



**GOVERNMENT OF NORTHWEST TERRITORIES
MINISTRY OF INTERGOVERNMENTAL AND ABORIGINAL AFFAIRS**

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To: Hon. Stephen Kakfwi
Minister for Intergovernmental
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Mr. Bob Overvold
Deputy Minister
Intergovernmental and
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Mr. Steve Iveson
Special Advisor on
Self Government

From: Mr. George Braden

Re: Audit Report: Commission for Constitutional Development

When I resigned from the GNWT in July 1992, I requested that the Government Leader maintain my role as the GNWT's representative on the Commission for Constitutional Development and assign me the responsibility of concluding the Commission's affairs.

During the last six months, I have transferred the Commission's physical assets to the Ministry; paid all outstanding accounts; closed bank accounts; deposited records and documents with Mr. Iveson's; and, dissolved the Commission as a body corporate under the Societies Act.

The one remaining matter, which has been recently concluded, is an audit of the Commission's financial statements. The Audit Report, prepared by the GNWT's Audit Bureau, is attached for your information.

Three observations by the Audit Bureau are of interest.

First, the Audit Report states that the GNWT provided the Commission with the second instalment of its budget without a corresponding contribution agreement. Without a proper signed contribution agreement in place, the Audit Bureau concluded that there were no criteria against which the Commission can be held accountable for the funds issued. The Commission concurs with this observation, which had implications that

are reviewed below in more detail.

Second, the Audit Report states that the Commission did not specify the types of expenditures which would be eligible by interveners which received contributions to prepare submissions for the Commission. Therefore, the Audit Bureau was not able to satisfy itself on the eligibility of Intervenor expenditures. The Commission does not dispute this observation; however you will note that the contribution agreement between the Commission and the GNWT did not refer to the types of Intervenor expenditures that would be eligible. Rather, the agreement with the GNWT required the Commission to set funding criteria which it did to the best of its ability.

Third, the Audit Report states that the Commission received in excess of \$300,000 in the form of donations in kind without any documented approval process. The Commission concurs with this observation.

I should note that Audit Bureau's observations were reviewed at the time I was working on the Aboriginal grants and contributions policy file and that the replies I prepared on two of the three Audit Bureau observations were influenced by my understanding of the GNWT's current approach to providing grants and contributions.

For example, the Commission has proposed that in future, "arms length" organizations like the Commission, that are mandated to distribute Intervenor funding to other non-government organizations, should at the very least have some basic standards and criteria upon which to base accounting for how these funds are expended by third parties. An additional provision may include having these accounting requirements reviewed and approved in advance by the responsible GNWT department or agency.

The Commission also proposed that "arms length" agencies which receive assistance in kind should have a contribution agreement provision which requires that they account and report on assistance in kind. Some basic categories such as salaries of seconded staff, donated office space and communications which account for most of the assistance in kind received and which can be easily costed should be established.

Having made these observations, the Auditor's Report concludes that the Commission's financial statements present fairly, in all material respects, the financial position of the Commission as of November 30, 1992.

I am advised by Mr. Hamilton that the next step will be to have Minister Kakfwi table the Audit Report in the House. It will be up to Members to decide if they want to review the matter further.

In closing, I believe that with the Audit Report now complete, there are no other outstanding issues related to concluding the Constitutional Commission's affairs.