta House Inuvik		21,750.00
		Alcohol Committee/Rae Edzo		5,000.00
		Alcohol Committee/Spence Bay		<u>936,870.00</u>
		Community Social Service Programs		110,000.00
		Arctic House/Yellowknife		44,000.00
		Inuvik Council for Disabled/Inuvik		70,000.00
		Mentally Retarded Assoc./Yellowknife		40,000.00
		Family Counselling Services/Yellowknife		10,500.00
		N.W.T. Council for Disabled		35,450.00
		N.W.T. Mental Health		1,026,017.00
		Social Services/Town of Frobisher Bay		<u>1,335,967.00</u>
				<u><u>2,272,837.00</u></u>
Renewable Resources				
Fur Incentive/Gasoline Subsidy Program	\$ 341,261.00			
Hunters and Trappers Association	127,000.00			
Community Organized Hunts	23,200.00			
Disaster Compensation	20,885.00			
Boreal Forest Symposium	3,000.00			
Polar Bear Modelling Workshop	5,500.00			
	<u>520,846.00</u>			
		Trappers Assistance	\$	44,150.00
		Outpost Camps		488,683.00
		Baffin Regional Inuit Association		40,000.00
		Keewatin Wildlife Federation		68,000.00
		Caribou Management Boards		44,874.00
				<u>685,707.00</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Contributions by Department
 for the year ended March 31, 1983

Schedule VIII
Continued

	S.T.E.P.	Labour Pools	Tourism Promotion	Assistance to Industry	A.R.D.A.	Total
Economic Development						
Fort Smith	\$ 182,274.93		\$ 54,617.11			\$ 236,892.04
Inuvik	4,000.00	66,000.00	42,025.00			112,025.00
Baffin	33,331.00		30,000.00			63,331.00
Keewatin	127,253.86		40,000.00			167,253.86
Kitikmeot	60,225.00		10,000.00			70,225.00
Headquarters						
Co-operatives						
C.A.C.F.L.				165,000.00		165,000.00
Non-Renewable Resources						
Energy Mines & Resources Canada				10,000.00		10,000.00
Enterprises						
Kekertak Co-op Association				40,000.00		40,000.00
Bathurst Inlet Development				30,000.00		30,000.00
Tourism & Parks						
Arctic Coast Tourism Association			23,400.00			23,400.00
Big River Travel Association			12,000.00			12,000.00
Keewatin Tourism Association			11,700.00			11,700.00
Northern Frontier Tourism Association			23,400.00			23,400.00
N.W.T. T.I.A.			35,000.00			35,000.00
Western Arctic Visitors Association			18,700.00			18,700.00
Small Business Development						
Arctic Cabs Limited				3,800.00		3,800.00
Arctic Coast Tourist Association				10,000.00		10,000.00
Big River Travel Association				29,438.00		29,438.00
Buffalo Air				2,700.00		2,700.00
Fitz-Smith Native Band				2,472.00		2,472.00
Fort Smith Air Services				19,600.00		19,600.00
Freshwater Fish Marketing Corporation				600,334.00		600,334.00
Hay River and Area Economic Development Corporation				30,000.00		30,000.00
Ikaluktutiak Co-op				17,700.00		17,700.00
Inuvialuit Development Corporation				18,750.00		18,750.00
Keewatin Chamber of Commerce				14,000.00		14,000.00
Keewatin Tourism Committee				5,000.00		5,000.00
Kitikmeot Inuit Association				4,193.59		4,193.59
N.W.T. Chamber of Mines				10,000.00		10,000.00
N.W.T. Grade Stamp Agency				10,000.00		10,000.00
Peter's Restaurant				3,750.00		3,750.00
Rae Edzo Band Economic Development Committee				6,975.00		6,975.00
Rae Edzo Dogrib Band				13,125.00		13,125.00
Slave River Sawmill				533,000.00		533,000.00
Travel Industry Association				15,000.00		15,000.00
Western Arctic Visitor's Association				8,000.00		8,000.00

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Contributions by Department
 for the year ended March 31, 1983

Schedule VIII
Continued

Economic Development	S.T.E.P.	Labour Pools	Tourism Promotion	Assistance to Industry	A.R.D.A.	Total
Financial Services					44.25	44.25
Aklavik H.T.A.	\$	\$	\$	\$	134.00	134.00
Coppermine Co-op					2,053.76	2,053.76
Fort Franklin H.T.A.					801.48	801.48
Fort Norman H.T.A.					649.60	649.60
Fort Providence Dene Band					6,476.40	6,476.40
Fort Resolution H.T.A.					60,576.73	60,576.73
Fort Resolution Sawmill					134.00	134.00
Hall Beach Co-op					134.00	134.00
Holman Island Co-op					1,206.03	1,206.03
Ikaluktutiak Co-op					268.02	268.02
Jean Marie River Co-op					268.02	268.02
Katudgevik Co-op					402.01	402.01
Kerkertak Co-op					268.02	268.02
Kissarvik Co-op					1,845.64	1,845.64
Koomiut Co-op					60,114.50	60,114.50
Metis Development Corporation					536.01	536.01
Padlei Co-op					804.04	804.04
Paleajook Co-op					134.00	134.00
Pangnirtung Co-op					268.02	268.02
Petanea Co-op					1,122.82	1,122.82
Pitsiulak Co-op					23,229.42	23,229.42
Sachs Harbour H.T.A.					670.02	670.02
Sanavik Co-op					268.02	268.02
Toonoonik-Sahoomik Co-op					268.02	268.02
Tulugak Co-op					1,891.41	1,891.41
Turn Air Ltd.					268.02	268.02
West Baffin Co-op					6,697.86	6,697.86
Whale Cove H.T.A.						
	\$ 407,084.79	\$ 66,000.00	\$ 300,842.11	\$ 1,602,837.59	\$ 171,534.12	\$ 2,548,298.61

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Grants and Contributions by Department
 for the year ended March 31, 1983

Schedule VIII
Continued

Education	Grants	Contributions
Grants to Schools for Operational Activities		Contributions to Schools and Education Committees
Student Grants		
- Mature Student Grants	\$ 43,250.00	- Yellowknife area
- Student Travel & Exchange	17,047.00	- Fort Smith Region
- N.W.T. School Athletic Assoc.	20,500.00	- Inuvik Region
		- Baffin Region
Grants to School Districts		- Keewatin Region
- School District No. 1	3,930,632.00	- Kitikmeot Region
- School District No. 2	2,284,000.00	
	\$ 6,295,429.00	Contributions for Indigenous
		Language Development
		- Ft. Providence Dene Band Council
		- Ft. Norman Education Committee
		- Eskimo Point Education Society
		- Ft. Resolution Education Committee
		- Lac La Martre Education Committee
		- C.O.P.E.
		- Ft. Franklin Slavey Language Program
		- Aklavik Education Committee
		- Detah Education Committee
		- Ft. Good Hope Education Committee
		- Lutsel Ice Dene Council
		- Delta Region Dene Council
		- Pond Inlet Education Society
		- Tuktoyaktuk Education Committee
		- Ikaluit Education Society
		- Igloodik Education Society
		- Repulse Bay Education Committee
		- Sachs Harbour Education Committee
		Contributions for Continuing Education
		- Native Womens' Association
		- Tree of Peace
		\$ 4,983,483.00

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Grants and Contributions by Department
 for the year ended March 31, 1983

Schedule VIII
 Continued

	Grants		Contributions
Justice & Public Services			
Canadian Associations of Provincial Court Judges	\$ 2,000.00	N.W.T. Native Court Workers	\$ 402,000.00
Association of Fire Chiefs and Firefighters of N.W.T.	10,000.00	Maliiganik Tukisiiniakvik Library Services	204,000.00
Canada Safety Council	1,000.00	- Inuvik	15,831.00
Uniform Law Committee	2,000.00	- Community Education Society, Eskimo Point	3,219.00
Library Services		- Hamlet of Aklavik	4,490.00
- Town of Inuvik	1,500.00	- Hamlet of Fort Norman	2,628.00
- Town of Fort Smith	1,500.00	- Settlement of Fort McPherson	3,587.00
- City of Yellowknife	6,500.00	- Municipality of Igloolik	4,900.00
Museums		- City of Yellowknife	37,651.50
- Fort Smith O&M	50,000.00	- Settlement of Cambridge Bay	3,891.00
	\$ 74,500.00	- Hamlet of Pangnirtung	3,126.00
			\$ 685,323.50
Health			
		Directorate	
		N.W.T. Registered Nurses' Association	8,000.00
		Storefront for Voluntary Agencies, Yellowknife	30,000.00
		N.W.T. Medical Association, Yellowknife	5,000.00
		Canadian Public Health Association, Ottawa	4,943.00
		Rae Edzo Native Women's Health Project	57,000.00
		Hospitals	
		Stanton Yellowknife Hospital	8,762,196.51
		Hay River Health Centre	2,688,749.00
		Fort Smith Health Centre	1,409,877.00
		Northern Addiction Centre, Yellowknife	231,600.00
		Inuvik General Hospital	1,754,018.00
		Frobisher Bay General Hospital	3,165,217.00
			\$ 18,118,800.51
Total Grants	\$ 12,697,811.92	Total Contributors	\$ 873,115,186.14
Total Grants & Contributions	\$ 85,812,998.06		

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Write-offs (in excess of \$5000)
 for the year ended March 31, 1983

Schedule IX

Accounts Receivable

Name	Amount
Colonial Homes	\$ 9,184.54
Terrabain General Store	10,424.00
Arctic Arts	5,292.00
Linklater, Clara	7,097.42
	\$ 32,000.96
Other Miscellaneous Accounts Less than \$5,000 Written off	\$ 90,691.02
Total accounts written off	\$ 122,691.98

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Surplus
 for the year ended March 31, 1983

Schedule X

		1983	(thousands of dollars)	1982
Surplus at beginning of year	\$	21,757		
- operations and maintenance				
- Less transfer to Capital				
Surplus as per Section 8 of the Financial Agreement with Canada	\$	10,000	\$	16,568
		16,654		
- Capital				
- Plus Transfer from operation and maintenance		10,000	26,654	11,329
			6,000	5,000
- Business Loan Fund			—	—
- Student Loan Fund			44,411	32,897
Surplus (deficit) for the year	\$	794	\$	6,189
- from operations and maintenance		(1,000)		(1,000)
- less appropriation to Business Loan Fund		(950)		—
- less appropriation Student Loan Fund			(1,156)	5,189
			(14,676)	5,325
-from capital			1,000	1,000
- appropriated to the Business Loan Fund			950	—
- appropriated to Student Loan Fund			(13,882)	11,514
Surplus at end of the year				21,757
- operations and maintenance				16,654
- capital				6,000
- Business Loan Fund				—
- Student Loan Fund			\$	44,411
		30,529		

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Outstanding Travel Advances
 for the year ended March 31, 1983

Schedule XI

Headquarters					
Executive					
Name	Amount		Name	Amount	
Harvison, Peter J.	\$ 1,000.00	\$ 1,000.00	Pierce, James M.	\$ 2,300.00	
			Doyal, J.A.	1,500.00	
			Letourneau, Claude J.	3,500.00	
			Gosselin, R.M.	2,800.00	
			Lantz, Keith Brian	300.00	
			Macleod, Malcolm R.	1,500.00	
			Nolan, Phillip D.	300.00	
			Elliott, Tony	165.00	
			Gendron, Denise	1,800.00	\$ 14,165.00
Legislative Assembly			Renewable Resources		
Taylor, Carol Ann	\$ 500.00	\$ 500.00	Lee, Leslie John	\$ 2,500.00	\$ 2,500.00
Personnel			Economic Development		
Ramsay, Randall J.	\$ 1,200.00		Webb, Don	\$ 500.00	
Stephens, R.L.	281.50		Sowdloopik, Sakeease	2,525.00	
Tuckley, Ronald W.	700.00		McLeod, Michael	300.00	\$ 3,325.00
Szumowski, Henry	1,200.00				
Sorenson, Art	900.00		Education		
Murphy, Daniel F.	884.82		Warren, Beatrice J.	\$ 425.00	
Airhart, Phillip J.	1,400.00		Wilman, David	1,500.00	
Thormin, Phillip B.	638.90		Modeste, Jane	945.00	
Dies, Glen	652.00		Biscaye, Elizabeth	500.00	
Moger, Orville Ivan	325.00		Marach, Nicholas	400.00	\$ 3,770.00
Heron, Allan K.	40.83				
Hourie, Eileen	400.00				
Tucktoo, Josephine	309.50				
Kringayark, Joani	895.00				
Roach, Leslie A.	500.00				
Greywolf, Shirle	950.00				
Tapatai, Peter	950.00				
McCaskill, Monica	100.00	\$ 12,327.55			

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Outstanding Travel Advances
 for the year ended March 31, 1983

Schedule XI
continued

<u>Justice and Public Service</u>	<u>Amount</u>	<u>Amount</u>	<u>Name</u>	<u>Amount</u>	<u>Amount</u>
Davis, Thomas Beck	\$ 800.00		Inuvik Region		
Bourassa, R.M. Judge	400.00		Economic Development		
MacDougall, C. y Ian	1,200.00		Coady, Kevin	\$ 150.00	\$ 150.00
Mercredi, Xavier F.	1,800		Total Inuvik Region		\$ 150.00
Metz, Catherine	350.00				
Valpy, Dumaresq R.	1,700.00		Baffin Region		
Hewitt, Michael	1,300.00		Personnel		
Arnold, Charles	275.00		Barnet, David A.	\$ 300.00	\$ 300.00
Janes, Robert Roy	275.00				
Lal, Stein	1,300.00	\$ 9,400.00	Local Government		
Total Headquarters		\$ 32,822.55	Applegath, Craig	\$ 750.00	\$ 750.00
Fort Smith Region			Total Baffin Region		\$ 1,050.00
Social Services					
Geddes, Robert	\$ 300.00	\$ 300.00	Keewatin Region		
Renewable Resources			Economic Development		
Chowns, Tom T.C.	\$ 400.00		Misherlak, John	\$ 250.00	
Boxer, Donald D.	1,000.00		Voisey, Paul	250.00	
Illasiak, George Alex	400.00		Makpak, Reagan	300.00	\$ 800.00
Beaulieu, James R.	400.00		Total Keewatin Region		\$ 800.00
Colosimo, Leonard	500.00				
Letkeman, Richard E.	400.00	\$ 3,100.00	Kitikmeot Region		
			Personnel		
Economic Development			Panegyuk, John A.	\$ 891.00	\$ 891.00
Napier, Alexander S.	\$ 350.00	\$ 350.00	Economic Development		
Education			Katik, Phillip	\$ 250.00	
Brunanski, Nelson	\$ 350.00		Oyakyok, Johnny	200.00	\$ 450.00
Soucy, Alban P.	3,500.00		Total Kitikmeot Region		\$ 1,341.00
Menard, Larry	350.00	\$ 4,200.00	Total Government		\$ 58,278.55
Total Fort Smith Region		\$ 7,950.00			

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Special Warrants by Activity
 for the year ended March 31, 1983

Schedule XII

<u>Operations & Maintenance</u>	<u>Purpose</u>	<u>Date of Approval</u>	<u>Amount Authorized</u>
Legislative Assembly			
Legislative Assembly	Help sponsor Commonwealth Parliamentary Association's Annual conference.		
Total Program		20 Dec 82	\$ 75,000
			\$ 75,000
Executive			
Executive Committee Secretariat	Public Utilities Board and Highway Transport Board Transferred from Justice and Public Service	02 Nov 82	\$ 183,000
Regional Operations Secretariat	Mackenzie Delta Fund relief.	02 Nov 83	53,000
Total Program			\$ 236,000
Financial Management Secretariat			
Financial Management Secretariat	Transfer budget input function from the Department of Finance.	02 Nov 82	\$ 14,000
Total Program			\$ 14,000
Finance			
Comptrollership	Transfer budget input function to Financial Management Secretariat.	02 Nov 82	\$ (14,000)
Total Program			\$ (14,000)

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Special Warrants by Activity
 for the year ended March 31, 1983

Schedule XII
Continued

<u>Operations & Maintenance</u>	<u>Purpose</u>	<u>Date of Approval</u>	<u>Amount Authorized</u>
Justice and Public Services			
Consumer Services	Public Utilities Board and Highway Transport Board transferred to the Executive.	02 Nov 82	\$ (183,000)
	Motor vehicles function transferred to Government Services.	30 Nov 82	(643,000)
	Administration of the Consumer Affairs section.	14 Dec 82	68,000
Safety	Position seconded to the St. John's Ambulance Association	30 Nov 82	50,000
Directorate	Additional funding for Arctic Pilot Project intervention.	24 Jan 83	21,000
Legal Division	Provide legal services to the N.W.T. Housing Corporation.	20 Dec 82	42,000
Legal Services Board	Increase funds to Maliganik Tukisiiniakvik and Native Courtworker's Association.	24 Jan 83	105,000
Total Program			<u>\$ (540,000)</u>
Government Services			
Transportation	Transfer freight cost to Education.	17 July 82	\$ (23,000)
Systems & Computer Services	Additional funds for Computer Operations.	13 Aug 82	427,000
Energy Conservation	Transfer activity to Public Works	30 Nov 82	(195,000)
Motor Vehicles	Activity transferred from Justice and Public Services.	30 Nov 82	626,000
Total Program			<u>\$ 835,000</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Special Warrants by Activity
 for the year ended March 31, 1983

Schedule XII
Continued

<u>Operations & Maintenance</u>	<u>Purpose</u>	<u>Date of Approval</u>	<u>Amount Authorized</u>
Public Works			
Repair to Upkeep of Buildings and Works	Transfer funds to Local Government to maintain Broughton Island Complex.	02 Nov 82	\$ (39,000)
Utilities	Transfer funds to Local Government to maintain Broughton Island Complex.	02 Nov 82	(27,000)
	Energy Conservation Activity transferred from Government Services.	30 Nov 82	195,000
Operations and Repair of Equipment	Transferred from Local Government for secondment of a Hamlet employee.	10 May 83	35,000
Total Program			<u>\$ 164,000</u>
Renewable Resources			
Directorate	Funds for two positions established in Norman Wells.	10 May 83	\$ 152,000
Wildlife Services	Increase Grants and Contributions funding to Hunters and Trappers Association.	17 July 82	50,000
	Additional Wildlife Personnel.	02 Nov 82	130,000
Total Program			<u>\$ 332,000</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Special Warrants by Activity
 for the year ended March 31, 1983

Schedule XII
Continued

<u>Operations & Maintenance</u>	<u>Purpose</u>	<u>Date of Approval</u>	<u>Amount Authorized</u>
Local Government			
Municipal Affairs	Transferred from Public Works for the operation of Broughton Island Complex	02 Nov 82	\$ 66,000
	Transferred to Public Works in relation to secondment of Hamlet employee.	10 May 83	(35,000)
	Increased Hamlet Contributions and Administrative travel. Re: Norman Wells.	10 May 83	71,000
Development Training	Reduce funds for Municipal Administrations Certification program.	02 Nov 82	(10,000)
Total Program			<u>\$ 92,000</u>
Health			
Territorial Hospital Insurance Program	To provide funds for increased Cost of Budget Review Hospitals and Detoxification Centre Cost.	26 Aug 82	\$ 1,160,000
	Extended and Chronic Care program, transferred from Social Services.	30 Nov 82	760,000
Medicare	To provide funds for Physician Manpower Recruitment program.	24 Sept 82	1,445,000
Administration	Funds for increased grants and contributions	24 Jan 83	30,000
Total Program			<u>\$ 3,395,000</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Special Warrants by Activity
 for the year ended March 31, 1983

Schedule XII
Continued

<u>Operations & Maintenance</u>	<u>Purpose</u>	<u>Date of Approval</u>	<u>Amount Authorized</u>
Social Services			
Services to the Aged and Handicapped	Chronic Care program transferred to the Department of Health	30 Nov 82	\$ (760,000)
Total Program			<u>\$ (760,000)</u>
Economic Development			
Directorate	To provide funding for an administration position required due to increased Economic Development in Norman Wells.	10 May 83	\$ 112,900
Total Program			<u>\$ 112,900</u>
Education			
Administration	To provide funding for Indigenous Peoples' Language programs.	26 Aug 82	\$ 935,000
Schools	Funds transferred from Government Services for freight cost now borne by Local Education Authorities	17 July 82	23,000
College Programs	To provide additional funding for education programs recovered through the Canada Employment and Immigration Centres.	10 May 83	650,000
Student Residences	To provide additional funding required for the operation of the Koe Go Cho Residence.	20 Dec 82	138,000
Total Program			<u>\$ 1,746,000</u>
Total Operations and Maintenance			<u>\$ 5,687,900</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Special Warrants by Activity
 for the year ended March 31, 1983

Schedule XII
Continued

<u>Capital</u>	<u>Purpose</u>	<u>Date of Approval</u>	<u>Amount Authorized</u>
Executive			
Regional Operations Secretariat	To purchase an employee's house as per the Buy Back program.	24 Sept 82	\$ 44,500
	To purchase an emergency radio network and antenna.	28 Jan 83	23,300
	To purchase mobile emergency generators for the Kitikmeot Region.	28 Jan 83	39,000
	To revoke funds to complete the Fort Good Hope Community Complex.	06 May 82	21,000
	Norman Wells Complex project cancelled.	28 Jan 83	(30,000)
	Additional funds to complete the Fort Good Hope Community Complex.	04 April 83	9,500
	For Community emergency airstrip in Bay Chimo.	11 March 83	54,000
Total Program			<u>\$ 160,300</u>
Information			
Directorate	Surplus funds identified to offset the requirement for the Language Bureau.	01 Sept 82	\$ (40,000)
Public Affairs	To acquire equipment for the Language Bureau.	01 Sept 82	137,000
Interpreter/Translator Corps	To purchase simultaneous interpreting equipment.	06 May 83	8,000
Total Program			<u>\$ 105,000</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Special Warrants by Activity
 for the year ended March 31, 1983

Schedule XII
Continued

<u>Capital</u>	<u>Purpose</u>	<u>Date of Approval</u>	<u>Amount Authorized</u>
Justice and Public Services			
Directorate	Surplus funds identified due to deferred library move.	24 Sept 82	\$ (20,000)
Museums/Heritage Division	Surplus funds identified from Museum Archives Storage.	28 Jan 83	(35,000)
	Surplus funds identified from Community Museum Grants.	28 Jan 83	(23,000)
	To purchase the Alex Stevenson Collection.	24 Sept 82	20,000
	Anticipated expenditures higher than estimates for various projects.	24 Sept 82	2,000
Library Services	Surplus funds identified from furniture and equipment allocation.	28 Jan 83	(15,000)
Total Program			<u>\$ (71,000)</u>
Government Services			
Directorate	Surplus funds identified from furniture and equipment allocation.	28 Jan 83	\$ (50,000)
Systems and Computer Services	Surplus funds identified due to delay in construction of Computer Building.	28 Jan 83	(2,160,000)
Supply Services	Surplus funds identified from Warehouse/Complex Cambridge Bay deferred to 1984-85.	06 May 83	(680,000)
Petroleum Products	Revoke funds to complete the following project voted in 1981-82.		
	- Tank Farm Construction, Lac La Martre	06 May 82	\$ 106,000
	- Tank Farm Construction, Holman Island		4,000
	- Tank Farm Construction, Paulatuk		67,000
	- Tank Farm Construction, Coppermine		81,000
	- Tank Farm Construction, Gjoa Haven		200,000
	- Tank Farm Construction, Pelly Bay		3,000
	- Tank Farm Construction, Chesterfield Inlet		129,000
	Surplus funds identified for various projects	28 Jan 83	9,000
			<u>\$ 581,000</u>
Energy Conservation	Activity transferred to Public Works	28 Jan 83	(1,040,000)
Total Program			<u>\$ (3,443,000)</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Special Warrants by Activity
 for the year ended March 31, 1983

Schedule XII
Continued

<u>Capital</u>	<u>Purpose</u>	<u>Date of Approval</u>	<u>Amount Authorized</u>
Public Works			
Directorate	Additional funds for arbitration settlement.	28 Jan 83	\$ 730,000
Architectural Services	Additional funds for salary and travel cost to implement programs under Project Management	28 Jan 83	180,000
	Revote funds for Pelly Bay Complex.	06 May 82	280,000
	Additional funds for Pelly Bay Complex.	06 May 83	70,000
Accommodation Services	Surplus funds identified from office renovations and relocation in Yellowknife.	06 May 82	\$ (250,000)
	To revote funds for furniture for staff houses in Kitikmeot Region.	06 May 82	63,000
	Additional funds for office renovations in Frobisher Bay.	24 Sept 82	67,200
	Surplus funds identified in various projects.	28 Jan 83	(57,400)
	For 1981-82 outstanding Staff Housing program payments for Eskimo Point and Lac La Martre plus additional requirements for Coppermine Staff Housing.	28 Jan 83	40,300
Repair and Upkeep of Buildings and Works	To provide additional funds for the following emergency projects.		
	- Repairs to Water Intake and Main, Rae/Edzo	24 Sept 82	100,000
	- Replace School Roof, Aklavik	06 May 82	600,000
	- Repair Water Services, Prince of Wales Northern Heritage Centre	06 May 82	200,000
	- Rebuild Heat System — 4 Row Houses, Inuvik	17 July 82	140,000
	- Repair Pile Foundations, Fort Good Hope School	24 Sept 82	220,000

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Special Warrants by Activity
 for the year ended March 31, 1983

Schedule XII
Continued

<u>Capital</u>	<u>Purpose</u>	<u>Date of Approval</u>	<u>Amount Authorized</u>
Public Works			
Repair and Upkeep of Buildings and Works (continued)	To provide additional funds for the following emergency projects.		
	- Replace Insulation, Pond Inlet School	24 Sept 82	\$ 437,000
	- Renovate Sanikiluaq Power House	06 May 82	131,000
	- Repair and upgrade Staff Housing in the Baffin Region	24 Sept 82	50,000
	- Surplus funds identified in various projects	28 Jan 83	(542,800)
	- Repairs to Sewage Tanks, Cambridge Bay	28 Jan 83	90,000
	To revote funds for the following projects voted in 1981-82 but not completed.	06 May 82	
	- Regional Energy Conservation, Fort Smith Region		327,100
	- Repair Foundation, Rockhill Apts, Yellowknife		106,500
	- Replace Windows, Akaitcho Hall, Yellowknife		125,000
	- Regional Energy Conservation, Baffin Region		532,500
	- Standby Generator, Fort Good Hope School		118,000
	- Regional Energy Conservation, Keewatin		113,500
	- Change Hot Water Tanks, Baffin Region		94,700
	- Regional Energy Conservation, Kitikmeot Region		78,000
	- Replace Water Line, Akaitcho Hall, Yellowknife		90,000
	- Energy Conservation, Yellowknife		25,000
	- Extra-ordinary Maintenance, Butler Units, Frobisher Bay		50,000
	- Replace Heating System, Pond Inlet School		63,400
	- Replace Heating System, Spence Bay School		68,000
			<u>3,212,900</u>
Operations and Repair of Equipment	For Mobile equipment in Yellowknife and Keewatin Region.	24 Sept 82	28,000
	For equipment in the Fort Smith Region.	06 May 82	25,000
	Additional Funds for various projects.	28 Jan 83	10,200

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Special Warrants by Activity
 for the year ended March 31, 1983

Schedule XII
Continued

<u>Capital</u>	<u>Purpose</u>	<u>Date of Approval</u>	<u>Amount Authorized</u>
Public Works (continued)			
Highways	To revoke the following projects voted in 1981-82 but not completed.		
	- Maintenance Camps, Trout and Jean Marie River	06 May 82	200,000
	- Maintenance Garage, Hay River	06 May 82	150,000
	- Heavy Mobile Equipment, Highway Maintenance	17 July 82	260,000
	To replace propulsion units for M.V. Merv Hardie.	06 May 82	170,000
	Additional funds for the M.V. Merv Hardie propulsion units	24 Sept 82	14,000
	Surplus funds from Mobile equipment Allocation.	28 Jan 83	(73,200)
	Surplus funds from Highway Equipment Garage, Hay River.	28 Jan 83	(40,000)
	Ferry barge modification project deferred to 1983/84	28 Jan 83	(73,700)
	Modification Study — M.V. Louis Cardinal	28 Jan 83	12,000
	Additional funds to repower M.V. Hay River No. 1	28 Jan 83	123,000
	Additional funds for various projects.	28 Jan 83	77,300
Energy Conservation	Activity transferred from Government Services.	28 Jan 83	594,000
Total Program			\$ 5,816,600

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Special Warrants by Activity
 for the year ended March 31, 1983

Schedule XII
Continued

<u>Capital</u>	<u>Purpose</u>	<u>Date of Approval</u>	<u>Amount Authorized</u>
Renewable Resources			
Directorate	To acquire small tools and equipment for wildlife officers.	25 April 83	\$ 4,000
Wildlife Services	Surplus funds due to delay in construction of office/warehouse in Coppermine, Fort Liard and Arctic Bay	24 Sept 82	(247,000)
Environment Planning and Assessment	Surplus funds identified for Draft and Map Storage	28 Jan 83	(4,000)
Total Program			\$ (247,000)
Local Government			
Directorate	Impact funding in Tuktoyaktuk (2 houses).	24 Sept 82	\$ 300,000
	Surplus funds due to delay in construction of the Hamlet Offices in Gjoa Haven.	06 May 82	(500,000)
	To revoke projects uncompleted in 1981-82	06 May 82	
	- Fire alarm system		199,000
	- Firehall, Fort McPherson		73,000
	- Hamlet Office, Spence Bay		42,000
	- Council Office, Fort McPherson		14,400
	- Garage/Firehall, Pelly Bay		22,300
	Additional funds for the Council Office in Fort McPherson.	28 Jan 83	100,000
	Fort Resolution Office renovations deferred.	28 Jan 83	(101,300)
	Surplus funds from Community Complex, Chesterfield Inlet.	24 Sept 82	(70,000)
	Surplus funds from fire fighting Systems in Regions (delays in siren delivery)	28 Jan 83	(46,000)
	Surplus funds from Hamlet Office addition, Repulse Bay.	28 Jan 83	(75,000)
	To purchase furniture and equipment for the Fort McPherson Community Office.	28 Jan 83	46,000
	To complete planning and preparation of tender documents for Hamlet Office, Gjoa Haven.	28 Jan 83	33,000
	For office planning, Norman Wells.	28 Jan 83	40,000
	Surplus funds identified in various projects.	28 Jan 83	(38,400)

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Special Warrants by Activity
 for the year ended March 31, 1983

Schedule XII
Continued

<u>Capital</u>	<u>Purpose</u>	<u>Date of Approval</u>	<u>Amount Authorized</u>
Local Government (continued)	Surplus funds due to deferral of garage renovations in Nahanni Butte and the access road relocation in Fort Liard.	28 Jan 83	(15,500)
Municipal Affairs	Surplus funds from Road/Sidewalk Construction Grant.	24 Sept 82	(250,000)
	Additional funds for Municipalities for Road Construction Grants.	16 Feb 83	250,000
Town Planning and Lands	Impact funding (Road Construction) Norman Wells.	06 May 82	444,000
	Impact funding (Road Construction) Norman Wells.	24 Sept 82	479,000
	To revoke the following projects not completed in 1981-82	06 May 82	
	- Water/sewer, Major Municipalities		803,000
	- Water intake improvements, Edzo		78,800
	- Water delivery improvement, Fort McPherson		117,000
	- Water/sewer, Pangnirtung		239,000
	- Water/sewer, Tuktoyaktuk		437,000
	- Road/site/land, Keewatin Region		102,200
	- Road/site/land, Baffin Region		146,000
	- Water/sewer, Rae Edzo		133,800
	- Water/sewer, Rankin Inlet		28,800
	Additional funds for water and sewer in major municipalities.	24 Sept 82	599,500
	Additional funds for road/site/land in Inuvik Region.	24 Sept 82	29,700
	Surplus funds from Land Development, Rankin Inlet.	28 Jan 83	(510,200)
	Fort Norman Sewage Lagoon clean-up deferred.	28 Jan 83	(10,000)
	Surplus funds identified from Project Management, Baffin being funded from Vote 1.	28 Jan 83	(45,000)

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Special Warrants by Activity
 for the year ended March 31, 1983

Schedule XII
Continued

<u>Capital</u>	<u>Purpose</u>	<u>Date of Approval</u>	<u>Amount Authorized</u>
Local Government			
Town Planning and Lands (continued)	Emergency replacement of boilers at the main pumphouse in Yellowknife	28 Jan 83	835,000
	Surplus funds from the deferrment to 1983-84 of the following Water/Sanitation projects.	28 Jan 83	
	- Fort Norman Sewage Lagoon		(11,500)
	- Fort McPherson sewage improvements		(40,000)
	- Fort McPherson Sewage Predesign Study		(10,000)
	- Aklavik Predesign Study		(8,000)
	- Fort Franklin Sewage Lagoon construction		(8,500)
	- Fort Franklin water supply improvements		(10,000)
	- Norman Wells Utilidor assessment		(1,800)
	- Paulatuk Predesign Study		(25,000)
	- Tuktoyaktuk Reservoir Pumphouse		(160,000)
	- Gjoa Haven water/sewer improvements		(5,000)
	- Holman Island Predesign Study		(9,000)
	- Pelly Bay Predesign Study		(25,000)
	- Repulse Bay water/sewer		(12,000)
	- Baker Lake water/sewer		(62,500)
	- Chesterfield Inlet Predesign Study		(8,000)
	- Coral Harbour Predesign Study		(5,000)
	- Eskimo Point Predesign Study		(5,000)
	- Whale Cove Predesign Study		(5,000)
	Impact funding, Tuktoyaktuk (road/site/land development).	06 May 83	559,000

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Special Warrants by Activity
 for the year ended March 31, 1983

Schedule XII
Continued

<u>Capital</u>	<u>Purpose</u>	<u>Date of Approval</u>	<u>Amount Authorized</u>
Local Government			
Town Planning and Lands (continued)	Emergency repairs, Fort McPherson Water Point.	28 Jan 83	2,800
	Surplus funds in various projects.	28 Jan 83	(369,700)
Recreation	Impact funding Tuktoyaktuk (completion of arena)	06 May 82	225,000
	Revote projects not completed in 1981-82.	06 May 82	
	- Multi-purpose Hall/Arena, Rae		100,000
	- Community Hall renovations, Frobisher Bay		41,000
	- Multi-purpose Hall, Arctic Bay		20,000
	Additional funds for Community Hall, Fort Resolution.	06 May 82	160,000
	Impact funding Norman Wells (Planning Community Centre).	06 May 82	30,000
	Construction of the Fort Franklin Community Hall deferred to 1985-86.	28 Jan 83	(48,500)
	Surplus funds from recreation site work, Tuktoyaktuk.	28 Jan 83	(15,000)
	Funds for the Recreation Complex, Coppermine.	28 Jan 83	135,000
	Additional funds for various projects.	28 Jan 83	79,000
Total Program			<u>\$ 4,438,400</u>
Social Services			
Administration	Revote funds for Eskimo Point Office construction.	06 May 82	15,000
	Revote funds for Baker Lake Office renovations.	24 Sept 82	5,000
	Surplus funds from various projects.	28 Jan 83	(2,500)
Corrections	Revote funds for planning the new Baffin Correctional Centre.	24 Sept 82	237,000
	Additional funds for various projects.	16 Feb 83	5,200

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Special Warrants by Activity
 for the year ended March 31, 1983

Schedule XII
Continued

<u>Capital</u>	<u>Purpose</u>	<u>Date of Approval</u>	<u>Amount Authorized</u>
Social Services (continued)			
Family and Childrens' Services	Treatment Centre in Yellowknife deferred to 1985-86	28 Jan 83	(98,000)
	Surplus funds from various projects.	28 Jan 83	(7,300)
Services to the Aged and Handicapped	Revote funds for the construction, furnishing and equipment for the Yellowknife Group Home.	06 May 82	85,000
	Revote funds for Receiving Home renovations in Yellowknife.	06 May 82	14,000
	Additional funds Receiving Home Renovations, Yellowknife.	24 Sept 82	3,000
	Surplus funds from various projects.	28 Jan 83	(15,100)
Financial Assistance	Revote funds for Churchill Transient Centre renovations.	06 May 83	15,000
	Surplus funds from Churchill Transient Centre renovations.	28 Jan 83	(13,000)
Total Program			<u>\$ 243,300</u>
Economic Development and Tourism			
Tourism and Parks	Revote funds for the Dempster Campground, Inuvik	06 May 82	\$ 60,000
	Funds for Blackstone Park, Nahanni Butte	24 Sept 82	17,000
	Surplus funds due to deferrment of the following projects.	28 Jan 83	
	- Blackstone Park, Nahanni Butte		(9,000)
	- Dempster Campground, Inuvik		(9,900)
	- Dempster Campground, Fort McPherson		(34,000)
	Additional funds for various projects	28 Jan 83	3,600

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Special Warrants by Activity
 for the year ended March 31, 1983

Schedule XII
Continued

<u>Capital</u>	<u>Purpose</u>	<u>Date of Approval</u>	<u>Amount Authorized</u>
Economic Development and Tourism			
(continued)			
Commerce	Store renovations, Rae Lakes.	24 Sept 82	42,000
Total Program			\$ 69,700
Education			
Administration			
	Additional funds for construction of Resource Centre in Cambridge Bay.	24 Sept 82	\$ 35,000
	To revoke funds for furniture and equipment, Yellowknife.	06 May 82	1,000
	Surplus funds from Resource Centre, Cambridge Bay, and furniture and equipment, Fort Smith	28 Jan 83	(30,000)
	Industrial Arts conversion to maintenance shop in Yellowknife was deferred.	28 Jan 83	(15,000)
Schools	To revoke funds for the mezzanine in the Gjoa Haven School.	06 May 82	305,000
	To revoke funds for the mezzanine in the Gjoa Haven School.	04 June 82	437,000
	Surplus funds due to delays in planning new schools in Snowdrift, Fort Franklin and Sanikiluaq.	24 Sept 82	(425,000)
	Additional funds for Norman Wells School.	30 Nov 82	925,000
	Additional funds for Clyde River School.	28 Jan 83	450,000
	Additional funds for the Pine Point School.	28 Jan 83	101,000
	Surplus funds due to delays in planning Fort Franklin School.	28 Jan 83	(100,000)

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Special Warrants by Activity
 for the year ended March 31, 1983

Schedule XII
Continued

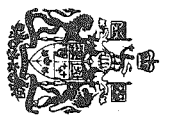
<u>Capital</u>	<u>Purpose</u>	<u>Date of Approval</u>	<u>Amount Authorized</u>
Education			
Schools (continued)			
	Surplus funds from Keewatin Education Centre.	28 Jan 83	(73,000)
	Surplus funds from Domestic Water System, Jean Marie River.	28 Jan 83	(2,000)
	Deferrment of windows/portions in Fort Resolution School.	28 Jan 83	(66,000)
	Project to relocate a portable classroom in Yellowknife was set up in this activity in error.	28 Jan 83	(20,000)
	Surplus funds from Lac La Martre School.	28 Jan 83	(200,000)
Continuing Education	To revoke funds for furniture and equipment, Keewatin Region	06 May 82	4,000
College Program	Revoke funds for renovations to Breynat Hall in Fort Smith.	06 May 82	2,000,000
	Additional funds to complete construction of Breynat Hall.	28 Jan 83	416,000
	The conversion of rooms to apartments in Ukkivik, Frobisher Bay was cancelled.	28 Jan 83	(250,000)
	Planning for Thebacha College is being deferred to 1983-84	28 Jan 83	(50,000)
Student Residences	Additional funds for renovations to Akaitcho Hall.	24 Sept 82	45,000
	Surplus funds from renovations to Grollier Hall, Inuvik.	24 Sept 82	(65,000)
	Surplus funds from various projects.	28 Jan 83	(5,000)
Total Program			\$ 3,445,000
Finance			
Treasury			
	To provide funds for old outstanding payable to Nanisivik Mines Ltd., to be offset against the accounts receivable due from the company.	02/Nov/82	\$ 175,000
Total Program			\$ 175,000
Total Vote 2 Capital			\$ 10,692,300

GOVERNMENT OF THE NORTHWEST TERRITORIES
Schedule of Revolving Funds Inventories
 for the year ended March 31, 1983

Schedule XIII

Fund Description	Balance April 1, 1982	Net Receipts	Net Issues	Board of Survey Write-off	Other (Write-Off) Write-up	Balance March 31, 1983
Public Stores						
Yellowknife	\$ 158,295	501,849	454,627	—	273	\$ 205,790
Fort Smith	111,407	128,925	151,753	—	(340)	88,239
Inuvik	169,499	91,054	135,161	9,648	2,788	118,842
Frobisher Bay	240,173	199,080	190,919	31,316	(24,636)	192,382
Rankin Inlet	122,600	124,854	146,017	—	2,996	104,433
Cambridge Bay	16,551	203,855	174,046	—	(1,064)	45,296
	<u>818,475</u>	<u>1,249,617</u>	<u>1,252,523</u>	<u>40,964</u>	<u>(19,983)</u>	<u>754,622</u>
Grocery Stores						
Bay Chimo Stores	135,646	—	135,464	—	—	0
Arts and Crafts						
Yellowknife	42,396	—	42,396	—	—	0
Fort Smith	57,156	2,174	29,610	—	(178)	29,542
Delta Fur Warehouse	420,517	28,337	29,610	—	3	446,170
Raw material — projects, Inuvik	190,919	452	191,371	—	—	0
	<u>710,988</u>	<u>30,963</u>	<u>266,064</u>	<u>—</u>	<u>(175)</u>	<u>475,712</u>
Petroleum Oil and Lubricants	14,478,385	21,803,708	22,774,970	—	—	13,507,123
Liquor System Inventory	2,049,669	10,973,000	10,796,336	—	—	2,226,333
Total Government	<u>\$ 18,192,981</u>	<u>\$ 34,057,288</u>	<u>\$ 35,225,357</u>	<u>\$ 40,964</u>	<u>\$ (20,158)</u>	<u>\$ 16,963,790</u>

Auditor General
of Canada



Vérificateur général
du Canada

Tabled Document No. 13-83 (2)
Tabled SEPTEMBER 7, 1983

Report to the Council of the
Northwest Territories
on the examination of the
accounts and financial transactions of the
GOVERNMENT OF THE NORTHWEST TERRITORIES
for the year ended March 31, 1983

P.A.C. Suggestions for
Consideration on Future G.N.W.T.
Projects
April 1983

GOVERNMENT RESPONSE - SEPTEMBER, 1983

1. Your Committee recommends that any future review of hardware equipment be conducted in conjunction with an identification of F.I.S. and other G.N.W.T. software requirements.

Agree. Such reviews are now standard procedure for identifying the hardware and software to be acquired. In addition, input is sought from user representatives through the Government's Computer Users Committee.

2. An Executive Committee Member should be assigned executive responsibility for the project, to ensure that G.N.W.T. objectives are met and to follow the progress of the project through to its successful conclusion.

Presently, Executive Council Members are responsible for major projects being undertaken by departments by virtue of the ministerial portfolio of the Member. In cases of projects involving the Government as a whole, the Executive Council, in the final analysis, is collectively responsible. The Executive Member has the responsibility to keep his colleagues advised and to seek their direction whenever required. The Executive Council Member also keeps the Executive Council informed of the progress made in the project through to its successful conclusion.

3. Your Committee strongly recommends that future major development projects have a Steering Committee as the delegated primary decision-making body.

With respect to major development projects, the Government sees the responsibility of the steering committee as being charged with the responsibility of steering the project through. It is not the primary decision making body, nor is it the intention of the Executive Council to delegate its decision making authority to the steering committee. The Government maintains that in the final analysis, it is the Executive Council that must have the decision making authority and the consequent responsibility for those decisions.

4. The Steering Committee should be composed of senior officials who have an overall responsibility for the project.

It is agreed that the Steering Committee should be composed of senior officials. As indicated by the response to recommendation # 3 above, the overall responsibility for the project must reside with the Executive Council.

10. The objectives should be re-evaluated at regular intervals during the design and implementation stages of the project to ensure consistency of direction and/or desirability of change in direction. Changes in objectives should be consciously undertaken and well documented, especially where large amounts of money are involved.

Agree. The initial statement of a project's costs and benefits is a financial reflection of the predicted results of the stated project objectives. These costs and benefits are presently re-evaluated at the end of the major planning phases of a project (PRIDE Phases 1, 2 and 3). Subsequent to implementation, completion of the PRIDE Phase 9 provides for a post-implementation audit. The purpose of such an audit would be to determine how successful the project has been in realizing the expectations for it.

11. The Project Team should establish a Work Plan to meet the Steering Committee's objectives. If the objectives change, then the Work Plan must be re-evaluated.

Agree. Such work plans are established as a matter of standard procedure and are viewed as the key document by which all Project Team activities are measured. Progress versus the work plan is monitored and if necessary, the plan is revised to reflect any changed situations.

12. Your Committee recommends that there should be a pre-assessment of the project's impact on various areas of government operations such as: financial risk, security, morale, loss of employment, contingencies, equipment, need for public information, and the need for mitigative measures.

Agree. When a project is launched, the first major step to be performed is a "Systems Study and Evaluation". In the PRIDE Methodology, this is known as Phase 1. This phase provides the framework for preparing the suggested pre-assessment. For major projects the Department of Personnel will evaluate the implications of employee morale, loss of employment and the subsequent need to relocate displaced employees. The entire pre-assessment process will be analyzed to determine other factors which should be taken into consideration.

13. Your Committee suggests that the Steering Committee should have available to it independent expertise (if required) to enable it to make informed decisions.

The suggestion of this recommendation is agreed to in principle. If, during the system design phases, technical problems are to be addressed, project staff would avail itself of the specific needed expertise. The Steering Committee could direct that any expertise required for its members to make informed decisions be made available.

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5. The Executive Committee Member should make recommendations to the Executive Committee on the appointment of members of the Steering Committee, and on the process for drawing up its Terms of Reference and their approval.

It is agreed that the Executive Council member make membership and terms of reference recommendations. The Executive Member will continue to have responsibilities for carriage of projects and the Executive Council retains overall responsibility.

6. Your Committee recommends, in order to encourage commitment on the part of users of the anticipated finished product, that a Subcommittee of users should review and advise on user concerns.

Agree. However, decisions on whether or not to address particular concerns raised through such reviews remain with the Steering Committees and the Executive Council.

7. Your Committee strongly recommends that the reporting relationship of the Project Team to the Steering Committee should be clearly defined and reporting should take place at regular intervals. The Project Team leader should always be from the G.N.W.T.

Agree. This reporting relationship will be defined and adjusted to meet the scope of the project and will be separately approved as part of the Terms of Reference for each project Steering Committee and project Working Committee. The reporting relationships and responsibilities will be made clear to all staff assigned to the project on a contractual basis. Compliance and performance will be monitored by internal GNWT staff.

8. Your Committee recommends that the Steering Committee should be given defined Terms of Reference to direct the project.

Agree.

9. Your Committee considers that defining the objectives of the project should form part of the Terms of Reference and that these objectives should incorporate the G.N.W.T. objectives.

Agree.

... 3

19. Your Committee feels that system design and implementation should not normally be performed by the same Contractor who does the system wants and needs study or evaluation, unless there are extenuating circumstances.

Agree in part to this recommendation. Tendering documents will be worded in a way which will avoid a dependence on any one contractor and to provide for the possibility of changing the contractors between any of the project's phases. However, changing contractors implies changing project staff thereby increasing costs and uncertainty. Any decision to change contractors will be made on the merits of each situation.

Agree.

20. Your Committee supports the recommendation of the Auditor General to treat a project as a whole entity in awarding contracts for the design and implementation stages. Sufficient lead-time should be allowed for response to tenders. The Committee recognizes, however, that circumstances may be different in various projects. The Steering Committee should have the responsibility to decide on the method of awarding contracts. In any case, it should be clearly documented by the Steering Committee why they have chosen the method of awarding contracts that they did.

Agree with this recommendation. Project cost estimates should be increased to allow for sufficient resources (manpower, time, money) to permit the development of these indicators. Where complete specification is not possible in advance, the procedure for establishing agreement on the missing elements should be clearly presented.

21. Your Committee suggests that contracts contain protective clauses, such as performance requirements and acceptance criteria, that leave no room for misunderstandings as to what is to be delivered. Where large amounts of money and heavy risk are involved, technical expertise should be used to help draft contracts to ensure they include all the essentials. Generalists in legal departments do not, in the Committee's opinion, have sufficient expertise to finalize some contracts and special care must be taken to seek advice of experts if required. There should be penalties in contracts for missed deadlines and cost overruns, and incentives for early implementation and cost underruns.

The decision to use outside legal counsel would depend on several factors including, of course, the complexity of the project. The authority to use outside legal counsel is exercised by the Executive Council on the advice of the Minister of Justice and Public Services. With reference to penalties in contracts for missed deadlines, for cost overruns, etc., it is not always possible to incorporate such clauses for a variety of reasons, such as the resultant costs, the inability to find a contractor ready and willing to accept such clauses and the terms and conditions of the negotiations between the parties.

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14. The Project Team should be responsible for informing the Steering Committee of any factors that could negatively impact the project.

Agree. It is standard practice that all factors, which could have a negative impact on the project, be reported to the Steering Committee.

15. Your Committee suggests that exit interviews should be a regular procedure followed in all relevant staff resignations.

Agree in principle with the suggestion of this recommendation. The pre-assessment phase of a systems development project will identify those employees who will be affected. The Department of Personnel will monitor resignations during the term of the project and the project manager will conduct exit interviews of those affected employees who choose to terminate their employment.

16. Your Committee suggests that in the case of new ventures where there are few documented precedents, a methodology well tested and suited to northern circumstances be followed in project design and development.

Agree in principle with the suggestion contained in this recommendation. Currently the GNWT is committed to, and uses, the PRIDE methodology for its systems development projects.

17. Individuals familiar with the methodology should be engaged to use it and/or to train G.N.W.T. personnel in its use.

Agree.

18. The use of the methodology should be periodically evaluated.

Agree.

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26. Your Committee suggests that initial planning for all major G.N.W.T. projects include provisions for contingency fallback measures during the implementation stage of a project.

Agree. Specific instructions will be added to the PRIDE documentation to ensure that implementation alternatives include a careful consideration of fallback measures.

27. Your Committee suggests that, in the planning of major projects, there should be assurance that there are no inconsistencies between defined responsibilities for tasks and stated joint responsibilities for project activities. There should be procedures to set out designated tasks and assign responsibilities in the performance of project functions in addition to placing reliance on contractual provisions.

Agree.

28. Your Committee suggests that procedures should be implemented in the planning of major projects for regular reviews of project objectives, costs and timing to establish whether the project is implementable within the projected time frame and at the projected cost.

Agree.

29. Your Committee recommends that in future projects, maximum cost of the project as a total entity be identified in the initial stages of planning and any projected cost escalations be justified before they are incurred. Cost projections should provide for inflation and level of activity.

Agree in principle. However, the Government recognizes that estimates available at the outset of a project are based on incomplete knowledge of the design and implementation details and will consequently be subject to refinement and revision.

30. Your Committee recommends that in instituting new projects, the Steering Committee clearly identify the circumstances necessary to realize any savings.

Agree. The need for this identification will be formally documented in the Electronic Data Processing Manual.

22. Your Committee recommends that fiscal restraint and other external factors should not influence the implementation of projects within reasonable time frames.

Do not agree with this recommendation. Fiscal restraint and other "external factors" may have the effect of removing resources from system development and implementation activities in order to serve, for example, a change in priorities.

23. Your Committee recommends that all significant changes to the project approach or objectives should be analyzed and evaluated, i.e., cost-justified.

Agree. This is part of the normal process of re-evaluating cost and benefits at the end of each PRIDE phase of the project.

24. Your Committee suggests that in future projects, regular assessments of the technical risk of the project be carried out and brought to the attention of the Steering Committee, especially in relation to expectations regarding timing, costs, and technical capability. Deadline dates should be strictly adhered to where it can be demonstrated that the government did not contribute to the missed deadline. Where this proves impossible, the situation should be thoroughly documented. The setting of deadlines should allow for uncertainties associated with the newness of the project and the unfamiliarity of personnel responsible for implementing it.

Agree in principle. The areas to be addressed in the assessment of technical risk will be formalized and become an integral part of the re-evaluation which occurs at the end of each phase of the project cycle.

A prime objective of the Government's project control is to ensure compliance to deadline dates. However, striving to meet this objective will be tempered by recognizing that, as circumstances and priorities change, new dates for completion of the various activities must be determined.

Setting deadlines will be done in a way which allows for some uncertainties.

The procedure which will be followed in the GNWT will consist of recognizing risks to the schedule, minimizing them during the project planning and presenting the remaining risks to senior management "parallel operations" and monitoring progress.

25. Your Committee recommends that in the development of any new product, the old product should not be abandoned until the replacement is operational. Conditions for abandonment of an old product should be set, rather than a time for abandonment, i.e., when the new road is passable for at least one line of traffic the old road will be closed.

Agree. This is presently part of the System Test and Implementation process (PRIDE Phase 7).

36. Your Committee recommends that at least a part-time position be approved for a qualified individual who would undertake data base administration functions with a view to increasing the efficiency of the system.

Agree. The Government will identify the data administration services required and, if resources can be identified, will seek to acquire staff with the necessary skills and experience.

37. Your Committee suggests that the Signature Authorization and Transmission modules be implemented as soon as possible.

Agree. These modules will be implemented as resources permit.

38. When all the modules are in operation, your Committee suggests that the Auditor General carry out a follow-up audit to determine whether the computer capability of the F.I.S. is being optimized.

The Government of the Northwest Territories would welcome a follow-up review by the Auditor General of Canada.

39. The Committee recommends that a member of the Audit Bureau be a representative on the reactivated Steering Committee and on any comparable decision-making body in future systems development. It may also be desirable for Audit Bureau representatives to participate at the Project Team level in systems of major financial significance to the G.N.W.T.

As noted above, the reactivation of the Steering Committee is not deemed appropriate. It is the practice under the audit policy to include the Audit Bureau in all projects of major financial significance. The Audit Bureau is represented on several steering committees which presently exist in respect of major systems development projects.

40. Your Committee suggests that an individual be assigned E.D.P. security tasks. His/her operational duties should include E.D.P. personnel security clearances.

Agree. Responsibility for EDP Security is presently assigned to the Manager, Computer Services and Technical Support.

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31. Your Committee recommends that procedures should be established to monitor person-year savings associated with the F.I.S.

The Department of Finance is conducting a review of existing procedures and systems to identify where savings can be realized. This task is expected to take approximately one and one-half to two years in order to measure the full impact of the system.

32. Your Committee recommends that a conscious educating process be undertaken by the Department of Finance to acquaint potential users with the capabilities of the F.I.S.

Agree. This is an ongoing process by the Department of Finance Financial Systems and Training Division and is emphasized as the Government's financial resources allow.

33. Your Committee recommends that training of departmental user personnel in headquarters and regional offices be given higher priority in G.N.W.T. funding arrangements.

The Financial Management Board will carefully consider allocating additional funding for this training in relation to total Government priorities and funding restrictions.

34. Your Committee recommends that the Steering Committee be reactivated with defined Terms of Reference and objectives to complete the implementation of the F.I.S., help to determine priorities and resolve problems in the operation of the system, and oversee software and hardware upgrading to the F.I.S.

We do not believe that reactivation of the Steering Committee would serve a useful purpose. The interchange of information relating to the present and future operation of the system is an ongoing process co-ordinated by the Department of Finance with input as required by the departmental and regional users.

35. Your Committee suggests that consideration be given to the establishment of a full-time government-wide Electronic Data Processing (E.D.P.) Committee. This Committee should set priorities for the allocation of scarce E.D.P. resources.

Agree in principle. Government departments have been directed to prepare five year Electronic Data Processing Plans which will assist the Executive Council in setting its data processing priorities.

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Box 1320
Yellowknife, N.W.T.
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September 10, 1983

Mr. Ken Dye
Auditor General of Canada
240 Sparks Street
Ottawa, Ontario
K1A 0G6

Dear Mr. Dye:

During the Fall Session of the 9th Assembly the Standing Committee on Finance and Public Accounts recommended, and the House agreed, that the Auditor General of Canada be requested to complete a Comprehensive Audit on the operations of the Northwest Territories Housing Corporation and that the results of this Audit be referred to the 10th Assembly's Standing Committee on Finance and Public Accounts for public review.

Under our terms of reference as a Standing Committee we have the right to investigate and inquire into those matters that, in the opinion of the Committee, require investigation. We felt, however, that we required support and direction from the Legislature and proceeded to move the motion calling for the Audit which was adopted by the Legislature on Friday, September 9, 1983.

There is obviously some concern on the part of the Executive Committee as you will see from the debates (attached). It is the Committee's opinion, however, that the Auditor General reports to this House and that the Legislative Assembly has the power and right to request direct assistance of its own Auditors independent of the Executive Committee.

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41. Your Committee suggests that passwords of former employees should be removed from the system immediately upon their release. Passwords should be changed regularly.

Agree. The passwords of former employees have been altered so that these individuals can no longer access the Government's computers. Steps are also underway to ensure that passwords are changed more frequently.

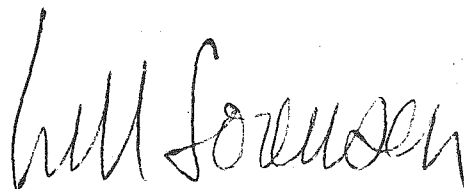
42. Your Committee suggests that adequate program change controls must be a part of the development and operation of future financial systems.

Agree. Such procedures have been implemented for a number of systems, including the Financial Information System.

This does not preclude the co-operation of the Auditor General and the Government, to develop the terms of reference for the review. The Committee fully supports that arrangement.

In closing, may I say how much I have enjoyed working with you and your officials over the past few years. It is because of your assistance and guidance, and that of Mr. Dubois, that our Standing Committee has evolved.

Sincerely,



Lynda Sorensen, MLA
Chairman

Attachment



AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

240 Sparks Street
Ottawa, Ontario
K1A 0G6

October 14, 1983

Mrs. Lynda Sorensen, MLA
Chairman
Standing Committee on Finance and Public Accounts
Northwest Territories Legislative Assembly
Yellowknife, N.W.T.
X1A 2L9

Dear Mrs. Sorensen:

I thank you for your letter of September 10, 1983 advising me that the Legislative Assembly had agreed that the Auditor General of Canada be requested to complete a comprehensive audit on the operations of the Northwest Territories Housing Corporation and that the results of the audit be referred to the Tenth Assembly's Standing Committee on Finance and Public Accounts for public review.

You will recall that the Legislative Assembly passed a similar motion by you, on behalf of the Standing Committee on Finance, recommending that the Auditor General undertake a comprehensive audit of the Financial Information System. In this case, I was formally requested by the Commissioner to undertake this audit. This approach could be regarded as a precedent for me to undertake any special audit requested by the Legislative Assembly.

While I would be prepared to undertake a comprehensive audit of the Northwest Territories Housing Corporation, I would be placed in a better position if the request to me came from the Government, since the Housing Corporation is an entity of the Government. The same purpose could be achieved, if the Corporation itself made a direct request to me. Both approaches would greatly facilitate the audit.

Also to be considered is the timing of the audit. As mentioned by us during the Public Accounts Committee meetings in May 1983 to deal with my report to Council "on any other matter" for the year ended March 31, 1982, the Corporation now has a new Senior Executive staff.

This staff inherited problems from the previous Executive and are making efforts and considering ways to correct those problems. A comprehensive audit at this time could perhaps disrupt their efforts. It would, in my view, be far better to undertake a comprehensive audit based on the results of their efforts, since an underlying principle of a comprehensive audit is that it should be a co-operative and constructive effort. Some of the Corporation's problems will be referred to in this year's report to Council "on any other matter".

This subject could be discussed further with the Standing Committee on Finance and Public Accounts at its first meeting during the Tenth Assembly. The problems of the Corporation referred to in this year's report to Council could serve as the base for this discussion.

We remain available to you to provide appropriate advice and guidance on your request regarding this matter. Assuring you of our utmost co-operation and a ready willingness to provide you with the best of service.

Cordially yours,

Kenneth M. Dye, F.C.A.
Auditor General of Canada