



18th Legislative Assembly of the Northwest Territories

Standing Committee on Government Operations

Report on the Review of the
2016 Report of the Auditor General
of Canada on Support to Communities
for Municipal Services in the
Northwest Territories – Municipal and
Community Affairs

Chair: Mr. Kieron Testart

**MEMBERS OF THE STANDING COMMITTEE ON
GOVERNMENT OPERATIONS**

Kieron Testart
MLA Kam Lake
Chair

R. J. Simpson
MLA Hay River North
Deputy Chair

Daniel McNeely
MLA Sahtu

Michael M. Nadli
MLA Deh Cho

Herb Nakimayak
MLA Nunakput

COMMITTEE STAFF

Cayley Thomas
Committee Clerk

April Taylor
Committee Advisor

STANDING COMMITTEE ON GOVERNMENT OPERATIONS

REPORT ON THE REVIEW OF THE 2016 REPORT OF THE AUDITOR GENERAL OF CANADA ON SUPPORT TO COMMUNITIES FOR MUNICIPAL SERVICES IN THE NORTHWEST TERRITORIES

TABLE OF CONTENTS

Introduction.....	1
Public Review.....	1
The Role of The Auditor General of Canada.....	2
Communities in the Northwest Territories.....	2
The Role of the Department of Municipal and Community Affairs.....	3
About the Audit.....	4
Key Audit Findings.....	5
Audit Recommendations.....	6
Recommendation 1.....	9
Audit Conclusion.....	9
Department of Municipal and Community Affairs' Action Plan for Improving Support to Community Governments in the Northwest Territories.....	9
General Observations and Recommendations.....	10
Timely Receipt of Materials.....	10
Recommendation 2.....	10
Receipt of the Action Plan in Draft Format.....	10
Recommendation 3.....	11
Observations and Recommendations on the Action Plan.....	11
MACA's Approach to Development of the Action Plan.....	11
Recommendation 4.....	12
MACA's Assessment of the Audit's Findings.....	13
Implementation.....	13
Recommendation 5.....	14
Drinking Water (Paragraph 41).....	14
Contribution Agreements With Designated Authorities (Paragraph 109).....	14
Recommendation 6.....	15
Conclusion.....	15
Recommendation 7.....	166

STANDING COMMITTEE ON GOVERNMENT OPERATIONS

REPORT ON THE REVIEW OF THE 2016 REPORT OF THE AUDITOR GENERAL OF CANADA ON SUPPORT TO COMMUNITIES FOR MUNICIPAL SERVICES IN THE NORTHWEST TERRITORIES

INTRODUCTION

The Standing Committee on Government Operations (“the Standing Committee”) is pleased to report on its review of the 2016 Report of the Auditor General of Canada on Support to Communities for Municipal Services in the Northwest Territories.

PUBLIC REVIEW

The 2016 Report of the Auditor General of Canada on Support to Communities for Municipal Services in the Northwest Territories was tabled in the Legislative Assembly on October 25, 2016.¹ The Standing Committee on Government Operations held its public review of this performance audit report on January 17, 2017.

Members thank Auditor General Mr. Michael Ferguson, Assistant Auditor General Mr. Jerome Berthelette, Principal Mr. Glenn Wheeler, and Lead Auditor Ms. Erin Jellinek for preparing the report and assisting the Committee during the public review.

The Committee also thanks the Deputy Minister of Municipal and Community Affairs, Ms. Eleanor Young, and officials from the Department of Municipal and Community Affairs (MACA) for their appearances before the Committee.

The Standing Committee received an unsolicited submission on the Auditor General’s report from Mr. Bradley W. Enge. The Standing Committee does not, as a matter of practice, seek submissions from members of the public when it holds a public review on a report by a statutory officer such as the Auditor General. Nonetheless, the Committee thanks Mr. Enge for taking time to write to the Committee.

¹ Tabled Document 173-18(2), October 25, 2016.

THE ROLE OF THE AUDITOR GENERAL OF CANADA

The Auditor General of Canada is the Auditor of record for the Government of the Northwest Territories, and reports to the Legislative Assembly of the Northwest Territories in accordance with Section 41 of the federal *Northwest Territories Act*.

The Office of the Auditor General of Canada (OAG) conducts financial and performance audits in all three northern territories. Financial audits tell the Legislative Assembly and the public whether the Government is keeping proper records and presenting its financial information fairly and in accordance with public sector accounting standards.

Performance audits, on the other hand, consider whether programs are being run according to the department's own legislation, regulations, directives and policies, and with due regard for economy, efficiency, effectiveness, and environmental impacts. In the last decade, the Auditor General has completed ten performance audits in the Northwest Territories, including one status report evaluating progress on the recommendations of previous audits, one special audit, and the most recent audit on support to communities to municipal services, which is the subject of this report.

The Legislative Assembly's Standing Committee on Government Operations is mandated to review the reports of the Auditor General and make recommendations to the Government of the Northwest Territories on the basis of those reports. Members look for efficiencies, best practices, and gaps, with the intent of improving services to residents. The Auditor General's reports play a crucial role in Members' scrutiny of government spending and performance.

COMMUNITIES IN THE NORTHWEST TERRITORIES

Each of the 33 community governments in the Northwest Territories is responsible for providing a range of programs and services to its residents, including essential services, which are: drinking water; waste management; fire protection; and emergency preparedness. The audit focuses specifically on the provision of these essential services because the failure of a community government to adequately provide these services may result in significant risks to public health and safety.

Of the 33 communities, 24 are established as municipalities under one of four acts that outline the responsibilities of the community government, including the powers and duties of the council and municipal employees, procedural requirements, and the circumstances under which MACA can intervene in community government operations. These acts are: the *Cities, Towns and*

Villages Act; the Hamlets Act; the Charter Communities Act; and the Tłı̨chǫ Community Government Act.

The remaining nine communities, referred to as designated authorities, are First Nations communities within the jurisdiction of the federal government's *Indian Act* and, as such, are not subject to territorial legislation governing municipalities.

The audit notes that on-going as lands, resources and self-government agreements are settled in the Northwest Territories, the legislative basis for the Government of the Northwest Territories, including the Department of Municipal and Community Affairs, to be involved with community governments in their delivery of essential services is diminished.

THE ROLE OF THE DEPARTMENT OF MUNICIPAL AND COMMUNITY AFFAIRS

Under the Minister, the Department of Municipal and Community Affairs is responsible for developing and maintaining community governments that are responsible and responsive to their residents. This includes providing funding to community governments for essential services, helping ensure that they have the necessary governance structures and financial management capabilities to fulfill their responsibilities, and supporting them to provide their residents with the programs and services essential to good community life. The Department's mandate includes delivering training through its School of Community Government.

In the 2015-2016 fiscal year, the Department had 100 employees and a budget of just under \$104 million. The Legislative Assembly allocates funding to MACA that is used by community governments for the programs and services they are responsible to provide under territorial legislation, regulations and policies. The Department transfers over 80 percent of its budget annually to community governments through contribution agreements for the provision of essential services. Through contribution agreements, the Department also administers federal funding from the Gas Tax Fund and the Building Canada Fund, which is used by community governments to improve public infrastructure.

If a community government is unable to properly administer its operations and services, the Department may appoint an administrator to supervise or conduct operations on behalf of the community government. This, however, is not the case for designated authorities. Because these communities are not governed under territorial legislation, MACA can only intervene at the request of the designated authority and under mutually-approved conditions.

The audit makes note of the 2007 New Deal for Community Governments, which fundamentally changed the relationship between the Department and the

community governments it supports. The 'New Deal' moved the Department away from a prescriptive role, in which the Department essentially dictated what community governments must do, to one in which the Department facilitates program delivery by community governments, allowing them the flexibility and autonomy to establish their own priorities.

ABOUT THE AUDIT

The Auditor General's performance audit covered the Department of Municipal and Community Affairs' activities in the period from April 1, 2013 to June 30, 2016. Work related to the NWT Community Government Accountability Framework covered the period from January 1, 2010 to June 30, 2016.

It may be of interest to note that the work done by the Office of the Auditor General on behalf of the residents of the Northwest Territories is not paid for or reimbursed by the Legislative Assembly or the Government of the Northwest Territories. This gives the Office of the Auditor General the ability to independently select the subject of a performance audit and provide objective assessment and recommendations based on the information that is evaluated during the audit and the findings contained within.

The Office of the Auditor General works closely with the Department during the audit process and obtains confirmation from the Department's senior management that the findings in the Auditor General's report are factually based. Additionally, it should be noted that the Department's formal response to each of the Auditor General's recommendations is included within the report itself.²

The audit examined whether the Department of Municipal and Community Affairs adequately supported community governments' delivery of essential services that it funded, namely drinking water, waste management, fire protection, and emergency preparedness. To assess this, the audit examined whether the Department monitored the provision of these essential services in order to know if they were being adequately delivered in communities across the Northwest Territories. The audit also examined whether the Department assisted communities in delivering essential services, including helping to mitigate risks in those areas where services were inadequate. In addition, the audit examined the Department's efforts to build community government capacity through its School of Community Government.

The Committee points out that the audit does not compare the work of the Department against similar work done in other jurisdictions. Similarly, the audit does not examine whether the budget allocated to the Department by the

² A list of the recommendations and the Department's responses can be found on page 43 of the Auditor General's Report.

Legislative Assembly is sufficient, nor does it consider whether the legislation, regulations and policies governing the Department's work are adequate or appropriate. The audit simply accepts these things as given and looks only at whether or not the Department is meeting the obligations that exist under the current legislative and policy framework.

The Office of the Auditor General works with the Department to define the scope of the audit. Only those parameters that fall within the scope of the audit are examined. It is important to note that, in this case, the scope of the audit did not include an examination of other key municipal services such as road maintenance, community planning or sport and recreation programming. The community governments themselves, along with other territorial government departments and Indigenous and Northern Affairs Canada, were also excluded from the scope of the audit.

Additionally, the Standing Committee wishes to point out that an estimated 6000 hours of work by the Office of the Auditor General went into the audit. This does not include the hours put in by the Department in responding to the information needs of the auditors. The Committee mentions it here, to provide the audience with a sense of the amount of time and effort involved in conducting a compliance audit.

The Standing Committee would like to acknowledge the positive comments made by the Office of the Auditor General about the responsiveness of the Department during the audit process. The Committee is pleased to hear from the Office of the Auditor General that MACA took the audit work seriously and provided the OAG with good co-operation and assistance to complete the work. The Committee commends the Department for its work in this regard.

KEY AUDIT FINDINGS

Overall, the Auditor General found that MACA did not do enough to help community governments improve their delivery of some essential services.³ The audit found that while MACA had some information on the essential services provided by some community governments, it did not adequately support community governments in providing key essential services in accordance with legislative and regulatory requirements.⁴ The Auditor General noted that this lack of support means that communities were put at risk as a result of inadequate essential services.

³ Auditor General's report, paragraph 18.

⁴ Auditor General's report, paragraph 23.

Additionally, the audit found that MACA did not take adequate action to mitigate risks associated with essential service delivery in designated authority communities.⁵

The audit found that MACA's support to community governments was inadequate to help mitigate risks in the key essential service areas of waste management, emergency preparedness planning, and fire protection services. However, its support to communities to help maintain safe drinking water was adequate.

In his report, and in the public review held by the Standing Committee, the Auditor General noted that MACA's role with respect to community governments had fundamentally changed as a result of the 2007 New Deal, but that the Department had not fully stepped into its new role of providing support to community governments and, in particular, ensuring that community governments fulfill their statutory and legal requirements.

The Auditor General had positive comments on the value of the NWT Community Government Accountability Framework as a planning tool, noting that it significantly advanced accountability and transparency by requiring annual reports from community governments on essential service delivery. However, the audit also pointed out that the Accountability Framework did not require enough quality information from communities to allow MACA to determine if its support was aligned with community needs and, further, that MACA did not use other available mechanisms to fill the information gap.⁶

Finally, the audit found that the Department's School of Community Government offered a range of training to community governments. However, some of the School's courses were neither kept up-to-date nor periodically reviewed to ensure they were meeting the needs of participants.

AUDIT RECOMMENDATIONS

The report contains eleven recommendations related to support for essential services in communities and two recommendations related to capacity development for community governments. These are summarized below. Please note that the numbers in brackets signify the paragraph number of the recommendation as it is contained in the Auditor General's report.

Under the heading of support for essential services in communities, the Auditor General's report makes the following recommendations:

⁵ Auditor General's report, paragraph 20.

⁶ Auditor General's report, paragraph 19.

1. (Paragraph 41) MACA should formally assess information gaps related to water quality testing and work with Health and Social Services to identify and provide communities with support needed to comply with water testing requirements. It should also work with community governments to ensure that all water treatment plant operators get the training needed to become certified.
2. (Paragraph 53) In consultation with the Department of Environment and Natural Resources, MACA should work with community governments to help identify and provide the necessary support and capacity building needed so they can comply with regulatory and other waste management requirements, including compliance with water licence requirements regulating the management of solid waste sites and sewage lagoons, and proper handling and disposal of hazardous waste.
3. (Paragraph 63) MACA should take immediate action to reassess whether communities with fire departments meet *Safety Act* requirements and assist those that do not to become compliant. For those without fire departments, MACA should assist with developing strategies for fire safety.
4. (Paragraph 69) MACA should provide the supports necessary for all communities to have current emergency plans and training to implement these plans.
5. (Paragraph 80) MACA should regularly review, and modify as required, the wording of the questions in the NWT Community Government Accountability Framework (the 'Accountability Framework') to ensure community governments can correctly answer them.
6. (Paragraph 81) MACA should develop clear guidelines for community government officials to complete, and Department officials to assess, performance indicator checklists in the Accountability Framework, including the criteria for each question and how to respond properly.
7. (Paragraph 86) MACA should develop a strategy to develop the accuracy of information provided by community governments under the Accountability Framework to support meaningful engagement with community governments on required supports and foster accurate departmental decision-making.
8. (Paragraph 95) MACA should identify standard performance information for essential services that could be required under contribution agreements. It should also develop a risk-based approach to identifying those higher-risk communities for which more frequent information should be provided.

9. (Paragraph 99) MACA should review its contribution agreements and the Accountability Framework with a view to using them more thoroughly to facilitate on-going engagement with community governments to achieve the timely support needed for essential services. MACA should also continue to develop tools for identifying and collecting information critical to community government support.
10. (Paragraph 109) MACA's contribution agreements with designated authorities should include provisions related to the provision of essential services funded by MACA, which would allow the Department to collect required performance information and take corrective action where these essential services are at risk.
11. (Paragraph 112) MACA should consult with Indigenous and Northern Affairs Canada to determine how the two organizations could work more effectively together to strengthen community governance by designated authorities.

Under the heading of capacity development for community governments, the Auditor General's report makes the following recommendations:

12. (Paragraph 128) MACA should formally assess how it identifies training needs, and the suite of courses offered, to ensure it is helping community governments develop the capacity required to deliver essential services.
13. (Paragraph 129) MACA should explore the use of distance education and partnership opportunities with other organizations to maximize program delivery.

The Standing Committee endorses all of the recommendations made by the Office of the Auditor General and recommends that the Department ensure they are implemented in a timely manner.

Further detailed observations and recommendations made by the Standing Committee are provided below in the context of the Standing Committee's analysis of the Department's response to the Auditor General's report.

Recommendation 1

The Standing Committee on Government Operations endorses the 13 recommendations made by the Office of the Auditor General in its report and recommends that the Department of Municipal and Community Affairs take the steps necessary to ensure that all recommendations are implemented in a timely manner.

AUDIT CONCLUSION

The Office of the Auditor General concluded:

“...that the Department of Municipal and Community Affairs did not adequately support community governments’ delivery of the essential services it funded. Although the Department monitored community governments’ provision of some essential services to residents, it did not adequately assist community governments to help ensure essential services were provided in accordance with requirements. [The Audit] found that risks remained in delivering these services and that the Department’s actions to mitigate these risks in many cases were not sufficient.”⁷

The Auditor General went on to note that while community governments are responsible for the delivery of essential services to their residents, MACA must adequately monitor and support them and assist them to manage the risks associated with inadequate service delivery.

DEPARTMENT OF MUNICIPAL AND COMMUNITY AFFAIRS’ ACTION PLAN FOR IMPROVING SUPPORT TO COMMUNITY GOVERNMENTS IN THE NORTHWEST TERRITORIES

The Standing Committee is pleased to see that the Department of Municipal and Community Affairs accepted all of the recommendations made by the Office of the Auditor General. The Department prepared an Action Plan for Improving Support to Community Governments in the Northwest Territories (Action Plan) in which it identifies the actions it proposes to take to implement the Auditor General’s recommendations. The Standing Committee has considered the contents of this document and offers the following assessment and

⁷ Auditor General’s Report, pg. 39, paragraph 130.

recommendations, based on the content of the Action Plan and the Auditor General's observations and advice to the Standing Committee.

GENERAL OBSERVATIONS AND RECOMMENDATIONS

Timely Receipt of Materials

The Standing Committee received the Minister's letter transmitting the Action Plan at the close of business on Friday, January 13, 2016. The Committee's in camera preparation for the public review began on the afternoon of the following business day. This effectively left the Standing Committee with a half-day to prepare for consideration of the 36-page Action Plan. This is unacceptable.

The Committee considers that it is a contravention of section 10 of the Process Convention on Communications between Cabinet Ministers, Standing Committees and Regular Members to provide such materials any later than three business days prior to the meeting at which the materials will be considered. The Deputy Minister offered the explanation that this delay was due to the Department's desire to consult with its partner agencies on the Action Plan.

The Committee appreciates the well-intended apology offered by the Deputy Minister, but is of the view that the late provision of important materials to the Standing Committee evidences either a lack of understanding or a lack of respect, on the part of the Department, for the Standing Committee's oversight role in the process. Ultimately, the onus rests with Minister to ensure the timely transmittal of materials.

Recommendation 2

The Standing Committee on Government Operations recommends that, in future, any GNWT department being audited provide the Standing Committee on Government Operations with a copy of its action or implementation plan at the earliest possible opportunity and no later than three business days prior to the Public Review on the Auditor General's report consistent with the Process Convention on Communications between Cabinet Ministers, Standing Committees and Regular Members.

Receipt of the Action Plan in Draft Format

The Standing Committee has an excellent working relationship with Office of the Auditor General and, as a matter of course, has in-depth discussions, both in camera and in public, with the Auditor General and his staff. This gives the Committee insight into the findings and recommendations made in the audit, and

as importantly, into the purpose of the Auditor General's recommendations and the outcome that his Office hopes the audit will achieve. This dialogue informs the production of this report and the Committee's recommendations, which may be of some benefit to the audited department in refining its approach to addressing the concerns the Auditor General raises.

The Standing Committee takes notes of and commends MACA for the Department's willingness, as expressed in the opening presentation by the Deputy Minister and in the Action Plan itself,⁸ to make changes and adjustments to the Action Plan based on the Standing Committee's feedback and that from other stakeholders.

The following recommendation is forward-looking and made with respect to future departments selected for audit by the OAG:

Recommendation 3

The Standing Committee on Government Operations recommends that any GNWT department, selected in future for an audit, provide the Standing Committee on Government Operations with a copy of its action or implementation plan in draft format and, further, that the document not be finalized until the Department has had an opportunity to consider the recommendations made as a result of the Standing Committee's review.

OBSERVATIONS AND RECOMMENDATIONS ON THE ACTION PLAN

MACA's Approach to Development of the Action Plan

In outlining its approach to developing the Action Plan, the Department noted that "...all MACA staff were provided an opportunity to offer grassroots solutions and approaches to address the issues the OAG has identified," and that this approach "...underlines the importance of engaging staff who are going to be directly responsible for the implementation of the action plan."⁹

While the Standing Committee agrees with the importance of engaging with staff to identify innovative solutions, Members believe that it is equally important to

⁸Department of Municipal and Community Affairs, *Draft Action Plan for Improving Support to Community Governments in the NWT*, January 2017, p. 13.

⁹Department of Municipal and Community Affairs, *Draft Action Plan for Improving Support to Community Governments in the NWT*, January 2017, p. 13.

engage stakeholders outside the Department in this discussion, particularly the communities to which the Department provides support.

This, in fact, was a theme that permeated the Committee's overall discussion with the discussion with the Office of the Auditor General on the audit. In tracing the changing role of the Department as a result of the 2007 New Deal, the OAG noted that MACA's role in providing support to communities has evolved into one that requires the Department to develop expertise in relationship building. In fact, during the public review, the Auditor General expressed the view that relationship-building should be MACA's core competency. The Committee encourages the Department to carefully consider this advice.

The Committee was pleased to hear from the Deputy Minister that input on the Action Plan was sought from Indigenous and Northern Affairs Canada. At the same time, it is concerned that the Department did not move beyond discussion amongst its own officials to involve community governments, through their representative organizations,¹⁰ in the identification of potential solutions.

The Committee notes the Department's intention to involve these organizations in achieving the identified actions, but wishes to emphasize that this is not the same as providing an opportunity for meaningful discussion with community representatives regarding whether the identified actions are the right ones.

Recognition by the Department of the need to do this kind of ground-floor consultation would, in the view of the Committee, demonstrate that the Department is strengthening its competency in the area of relationship building. The fact that it appears not to have been done suggests to the Committee that the OAG's observation is correct that the Department still has much work to do to build relationships with its partner organizations.

Recommendation 4

The Standing Committee on Government Operations recommends that Department consult with Local Government Administrators of the Northwest Territories and the Northwest Territories Association of Municipalities on the proposed actions contained in the Action Plan before finalizing it.

¹⁰The organizations referred to are the Local Government Administrators of the Northwest Territories (LGANT) and the Northwest Territories Association of Communities (NWTAC).

MACA's Assessment of the Audit's Findings

The Committee notes MACA's observation "that many of the recommendations describe a lack of defined process and challenges the Department faces with data collection."¹¹ While this may appear to be the case at first glance, the Committee cautions the Department against reducing the Auditor General's concerns to a 'documentation problem.'

The Committee is of the understanding that it is not uncommon for audited departments to characterize the findings of the audit as identifying problems related to data collection and management. Some Committee Members saw an example of this at a recent public briefing on Child and Family Services Compliance Audits provided by the Department of Health and Social Services,¹² at which the findings of the Auditor General's 2014 report were described as failing to make the distinction between "work done" and "work documented." Similarly, in the report on the Auditor General's 2015 report on Corrections in the Northwest Territories, the Standing Committee in the 17th Assembly expressed concern with "the apparent efforts of the Minister and Department to minimize the significance of the Auditor General's findings."¹³

The Committee suggests that this inclination to conclude that an audit's findings are about information and data management loses sight of the bigger picture, which connects information and data management as a means to the end of providing quality programs and services. The Committee encourages the Department to take heed the Auditor General's caution that to fully address the issues raised by the audit, the Department must:

- a) Take a more proactive role with communities;
- b) Fulfill its duty to ensure the proper delivery of essential services by communities in accordance with legislation, regulations and policy; and
- c) Develop expert skills in relationship-building as a core competency.

Implementation

During the public review, the Auditor General stated that he wants the audits done by his office to have real and meaningful outcomes for citizens. He made

¹¹Department of Municipal and Community Affairs, *Draft Action Plan for Improving Support to Community Governments in the NWT*, January 2017, p. 13.

¹²Standing Committee on Social Development, *Public Briefing on Child and Family Services Compliance Audits* with the Hon. Glen Abernethy, Minister of Health and Social Services, January 19, 2017.

¹³ Standing Committee on Government Operations, 17th Legislative Assembly, CR 19-17(5) *Report on the Review of the 2015 Report of the Auditor General of Canada on Corrections in the Northwest Territories*, June 4, 2015. p. 21.

the pointed observation that, for this to happen, it is important for the Department to stay focused not only on the actions it is implementing in response to the audit, but on whether those actions are achieving the desired outcome of having real, meaningful impacts on community residents. He further observed that doing so aligns with the Department's vision of "responsible, responsive governments," and its client-centred focus.

The Auditor General was of the view that, in order to achieve this goal, the Department should include indicators in its action plan as a way of measuring how the actions it is taking are resulting in positive changes at the community level. The Committee concurs with the Auditor General's assessment and, accordingly, makes the following recommendation:

Recommendation 5

The Standing Committee on Government Operations recommends that the Department include indicators in its action plan which measure progress in implementing identified actions as a means of achieving improvements in essential service delivery at the community level.

Drinking Water (paragraph 41)

The Committee acknowledges the Auditor General's finding that Department's support to communities was acceptable with regard to drinking water. The Committee commends the Department for this achievement, but questions whether success in this area was achieved at the cost of poorer progress in the other three key essential services.

The Committee views the Department's success in this area as proof that it has the potential to improve results in support for the other three essential services addressed in the audit. The Committee reiterates the Auditor General's observation in the public review that the Department needs to take a comprehensive approach to the support it provides to communities. By better marshalling its resources, the Department can strike the balance needed to ensure all essential services receive adequate and appropriate attention.

Contribution Agreements with Designated Authorities (paragraph 109)

Contribution agreements are, in essence, a contract between MACA and the Designated Authorities for the provision of essential services. The proper execution of contribution agreements, recommended by the Auditor General, will ensure that expectations are clearly set out and the circumstances identified under which the Department may intervene in a Designated Authority's activities.

MACA should be diligent about ensuring that provisions contained in contribution agreements are being enforced.

The Committee urges MACA to make a distinction between the proper execution of contribution agreements and the larger issue of relationship building with Indigenous and Northern Affairs Canada, which involves addressing the currently existing legislative gap which leaves the Department without the authority to unilaterally intervene in a Designated Authority's business.

The Committee acknowledges the explanation provided by the Deputy Minister at the Public Review that the Department considered the responses to the recommendations at paragraph 109 and 112 together, which explains the similarity in the responses. The Deputy went on to suggest that the Action Plan might better reflect the Department's intentions if the responses were identical and repeated in both.

The Committee strongly discourages this approach; the recommendations are distinct from one another and were designed that way by the Auditor General for a reason. The Committee challenges the Department to craft an approach that is responsive to the intent of each recommendation. The Committee suggests that one way to achieve this would be to move Priority Action items 109.3 through 109.5 to the response to recommendation 112, as they are specific to that recommendation.

Recommendation 6

The Standing Committee on Government Operations strongly recommends that the Department of Municipal and Community Affairs simplify its approach in responding to the Auditor General's recommendations at paragraphs 109 and 112, such that the proposed actions are responsive to the purpose and intent of each recommendation;

And further, that the Department subsequently adjust its 2019-2020 target date, identified under proposed Priority Action 109.6 to allow for a more timely response.

CONCLUSION

According to the Auditor General, the Department of Municipal and Community Affairs did not do enough to help community governments improve their delivery of some essential services and did not take adequate action to mitigate risks specific to the delivery of essential services, particularly in designated authority communities. Adequate support and community engagement are key to helping

ensure that community governments have the capacity they need to provide residents with quality essential services critical to their health and safety.

The Committee is encouraged that the Minister accepted the Auditor General's recommendations and that the Department has developed an Action Plan to implement them.

The Standing Committee will be monitoring the Department's progress and looks forward to receiving substantive progress reports.

Recommendation 7

The Standing Committee on Government Operations recommends that the Government provide a response to this report within 120 days.